

Annual Report 2022

S E R V I N G R E L I A B L Y



Reliance Insurance
Company Limited



Window Takaful

Reliance Insurance Company Limited

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Reliance Window Takaful Operations تکافل

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COMPANY INFORMATION

Board Of Directors

Chairman
Irfan Zakaria Bawany

Directors

Muhammad Omar Bawany
Ahmed Ali Bawany
Noor M. Zakaria
Zia Zakaria
Muhammad Patel
Naeem Ahmed Shafi
Tasneem Yusuf
Jahangir Adam

Chief Executive & Managing Director

A. Razak Ahmed

Chief Financial Officer

Haroon A. Shakoor

Company Secretary & Compliance Officer

Ghulam Haider

Audit Committee

Tasneem Yusuf Chairperson
Irfan Zakaria Bawany Member
Muhammad Omar Bawany Member

Investment Committee

Irfan Zakaria Bawany Chairman
Ahmed Ali Bawany Member
Tasneem Yusuf Member
Muhammad Patel Member
A. Razak Ahmed Member
Haroon A. Shakoor Secretary

Ethics, Human Resource & Remuneration Committee

Naeem Ahmed Shafi Chairman
Irfan Zakaria Bawany Member
Noor M. Zakaria Member
A. Razak Ahmed Member

Credit Rating

A+ (Single A+) By VIS & Pacra
Outlook "Stable"

Auditors

BDO Ebrahim & Co.
Chartered Accountants

Legal Advisor

Irfan Advocate

Shari'ah Advisor

Mufti Muhammad Farhan Farooq

Bankers

Habib Bank Limited
Mcb Bank Limited
Allied Bank Limited
Soneri Bank Limited
Bank Alfalah Limited
National Bank Of Pakistan
Meezan Bank Limited
Dubai Islamic Bank
Mcb Islamic Bank Limited
United Bank Limited
The Bank Of Punjab
Faysal Bank Limited
Habib Metropolitan Bank Limited
Js Bank Limited
The Bank Of Khyber

Registered Office

96-a, Sindhi Muslim Co-operative
Housing Society, Karachi.

Head Office

Reliance Insurance House, 181-a,
Sindhi Muslim Co-operative Housing
Society, P.O. Box No. 13356,
Karachi-74400.
Phone : 34539415-17
Fax : 92-21-34539412
E-mail : reli-ins@cyber.net.pk
 ric-re@cyber.net.pk
Website: www.relianceins.com



Shares Registrar

M/s. C&k Management
Associates (Pvt.) Ltd.
404-trade Tower,
Abdullah Haroon Road,
Near Hotel Metropole,
Karachi-75530.
Tel: (021) 35687839 & 35685930



VISION

To be recognized as a professional and dependable business entity committed to play a meaningful role in the development of insurance industry in Pakistan and to safeguard the legitimate interests of all stakeholders, namely policy-holders, share-holders, reinsurers, employees and all other business associates / partners.

MISSION

To provide quality service and protection to its clients aiming at achieving a respectable volume of business and become a prominent player through good governance and sound professionalism focusing to become a well-known and respected Corporate entity in the eyes of Society and Government.

CODE OF CONDUCT

Reliance Insurance Company Limited (RICL) is engaged in general insurance business with the objective to achieve sustainable productivity, profitability and high standards of service. The Company solemnly believes in the application of business ethics as have been embodied in this document.

- The credibility, goodwill and repute earned over the years can be maintained through continued conviction in our corporate values of honesty, justice, integrity and respect for people. The Company strongly promotes trust, openness, teamwork and professionalism in its entire business activities.
- The Company conducts its business in accordance with all applicable laws and Regulations.
- RICL recognizes following obligations, which need to be discharged with best efforts, commitment and efficiency:
 - Safeguarding of shareholders' interest and a suitable return on equity.
 - Service to customers / policyholders by providing products, which offer value in terms of price, quality, safety and honest and fair dealing with people and organization.
 - Respect human right, provide congenial working environment, offer competitive terms of employment, develop human resource and be an equal opportunity employer.
 - Seek mutually beneficial business relationship with policyholders, business development staff / officers, investment partners and Banks.
 - The Company believes that profit is essential for business survival. It is a measure of efficiency and the value that the customer place on services provided by the Company.
 - The Company requires honesty and fairness in all aspect of its business and in its relationships with all those with whom it does business. The direct or indirect offer, payment, soliciting and accepting of bribe in any form are undesirable.
- The Company requires all its employees to essentially avoid conflict of interest between private financial activities and their professional role in the conduct of Company business.
- The Company does not support any political party or contributes funds to group having political interests. The Company will however, promote its legitimate business interests through trade associations.
- The Company, consistent with its priority, has the approach for protecting the health and safety of employees at the work-place.
- All employees are duty-bound to make business decisions in the best interest of the Company and not based on their personal interest and are obliged to protect all the assets including software and use all such properties for the exclusive benefit of the Company only.
- The Company is committed to observe laws of Pakistan and is fully aware of its social responsibility. It would assist the community in activities such as training programs, skills development and employment within the parameters of its commercial objectives.
- The Company supports free market system. It seeks to compete fairly and ethically within the framework of applicable competition laws in the country. The Company will not stop others from competing freely with it.
- In view of the critical importance of its business and impact on national economy, the Company provides all relevant information about its activities to legitimate interested parties, subject to any overriding constraints of confidentiality and cost. The members of RICL are forbidden to pass on inside information at any time or to any other person inside or outside the Company.

COMPANY PROFILE

Reliance Insurance Company Limited (RICL), was incorporated in the year 1981 with a Share Capital of Rs.5.0 Million by two leading industrialist groups of Pakistan, namely (i) Al-Noor Group and (ii) Amin Bawany Group. Al-Noor Group is headed by renowned industrialist Mr. Ismail H. Zakaria (Late), and Amin Bawany Group founded by Mr. Mohammed Amin Ahmed Bawany (Late), both the groups having successfully implemented number of industrial and commercial projects.

Reliance is one of the leading General Insurance Company of Pakistan having a network of 24 Branches at all important places throughout Pakistan employing a full time work force of 183 persons.

Reliance Insurance underwrites all classes of General Insurance / Takaful and enjoys reputation second to none. Apart from the traditional covers such as Fire, Marine (Import & Exports), Motor Vehicles, Personal & Group Accident, Workmen's Compensation, Burglary, Cash-in-Safe or in Transit etc., it also transacts non-traditional covers such as Machinery Breakdown, Terrorism & Sabotage, Contractors All Risks, Erection All

Risks, Bonds, Products liability, Director's & Officer's Liability, Aviation and the like.

The Company's results are consistently improving and yielding profits. The Present Authorised Capital of the Company is Rs.750 Million while Paid-up Capital increased to Rs.633.695 million. General Reserve to Rs.290 million & the Shareholders' equity to Rs.1,060 million.

Since its establishment Reliance has progressed smoothly and steadily. Its Gross Premium Income has increased from Rs. One Million in 1983 to Rs.857.904 million (inclusive of Takaful Contribution) at the end of the year 2022 and the Technical Reserves increased to Rs.559.371 million.

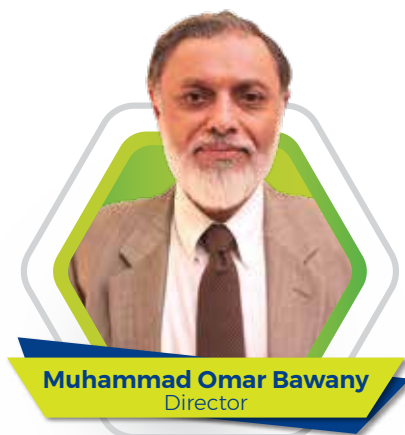
RICL has an excellent Treaty Reinsurance arrangements under the lead of world's renowned reinsurer namely Swiss Re.

VIS Credit Rating Company Ltd & Pakistan Credit Rating Agency Ltd - both the rating agencies have assigned Financial Strength Rating (IFSR) of the Company at "A+" (Single A+) and outlook on the assigned Rating is "Stable".

PROFILE OF THE BOARD OF DIRECTORS



Mr. Irfan Zakaria Bawany was unanimously elected Chairman of Reliance Insurance Co. Ltd. in the Board of Directors meeting held on 28th July 2020. Mr. Bawany is associated with Reliance Insurance since 1991. He is CEO of Anam Fabrics (Pvt.) Ltd. and Director of Faran Sugar Mills Ltd. He has been on the Board of Pioneer Cables Ltd. from 1983 to 1991. Mr. Bawany has diversified experience in Electrical Cable Manufacturing and Textile made up business. After receiving a B.B.A. (accounting) from The University of Houston, USA, he was certified as a Fellow Member of the Texas Society of Certified Public Accountants. He is also a certified Director from Pakistan Institute of Corporate Governance (P.I.C.G.).



Mr. Muhammad Omar Bawany is a Non-Executive Director of Reliance Insurance Company Limited since 1995. He acquired his early education from Karachi American School and then went to American College of Switzerland and obtained Associate Degree in Business Administration. He has extensive experience in textile, sugar and financial sectors under his wise management, Anoor Textile Mills operated successfully. He is on the Board of Directors of Faran Sugar Mills Limited since 1984 and currently the Chairman of Faran Sugar Mills. He is also Chief Executive of B.F. Modaraba managed by E.A Management.



Mr. Ahmed Ali Bawany is a Non-Executive Director of Reliance Insurance Company Limited since 2001. He got his schooling from CAS, Karachi. For pursuing further education, he went to USA and got degree in business entrepreneurship from University of Southern California. His special field of interest includes finance, procurement and marketing. Currently he is the Chief Executive of Faran Sugar Mills Limited and Faran Power Limited. He has also served as Chairman of Pakistan Sugar Mills Association, Sindh Zone in the year 2014 and again elected as Chairman, PSMA-SZ for the term of 2020-21. He is also Chairman B.F. Modaraba. He is actively involved in Unicol Ltd in the capacity of director, which is a Joint Venture engaged in the production and marketing of Ethanol and food grade Co2. He also serves as Director UniEnergy. He is a Certified Director from Pakistan Institute of Corporate Governance (P.I.C.G.).

PROFILE OF THE BOARD OF DIRECTORS



Mr. Noor Mohammad Zakaria is a Non-Executive Director of Reliance Insurance Co. Ltd since 2003. He has over 44 Years of diversified industrial and commercial experience. He is B.A.(Hons) from University of Karachi. He is Chairman of the Board of Directors of Shahmurad Sugar Mills Limited and on the Board of (Non-Executive Director) Al Noor Sugar Mills Limited.



Mr. Zia Zakaria is Chairman of Alnoor Sugar Mills Ltd. and First Alnoor Modaraba and Managing Director / CEO of Shahmurad Sugar Mills Ltd. He has over 30 years of diversified experience including operations and projects. He joined the group after completing his Bachelors in Science with Major in Finance & Marketing from Syracuse University, N.Y, and since then has been actively involved in the affairs of the Alnoor group with complete commitment & dedication. Mr. Zia Zakaria was Director of Reliance Insurance previously from 1986 to 1998.



Mr. Muhammad Patel is managing various businesses of Patel Group and hold Bachelors in Business Administration from Schulich School of Business in Toronto, Canada. He is Certified Director from The Institute of Chartered Accountants of Pakistan-ICAP.



Mr. Naeem Ahmed Shafi has more than 25 years of rich experience in textiles, industry. He is a Commerce Graduate.

He is Managing Director and CEO of International Knitwear Limited.

PROFILE OF THE BOARD OF DIRECTORS



Tasneem Yusuf
Director

Tasneem Yusuf, who along with being a chartered accountant from ICAP is also a fellow member of ACCA and a CPA. After working for Unilever Pakistan, she moved to Dubai and worked for both Deloitte and Nasdaq Dubai. Since moving back in 2009 she has been associated with her family practice where she now heads the audit and assurance services department. Tasneem sits on the board of the Trading Corporation of Pakistan (Private) Limited and Ismail Industries. She is also a member of the senate of the Pakistan Institute of Fashion & Design and chairs its Finance & Planning Committee. Tasneem has served ICAP as a member of its Auditing Standards & Ethics Committee since September 2014 and the CA Women's Committee from 2017 to 2020. Tasneem is a certified director from the Pakistan Institute of Corporate Governance (PICG).

Besides, working with the young minds who train with her, she is an avid world traveler, and an adrenaline junkie who enjoys challenging stereotypes. Amongst her achievements from outside her professional life are climbing the highest mountain of Africa, Mount Kilimanjaro, jumping from the highest commercial bungee jump in the world, the Macau Towers, and taking a plunge in the cold waters of Antarctica.



Jahangir Adam
Director

Mr. Jahangir Adam is M.Com & LLB. He has professional qualification of FITM Chartered Secretary. Presently he is serving as the Chief Financial Officer and Company Secretary at Sind Particle Board Mills Limited. He has of diversified experience of portfolio of CFO/Company Secretary in Annoor Textile Mill Ltd and B.F. Modaraba.



A. Razak Ahmed
Chief Executive & M.D.

Mr. A. Razak Ahmed is the Chief Executive Officer/Managing Director of the Company since 1st November 1995. He has over 45 years of extensive and varied experience-both in public & private sectors. Prior to joining Reliance he had worked with Adamjee Insurance, Pakistan Insurance Corporation (now PRCL) National Insurance Corporation & Premier Insurance Company. He has been on the Executive Committee of the Insurance Association of Pakistan (IAP) several times and had also been the Chairman of Accident & Fire Committees for several terms, beside being Council Member of the Karachi Insurance Institute and member standing committee on Banking and Insurance of the Federation of Pakistan Chamber of Commerce & Industry. He is a Commerce Graduate and a fellow of the Chartered Insurance Institute (FCII) London. He is a Chartered Insurer.

OUR SERVICES

Reliance Insurance underwrites all classes of General Insurance and enjoys reputation second to none. Apart from Conventional General Insurance RIC has also commenced its General Takaful operations in the year 2016.



Reliance Insurance commenced its general insurance business in 1981 and it underwrites all classes of traditional and non-traditional lines.

Reliance Insurance is offering a wide range of covers such as Fire & Property, Marine Cargo, Motor Vehicles (Commercial & Private), Personal Accident, Money Insurance, Burglary & Liability (Public & Product) and Workmen Compensation while non-traditional covers such as Engineering Risks (MBD, CAR, EAR), Aviation Insurance, Terrorism & Sabotage and Bonds are also being offered.



**General Takaful
(Islamic)**

Takaful is an Islamic alternate of Insurance and is growing steadily. Reliance Insurance commenced its Window Takaful Operations in June 2016 under the guidance of renowned, qualified and certified Sharia Scholars.

Reliance Takaful is offering a wide range of Sharia Compliant General Takaful Products such as Fire & Property Takaful, Marine Cargo Takaful, Motor Takaful (Private / Commercial Vehicles), Engineering Takaful, (MBD, CAR, EAR), Money Takaful, Liability (Public & Private) Takaful and Personal & Group Accident Takaful, etc.

FIRE & PROPERTY INSURANCE

Fire and Allied Perils Insurance

Reliance Insurance provides comprehensive Fire and allied perils insurance at most competitive rates. The standard Fire policy covers loss and/or damage to the property caused by Fire &/or Lightning. The basic Fire policy can be extended to cover a number of additional risks commonly known as 'allied perils' like Riot and Strike Damage, Malicious Damage, Explosion, Atmospheric Disturbances, Earthquake Fire and Shock, Impact Damage, Aircraft Damage, and Burglary.

The property insured under fire policy normally includes Buildings (Industrial, Commercial, Residential, Offices, Factories & Warehouses), Plant & Machinery of all kind, Stocks of all kind (stocks-under-process, raw materials, and finished goods).

Consequential Loss Due to Fire and Allied Perils

Reliance Insurance also provides this coverage in conjunction with Fire Policy. It provides protection against Loss of Profit incurred as a result of business interruption or interference in business caused by an event indemnifiable under Fire policy.



MARINE CARGO INSURANCE

Reliance Insurance provides most comprehensive Marine Cargo insurance at most competitive rates.

Marine insurance provides coverage for losses to cargo during transit as per Institute Cargo Clauses 'A', 'B' or 'C'. Marine Cargo insurance provides protection to Imports & Exports of goods by any mode of transport i.e. by Sea, by Air or by Road/Rail.

Marine Inland Transit insurance policy provides comprehensive coverage to protect goods in transit within the territory of Pakistan by any mode of transport i.e., by Air or by Road/Rail.



MOTOR INSURANCE

Reliance Insurance provides most comprehensive coverage against accidental damage to the motor cars, motorcycles, commercial vehicles and other special purpose vehicles. Following are major types of Motor insurance:

Comprehensive Motor Policy (Private Vehicles)

Our Motor insurance provides protection against losses incurred as a result of theft, accidents, riots, malicious damage and against liability that could be incurred in an accident. This policy can be extended to include accidental personal injuries and death of Driver and Passengers.

Commercial Vehicles

We also insure Motor vehicles used for trade / commercial purposes and classified as Commercial Vehicles such as Trucks, Trailers, Buses, and Wagons / Vans and providing protection against losses incurred as a result of theft, accidents, riots, malicious damage and against liability that could be incurred in an accident.

Third Party Liabilities Insurance

To meet requirement by law under Motor Vehicle Act 1939 in respect of legal liability to pay damages to any third party(ies) arising out of accidents, the following policies are also available under this category:

Act Liability Only: it provides coverage in respect of liability incurred through death or injury to a third party. This is minimum legal cover available under the law.

Third Party Liability Only: it provides coverage as above plus damage to third party property.



AVIATION INSURANCE

Reliance Insurance is amongst the few Pakistani insurance companies who offer aviation insurance to the commercial airlines as well as private jets. Our aviation insurance plan provides comprehensive cover to insured against accidental damage to Aircraft Hull & Spares, Hull War & Allied Perils, Aviation Legal Liabilities, Loss of License to pilots, Aircraft's Ferry Flight insurance, Crew Legal Liabilities, Airport Operators Legal Liability insurance.

Reliance Insurance is privileged to have excellent relations with globally renowned and reputed professional aviation reinsurers and brokers who extend most comprehensive and competitive terms and best services.



ENGINEERING INSURANCE

Engineering risk usually provides coverage for Machinery Break-Down insurance, Contractor's All Risks insurance, Contractor's Plant & Machinery insurance, Erection All Risks insurance, and Comprehensive Machinery insurance.

Engineering policies mainly cover operational losses of plant & machinery and projects of various kinds. It covers damage or breakdown of plant & machinery or its specific items. Engineering policies also cover the contractor against the risks of the projects own damages and legal third party(ies) liabilities.

Extended cover for loss of profits and standing charges following machinery breakdown is also available.



BONDS & SURETY INSURANCE

Contractor undertaking the construction of public works like buildings, roads, bridges, dams, civil works etc. usually require to furnish guarantees / bonds for the fulfillment of their contractual obligations to the principals.

Traditionally Bid Bonds, Advance Payment / Mobilization Bonds, Performance Bonds, Maintenance Bonds and Customs & Excise Bonds are available.



MISCELLANEOUS & OTHERS

A wide range of products are available under Miscellaneous & Others insurance which includes, but not limited to, Products Liability Insurance, Professional Indemnity Insurance, Group / Personal Accident Insurance, Employer's Legal Liability Insurance, Workmen Compensation Insurance, Fidelity Guarantee Insurance, Public Liability Insurance, Third Party Liability Insurance, Directors & Officers Liability Insurance, Travel Insurance, All Risks Insurance, House-breaking & Burglary Insurance, Money Insurance (Cash in Safe & Cash in transit), Plate Glass Insurance and Baggage Insurance etc. are available.





WINDOW TAKAFUL OPERATIONS

The Company commenced its Window Takaful Operations in June 2016 which has been widely appreciated by the business fraternity, Islamic banks and financial institutions. Its operations are being managed by a team of well experienced, dedicated & competent professionals.

“**Reliance Takaful**” is operating under the guidance of renowned, qualified and certified Sharia Scholars. Our Takaful model is WAQF based; the concept of brotherhood and mutual solidarity in Islam.

Reliance Takaful is offering a wide range of Shariah Compliant General Takaful products such as Fire & Property Takaful, Marine Cargo Takaful, Motor Vehicles Takaful, Engineering Takaful and Miscellaneous Accident Takaful. A brief of major takaful products is as under:-

Fire Takaful provides loss or damage to the property caused by Fire &/or allied perils. The basic Fire takaful is extendable to cover allied perils such as Riots & Strikes Damage, Malicious Damage, Atmospheric Disturbances, Earthquake Fire & Shock, Explosions, Aircraft Damages, Impact Damages and Burglary.

Marine Takaful covers losses to cargo during transit as per Institute Caro Clauses ‘A’, ‘B’ or ‘C’ by all means of transport like by Sea, by Air or by Road/Rail.

Motor Takaful provides coverage against any loss / damage to motor vehicles (private & commercial) due to road accidents, theft & burglary, snatching by violent means, riot & strike damage and third party liability (Bodily Injury and property damage). This cover can be extended to include accidental injuries and death of Driver and Passenger(s).

Engineering Takaful mainly covers plant & machinery and projects and provides coverage for Contractor’s All Risks, Contractor’s Plant & Machinery, Erection All Risks, Machinery Breakdown Insurance and Comprehensive Machinery Insurance etc.

Miscellaneous & Others: A wide range of products available under Miscellaneous Takaful which includes, but not limited to, Money takaful (Cash in Safe & Cash in transit), Plate Glass takaful, Group / Personal Accident takaful, Workmen Compensation, Public Liability, Third Party Liability, House-breaking & Burglary and All Risks Takaful.

NOTICE OF THE FORTY-ONE ANNUAL GENERAL MEETING

Notice is hereby given that the **41st Annual General Meeting** of the Shareholders of **RELIANCE INSURANCE COMPANY LIMITED** will be held on Thursday the 27th April, 2023 at 12.30 p.m. at the Head Office of the Company at **RELIANCE INSURANCE HOUSE** 181-A Sindhi Muslim Co-operative Housing Society near Mehdi Tower, off: Sharah-e-Faisal, Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the Minutes of the 40th Annual General Meeting of the Company held on 30th April, 2022.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st December, 2022 together with Chairman's Review, Directors' and Auditors' Reports thereon.
3. To consider and approve payment of Cash Dividend at the rate of 5% to the shareholders as recommended by the Board of Directors.
4. To appoint Auditors of the Company and fix their remuneration for the year ending December 31, 2023. The Board of Directors and Audit Committee have recommend the name of M/s. BDO Ebrahim & Co., Chartered Accountants for re-appointment as Auditors.

SPECIAL BUSINESS:

5. To consider and approve the issuance of bonus shares @ 5% i.e. 5 ordinary shares for every 100 ordinary shares held, out of Company's profit for the year ended December 31, 2022 as recommended by the Board of Directors by passing the following Ordinary Resolutions:

To consider and if thought fit to pass with or without modification the following resolutions:

Resolved

"that a sum of Rs.31,684,740/- out of Company's profit be capitalized and applied for issue of 3,168,474 ordinary shares of Rs.10 each and allotted as fully paid up shares to those members whose name appear in the members register of the Company at the close of business on 18th April, 2023 in the ratio of 5 shares for every hundred shares held."

Further Resolved

"that Bonus shares forming part of such fraction holding which is not in exact multiple of 5:100 shares will be sold in the Stock Market and to pay the proceeds of sale thereof, when realized, to a Charitable Institution.

That for the purpose of giving effect to the foregoing, the Chief Executive and Company Secretary be and is hereby authorized to give such directions as may be necessary and as they deem fit to settle any questions or any difficulties that may arise in the distribution of the said new shares or in the payment of sale proceeds of the fractional shares".

6. To consider and approve to circulate the Annual Report of the Company to the members through QR enable code and weblink which will be intimated to the shareholders through notice of the meeting.
7. To transact any other business with the permission of the Chair.

The statement under Section 134(3) of the Companies Act, 2017, pertaining to the special business referred to above is being circulated to the Shareholders along with the notice of the Meeting.

The Share Transfer Books of the Company will remain closed from 19th April, 2023 to 27th April, 2023 (both days inclusive).

By order of the Board

(GHULAM HAIDER)
Company Secretary

Karachi: 30th March, 2023

NOTES:

1. Participating in the AGM proceedings via physical presence or through video link facility:

- a) AGM will be held through Zoom application – a video link facility.
- b) The notice will also be uploaded on the website of the Company.
- c) Shareholders interested in attending the AGM through Video Link (Zoom) will be requested to get themselves registered with the Company Secretary office at least two working days before the AGM at ghulam.haider@relianceins.com by providing the following details:

Name of Shareholder:	CNIC No. :	Folio No. /CDS folio No:	Cell No:	Email address:
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Login facility will be opened thirty minutes before the meeting time to enable the participants to join the meeting after identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

- d) Shareholders may send their comments and suggestions relating to the agenda items of the AGM to the Company Secretary office at least two working days before the AGM, at above given email address, WhatsApp or SMS on 0300-2014607. Shareholders are required to mention their full name, CNIC No and Folio/CDS No. for this purpose.
2. A member of the Company entitled to attend and vote may appoint any other member as his/her proxy to attend and vote on his/her behalf. PROXIES MUST BE RECEIVED AT THE HEAD OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his identity by showing his Original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii) 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 the meeting.

B. For appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his original CNIC or Original Passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

4. ELECTRONIC TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS AND NOTICES

Pursuant to Notification vide SRO. 787(1)/2014 of September 8, 2014, the SECP has directed to facilitate the members of the Company receiving annual financial statements and notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive annual financial statements and notices of the Company through email in future. In this respect members are hereby requested to convey their consent via email on a standard request form which is available at the Company website www.relianceins.com. Please ensure that your email has sufficient rights and space available to receive such email which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the share registrar of any change in their registered email address.

Financial Statements and relevant reports have been placed on the website of the company which can be seen on www.relianceins.com.

5. TRANSMISSION OF ANNUAL AUDITED ACCOUNTS AND NOTICE THROUGH CD/DVD/USB.

In compliance with the SECP Notification No.SRO 470(1)2016, dated May 31, 2016. The Company in the 35th Annual General Meeting held on April 29, 2017, obtained the approval of the shareholders to circulate Annual Accounts through CD/DVD/USB at their registered address instead of transmitting the Annual Accounts in hard copies. However, shareholder may request the Company Secretary or Share Registrar of the Company for hard copy of Annual Audited Accounts instead of CD / DVD / USB and the same will be provided at his / her registered address, free of cost, within one week on the demand. In this regard, a 'Standard Request Form, has also been placed at the website of the Company for communicating the need of hard copies of the Annual Audited Accounts instead of sending the same through CD / DVD / USB.

6. PROCEDURE FOR VOTING FOR SPECIAL AGENDA ITEMS

It is hereby notified that pursuant to the Companies (Postal Ballot) Regulations, 2018 and its amendments notified vide SRO 2192(I)/2022 dated December 05, 2022, members will be allowed to exercise their right to vote for the special business in the AGM, in accordance with the condition mentioned in the aforesaid regulations.

7. E – VOTING

Pursuant to SECP SRO No.43(1)2016 dated January 22, 2016 Shareholders can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the Company on the appointment by the Intermediary as a proxy.

8. POSTAL BALLOT

The members shall ensure that duly filled and signed ballot paper along with copy of Computerized National Identity Card (CNIC) should reach the Secretary of the Company through post on the Company's registered address, Head Office, 181A SMCHS, Karachi, or email at ghulam.haider@relianceins.com one day before the Annual General Meeting i.e. on April 26, 2023, during working hours. The signature of the ballot paper shall match with the signature on CNIC.

9 UNCLAIMED DIVIDEND

As per the provision of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years was sent to shareholders. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged timely. In case, no claim is lodged with the Company in the given time, the Company shall after giving notice in newspaper proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244 (2) of Companies Act, 2017.

10. CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM

The shareholders having physical shares may open CDC Sub-account with any of the broker or Investor Account directly by 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. Further with the requirement of Section 72 of Companies Act, 2017, every existing company having share capital 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.

The Securities and Exchange Commission of Pakistan through its circular # CSD/ED/Misce/2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their such members who still hold shares in physical form, to convert their shares into book entry form.

11. CHANGE OF ADDRESS

Shareholders are requested to inform the Company's Share Registrar of any change in their address, if any immediately.

12. SUBMISSION OF COPIES CNIC (MANDATORY)

As per SECP directives, the dividend warrants of the shareholders whose valid CNICs, are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are, therefore, advised to submit a photo copy of their valid CNICs and Corporate entities are requested to provide NTN immediately, if already not provided, to the Company's Share Registrar at the address, M/s. C & K Management Associates (Pvt.) Ltd., 404, Trade Tower, Abdullah Haroon Road, Near Hotel Metropole, Karachi-75530 without any further delay.

13. 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 bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available in the Company's website www.relianceins.com and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, M/s. C & K Management Associates (Pvt.) Ltd., 404, Trade Tower, Abdullah Haroon Road, Near Hotel Metropole, Karachi-75530 in case of physical shares.

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 constrained to withhold payment of dividend to shareholders.

In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001 withholding tax on dividend income will be deducted for 'filer' and 'non-filer' shareholders at 15% and 30% respectively. A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 30% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Share Registrar, M/s. C & K Management Associates (Pvt.) Ltd of the Company by the first day of book closure.

According to the FBR, withholding tax in case of joint accounts will be determined separately based on the 'Filer/ Non-Filer' status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrar, M/s. C & K Management Associates (Pvt.) Ltd in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017 PERTAINING TO THE SPECIAL BUSINESS

The statement set out the material facts pertaining to the “Special Business” to be transacted at the 41st Annual General Meeting of the Company to be held on April 27, 2023

Capitalization out of company’s appropriated Profit/Reserve

That a sum of Rs.31,684,740/- out of the Company’s profit be capitalized for issuing of 3,168,474 fully paid ordinary shares of Rs.10 each and allotted as fully paid up Bonus Shares to the Members who are registered in the Book of the Company at the close of business on 18th April, 2023 in the proportion of 5 new shares for every 100 existing ordinary shares held and that such new shares shall rank pari passu with existing ordinary shares of the Company as regards future dividends, and in all other respects.

That Bonus Shares forming part of such fraction holding which is not in exact multiple of 5:100 shares will be sold in the Stock Market and to pay the proceeds of sale thereof, when realized, to a Charitable Institution.

That for the purpose of giving effect to the foregoing, the Chief Executive and Company Secretary be and is hereby authorized to give such directions as may be necessary and as they deem fit to settle any questions or any difficulties that may arise in the distribution of the said new shares or in the payment of sale proceeds of the fractional shares.

None of the Directors of the Company are interested in this business except to the extent of their entitlement to bonus shares as shareholder.

Approval for circulation of Annual Report through QR enable code and weblink

The Securities and Exchange Commission of Pakistan has issued a S.R.O. 389 (I)/2023 dated March 22, 2023 whereby the SECP has allowed the listed companies to circulate the Annual Report to its members through QR enabled code and weblink subject to the fulfilment of the following requirements:

- (i) the approval of the shareholders has been obtained in the general meeting to circulate the annual audited financial statements to its members through QR enabled code and weblink;
- (ii) the notice of meeting shall be dispatched to members as per requirements of the Act, on their registered address, containing the QR code and the weblink address to view and download the annual audited financial statements together with the reports and documents required to be annexed thereto under the Act; and
- (iii) It shall be the responsibility of the Company to ensure that the QR code and weblink is accurate and members are able to download the required information at all times.

Further the Company, in future, shall circulate the annual audited financial statements through email in case email address has been provided by the member to the Company and the consent of member to receive the copies through email is not required as allowed by the SECP and the Company shall be required to send the complete financial statements with relevant documents in hard copy to the shareholders, at their registered addresses, free of cost, within one week, if a request has been made by the member on the standard request from available on the website of the Company.

As the SECP has allowed that considering technological advancement and old technology becoming obsolete, the circulation of annual financial statements through CD/DVD/USB may be discontinued therefore the **Company will discontinue to circulate the Annual Report through CDs in future.**

HORIZONTAL ANALYSIS

STATEMENT OF FINANCIAL POSITION & PROFIT & LOSS ACCOUNT

STATEMENT OF FINANCIAL POSITION	Rupees in million				% Increase / (Decrease) over preceeding year			
	2022	2021	2020	2019	2022	2021	2020	2019
Property and equipment	72.739	73.398	70.210	83.030	(0.90)	4.54	(15.44)	(10.61)
Investments								-
Equity securities	681.276	729.258	715.380	687.115	(6.58)	1.94	4.11	7.38
Debt securities	70.104	70.114	60.000	60.037	(0.01)	16.86	(0.06)	33.11
Term deposits	42.591	38.570	38.136	30.160	10.43	1.14	26.45	15.42
Loan and others receivables	4.163	14.747	6.552	3.328	(71.77)	125.08	96.88	50.05
Insurance / Reinsurance receivables	386.729	304.283	231.780	198.886	27.10	31.28	16.54	(10.52)
Reinsurance recoveries against outstanding claims	152.488	178.690	181.535	112.413	(14.66)	(1.57)	61.49	(32.07)
Deferred Commission Expenses	74.412	64.560	55.990	62.978	15.26	15.31	(11.10)	(4.45)
Deferred Taxation	20.409	6.961	2.540	-	193.19	174.06	100.00	(100.00)
Prepayment	155.143	165.211	139.837	134.819	(6.09)	18.15	3.72	(22.16)
Taxation-Provision less payment	-	-	0.283	-	-	-	-	-
Cash & Bank	101.815	93.709	111.311	131.227	8.65	(15.81)	(15.18)	(9.11)
Total Assets from General Takaful operation OPF	126.995	108.194	100.419	91.493	17.38	7.74	9.76	18.93
Total Assets	1,888.864	1,847.695	1,713.973	1,595.486	2.23	7.80	7.43	(3.81)
Ordinary share capital	633.695	603.519	561.413	561.413	5.00	7.50	-	-
Reserves	290.000	270.000	250.000	250.000	7.41	8.00	-	-
Unappropriated profit	136.521	172.764	181.860	113.364	20.98	5.00	(60.42)	168.93
Surplus/(deficit)on revaluation of available for sale	0.049	1.778	4.362	8.752	97.24	59.24	50.16	271.00
Total Equity	1,060.265	1,048.061	997.635	933.529	1.16	5.05	6.87	9.07
Outstanding claims including IBNR	188.533	212.979	223.491	153.320	(11.48)	(4.70)	45.77	(27.06)
Unearned premium reserves	339.217	306.513	269.352	292.212	10.67	13.80	(7.82)	(14.63)
Unearned Reinsurance Commission	31.621	30.638	30.887	34.581	3.21	(0.81)	(10.68)	(2.85)
Deferred taxation	-	-	-	4.372	-	-	-	-
Insurance/ Reinsurance Payable	186.785	195.477	147.241	122.865	(4.45)	32.76	19.84	6.90
Other Creditors and Accruals	48.268	32.419	24.242	23.830	48.89	33.73	1.73	(67.19)
Taxation-Provision less payment	7.317	0.335	-	5.864	100.00	100.00	(100.00)	(23.75)
Total Liabilities from General Takaful Operation OPF	26.858	21.273	21.125	24.913	26.25	0.70	(15.20)	28.36
Total Equity and Liabilities	1,888.864	1,847.695	1,713.973	1,595.486	2.23	7.80	7.43	(3.81)
PROFIT AND LOSS ACCOUNT								
Net insurance premium	360.467	303.130	319.478	347.797	18.91	(5.12)	(8.14)	(0.13)
Net insurance claims	(93.638)	(64.168)	(76.425)	(87.205)	45.93	(16.04)	(12.36)	0.04
Net Commission and acquisition expenses	(77.236)	(54.981)	(62.012)	(65.399)	40.48	(11.34)	(5.18)	9.01
Management Expenses	(150.167)	(152.112)	(152.031)	(154.371)	(1.28)	0.05	(1.52)	1.26
Underwriting Results	39.426	31.869	29.010	40.822	23.71	9.86	(28.94)	(16.05)
Investment Income	67.385	74.747	83.543	92.724	9.85	10.53	9.90	98.67
Other Income	0.549	3.257	0.719	1.622	(83.14)	352.99	(55.67)	(23.56)
Financial Charges	-	-	-	-	-	-	-	-
Others expenses	(59.084)	(50.048)	(47.766)	(50.691)	18.05	4.78	(5.77)	12.12
Profit before tax from takaful operations-Operators fund	19.324	10.682	18.070	11.926	80.90	(40.89)	51.52	(50.68)
Profit before Tax	67.600	70.507	83.576	96.403	4.12	15.64	13.31	60.35
Income tax expenses	(23.491)	(17.497)	(15.081)	(25.192)	34.26	16.02	(40.14)	126.44
Profit after Tax	44.109	53.010	68.495	71.211	16.79	22.61	3.81	45.34

VERTICAL ANALYSIS

STATEMENT OF FINANCIAL POSITION & PROFIT & LOSS ACCOUNT

Rupees in million

STATEMENT OF FINANCIAL POSITION	2022		2021		2020		2019	
	Rupees	%	Rupees	%	Rupees	%	Rupees	%
Property and equipment	72.739	3.85	73.398	3.97	70.210	4.10	83.030	5.20
Investments	-	-	-	-	-	-	-	-
Equity securities	681.276	36.07	729.258	39.47	715.380	41.74	687.115	43.07
Debt securities	70.104	3.71	70.114	3.79	60.000	3.50	60.037	3.76
Term deposits	42.591	2.25	38.570	2.09	38.136	2.23	30.160	1.89
Loan and others receivables	4.163	0.22	14.747	0.80	6.552	0.38	3.328	0.21
Insurance / Reinsurance receivables	386.729	20.47	304.283	16.47	231.780	13.52	198.886	12.47
Reinsurance recoveries against outstanding claims	152.488	8.07	178.690	9.67	181.535	10.59	112.413	7.05
Deferred Commission Expenses	74.412	3.94	64.560	3.49	55.990	3.27	62.978	3.95
Deferred Taxation	20.409	1.08	6.961	0.38	2.540	0.15	-	-
Prepayment	155.143	8.21	165.211	8.94	139.837	8.16	134.819	8.45
Taxation-Provision less payment	-	-	-	-	0.283	0.02	-	-
Cash & Bank	101.815	5.39	93.709	5.07	111.311	6.49	131.227	8.22
Total Assets from General Takaful operation OPF	126.995	6.72	108.194	5.86	100.419	5.86	91.493	5.73
	-	-	-	-	-	-	-	-
Total Assets	1,888.864	100.00	1,847.695	100.00	1713.973	100.00	1595.486	100.00
Ordinary share capital	633.695	33.55	603.519	32.66	561.413	32.76	561.413	35.19
Reserves	290.000	15.35	270.000	14.61	250.000	14.59	250.000	15.67
Unappropriated profit /(loss)	136.521	7.23	172.764	9.35	181.860	10.61	113.364	7.11
Surplus/(deficit)on revaluation of available for sale	0.049	0.00	1.778	0.10	4.362	0.25	8.752	0.55
Total Equity	1,060.265	56.13	1,048.061	56.72	997.635	58.21	933.529	58.51
Outstanding claims including IBNR	188.533	9.98	212.979	11.53	223.491	13.04	153.320	9.61
Unearned premium reserves	339.217	17.96	306.513	16.59	269.352	15.72	292.212	18.31
Unearned Reinsurance Commission	31.621	1.67	30.638	1.66	30.887	1.80	34.581	2.17
Deferred taxation	-	-	-	-	-	-	4.372	-
Insurance/ Reinsurance Payable	186.785	9.89	195.477	10.58	147.241	8.59	122.865	7.70
Other Creditors and Accruals	48.268	2.56	32.419	1.75	24.242	1.41	23.830	1.49
Taxation-Provision less payment	7.317	0.39	0.335	0.02	-	-	5.864	0.37
Total Liabilities from General Takaful Operation OPF	26.858	1.42	21.273	1.15	21.125	1.23	24.913	1.56
	-	-	-	-	-	-	-	-
Total Equity and Liabilities	1,888.864	100.00	1,847.695	100.00	1713.973	100.00	1595.486	100.00
PROFIT AND LOSS ACCOUNT								
Net insurance premium	360.467	100.00	303.130	100.00	319.478	100.00	347.797	100.00
Net insurance claims	(93.638)	(25.98)	(64.168)	(21.17)	(76.425)	(23.92)	(87.205)	(25.07)
Net Commission and acquisition expenses	(77.236)	(21.43)	(54.981)	(18.14)	(62.012)	(19.41)	(65.400)	(18.80)
Management Expenses	(150.167)	(41.66)	(152.112)	(50.18)	(152.031)	(47.59)	(154.371)	(44.39)
Underwriting Results	39.426	10.94	31.869	10.51	29.010	9.08	40.821	11.74
Investment Income/(loss)	67.385	18.69	74.747	24.66	83.543	26.15	92.724	26.66
Other Income	0.549	0.15	3.257	1.07	0.719	0.23	1.622	0.47
Financial Charges	-	0.00	-	0.00	-	0.00	-	0.00
Others expenses	(59.084)	(16.39)	(50.048)	(16.51)	(47.766)	(14.95)	(50.691)	(14.57)
Profit before tax from takaful operations-Operators fund	19.324	5.36	10.682	3.52	18.070	5.66	11.927	3.43
Profit /(Loss) before Tax	67.600	18.75	70.507	23.26	83.576	26.16	96.403	27.72
Income tax expenses	(23.491)	(6.52)	(17.497)	(5.77)	(15.081)	(4.72)	(25.192)	(7.24)
Profit /(Loss) after Tax	44.109	12.24	53.010	17.49	68.495	21.44	71.211	20.47

KEY FINANCIAL DATA

10 Years Growth At A Glance

Rupees in million

	2022	2021	2020	2019	2018	2017 Restated	2016 Restated	2015	2014	2013
Ordinary Share Capital	633.69	603.52	561.41	561.41	561.41	561.41	510.37	463.98	403.46	366.78
Share Holder's Equity	1060.26	1048.06	997.63	933.53	855.92	798.93	876.96	786.03	725.22	653.42
Reserves	290.00	270.00	250.00	250.00	250.00	250.00	220.00	200.00	180.00	160.00
Cash & Bank	101.81	93.71	111.31	131.22	144.37	160.18	120.24	133.93	104.50	103.08
Investment	793.97	837.94	813.51	777.31	711.11	704.22	795.29	653.67	584.86	500.32
Underwriting Provisions	559.371	550.13	523.73	480.11	588.06	739.39	782.59	868.20	764.85	679.63
Total Assets	1888.864	1847.695	1713.973	1595.486	1658.65	1791.12	1828.38	1766.56	1595.94	1456.58
Return on Assets %	2.34%	2.87%	4.00%	4.46%	2.95%	(2.16)	5.80%	4.58%	5.65%	5.13%
Return on Equity %	4.16%	5.06%	6.86%	7.63%	5.72%	(4.85)	12.09%	10.34%	12.43%	11.43%
Ordinary Share Capital to Assets %	29.81%	32.66%	32.76%	35.19%	33.85%	31.35%	27.91%	26.26%	25.28%	25.18%
Total Equity / Total Assets %	56.13%	56.72%	58.20%	58.51%	51.60%	44.60%	47.96%	44.50%	45.44%	44.86%
Written Gross Premium	761.88	651.20	569.07	622.40	878.68	1155.40	1201.84	1114.40	1028.14	837.23
Net Insurance Premium	360.46	303.13	319.48	347.80	348.24	357.65	359.41	316.42	295.76	260.76
Ratio to written Gross Premium %	47.31	46.55%	56.14%	55.88%	39.63%	30.95%	29.90%	28.39%	28.77%	31.14%
Net Insurance Claims	93.63	64.16	76.42	87.21	87.17	88.16	101.72	89.86	94.30	87.89
Ratio to Net Insurance Premium %	25.97%	21.17%	23.92%	25.07%	25.03%	24.65%	28.30%	28.40%	31.88%	33.71%
Management Expenses	209.25	202.16	199.80	205.06	197.66	188.99	179.66	174.36	164.67	155.34
Ratio to Written Gross Premium %	27.46%	31.04%	35.11%	32.94%	22.49%	16.36%	14.95%	15.65%	16.02%	18.55%
Ratio to Net Insurance Premium %	58.05%	66.69%	62.54%	58.96%	56.76%	52.84%	49.98%	55.10%	55.68%	59.57%
Investment Income/(Loss)	67.38	74.75	83.54	92.72	46.67	(40.07)	104.36	86.69	96.22	97.44
Return of Investment %	8.49%	8.92%	10.27%	11.93%	6.56%	(5.69)	13.12%	13.26%	16.45%	19.47%
Underwriting Results	39.75	31.87	29.01	40.82	48.62	67.08	64.29	49.22	39.45	19.6
Profit/(loss) Before Tax	67.60	70.51	83.57	96.40	60.12	(17.59)	120.89	90.79	96.54	81.21
Percentage to Written Gross Premium %	8.87%	10.83%	14.69%	15.49%	6.84%	(1.52)	10.06%	8.15%	9.39%	8.92%
Profit/(loss) After Tax	44.11	53.01	68.49	71.21	48.99	(38.79)	106.04	80.99	90.14	74.7
Percentage to Net Insurance Premium	12.23%	17.49%	21.43	20.47	14.07%	(10.85)	29.50%	25.60%	30.48%	28.65%
Earnings/(loss) After Tax Per Share-Rupees	0.70	0.88	1.22	1.27	0.87	(0.69)	2.08	1.75	1.94	2.03
Dividend /Bonus %	5%(B)5%(C)	5%(B)5%(C)	7.5%(B)	-	-	-	10%(B) 5%(C)	10%(B) 5%(C)	15%(B)5%(C)	10%(B)5%(C)
Break up Value Per Share	16.73	17.36	17.77	16.63	15.24	14.23	17.18	16.94	17.97	17.81
Summary of Cashflow										
Total Cash Flow from all Operating Activities	(55.52)	(54.277)	(62.242)	(44.956)	(44.425)	38.113	102.288	40.013	23.354	16.692
Total Cash Flow from Investment Activities	92.557	36.675	42.325	31.811	28.663	26.796	(66.426)	9.450	3.908	17.237
Total Cash Flow from Financing Activities	(28.93)	-	-	-	(0.050)	(24.963)	(22.831)	(20.035)	(18.024)	(0.111)
Net Cash Flow From all Activities	8.106	(17.601)	(19.917)	(13.145)	(15.812)	39.975	13.031	29.428	1.420	34.318
Cash and Cash Equivalent at the end of the year	101.815	93.709	111.310	131.227	144.372	160.185	120.239	133.927	104.499	103.078

SHAREHOLDERS' INFORMATION

Registered Office

96-A, Sindhi Muslim Co-operative Housing Society
Karachi.

Head Office

Reliance Insurance House,
181-A, Sindhi Muslim Co-operative Housing Society,
Karachi

Share Registrar Office

C&K Management Associates (Pvt.) Ltd.
404-Trade Tower, Abdullah Haroon Road,
Near Hotel Metropole, Karachi-75530.
Tel: (021) 35687839 & 53685930

Listing on Stock Exchanges

RICL equity shares are listed on Pakistan Stock
Exchange (PSX).

Listing Fees

The annual listing fee for the financial year
2022-2023 was paid to the Pakistan Stock Exchange
and Central Depository Company (CDC) within the
prescribed time.

Stock Symbol

The stock symbol for Reliance Insurance Company
Limited at the PSX is RICL.

Statutory Compliance

During the year, the Company complied with all
applicable provisions of the Companies Act, 2017,
the Insurance Ordinance 2000, Insurance Rules
2017, Listed Companies (Code of Corporate
Governance) Regulations, 2019, the Code of
Corporate Governance, for insurers 2016 and others
regulations prescribed by SECP.

Book Closure Dates

The register of Member and share transfer books of
the Company will remain closed from 19th April,
2023 to 27th April, 2023 (both days inclusive).

41st Annual General Meeting

Date : 27th April, 2023
Time : 12:30 pm
Venue : Reliance Insurance House,
181-A, SMCHS, Karachi
Physical & (Via Vedio Link)

Website of the Company

A website of your Company has been developed
which allows the users to get the Company related
information about its financial, history, types of
insurance available with the Company and list of
reinsurers etc.

An online complaint system is also available to
improve the efficiency.

Website: www.relianceins.com

Annual, half yearly and quarterly financial statements
of the Company are available at <http://www.relianceins.com>

Disclosures to the Stock Exchange on strategic events
are made as and when required.

Change of Address

Members are requested to immediately notify the
change of address, if any, to the Company's Registrar.

Investors' Grievances Policy

RICL ensures that our Investors receive exemplary
services. Investor's queries and complaints constitute
an important voice for us. Following are our guiding
principles:

- Complaints raised by Investors are dealt in a
timely manner; and
- Investors are informed of avenues to raise their
queries and complaints.

M/s. C&K Management Associates (Pvt.) Ltd., being
the Registrars is primarily responsible to resolve the
investor's grievance. Shareholders' enquiries about
their holding, dividend or share certificate etc. can be
directed to the Share Registrar at the following
address:

M/s. C&K Management Associates (Pvt.) Limited

404, Trade Tower, Abdullah Haroon Road,
Near Hotel Metropole, Karachi.

In case investor's grievance is not addressed up to
his/her satisfaction or within reasonable time.
Investors may also directly write to the Company their
query/complaint at,

SHAREHOLDERS' INFORMATION

Company Secretary

Reliance Insurance Company Limited
181-A, SMCHS Karachi.

Company has designated email id
ghulam.haider@relianceins.com for handling investor
grievance on which investor can make a complaint.

SUBMISSION OF CNIC COPIES (MANDATORY)

As per SECP directives, the dividend warrants of the shareholders whose valid CNICs, are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are, therefore, advised to submit a photo copy of their valid CNICs and Corporate entities are requested to provide NTN immediately, if already not provided, to the Company's Share Registrar at the following address, M/s. C & K Management Associates (Pvt.) Ltd., 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi-75530 without any further delay.

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 into bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available on the Company's website www.relianceins.com and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, M/s. C & K Management Associates (Pvt.) Ltd., 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi-75530 in case of physical shares.

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 constrained to withhold payment of dividend to shareholders.

ELECTRONIC TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS AND NOTICES

Pursuant to Notification vide SRO.787(1) / 2014 of September 8, 2014, the SECP has directed to facilitate the members of the Company receiving

annual financial statements and notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive annual financial statements and notices of the Company through email in future. In this respect members are hereby requested to convey their consent via email on a standard request form which is available at the Company website www.relianceins.com. Please ensure that your email has sufficient rights and space available to receive such email which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the share registrar of any change in their registered email address.

Financial Statements and relevant reports have been placed on the website of the company which can be seen on www.relianceins.com.

TRANSMISSION OF ANNUAL AUDITED ACCOUNTS AND NOTICE THROUGH CD/DVD/USB.

In compliance with the SECP Notification No.SRO 470 (1) 2016, dated May 31, 2016. The Company in the 35th Annual General Meeting held on April 29, 2017, obtained the approval of the shareholders to circulate Annual Accounts through CD/DVD/USB at their registered address instead of transmitting the Annual Accounts in hard copies. However, shareholders may request the Company Secretary or Share Registrar of the Company for hard copy of Annual Audited Accounts instead of CD / DVD / USB and the same will be provided at his / her registered address, free of cost, within one week on the demand. In this regard, a 'Standard Request Form, has also been placed at the website of the Company for communicating the need of hard copies of the Annual Audited Accounts instead of sending the same through CD / DVD / USB.

CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM

The shareholders heaving physical shares may open CDC sub-account with any of the brokers or Investor Account directly by with the Central Depository Company (CDC) of Pakistan Limited to have their physical shares converted into electronic form. This will facilitate then in many ways including safe custody. Further with the requirement of Section 72 of Companies Act, 2017, every existing company having share capital 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.

SHAREHOLDERS' INFORMATION

UNCLAIMED DIVIDEND

As per the provision of section 244 of the Companies Act 2017, any shares issued or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years was sent to shareholders. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged timely. In case, no claim is lodged with the Company in the given time, the Company shall after giving notice in newspaper proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244 (2) of Companies Act, 2017.

CONSENT FOR VIDEO CONFERENCE FACILITY

Pursuant to the provision to the Companies Act, 2017 the members can also avail the video Conferencing facility. In this regard, please fill the following and submit to Head Office of the Company at least 7 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 Reliance Insurance Co., Ltd. holder of _____ ordinary share(s) as per registered folio no. _____ hereby opt for video conferencing facility at _____.

E – VOTING

Pursuant to SECP SRO No.43(1)2016 dated January 22, 2016 Shareholders can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the Company on the appointment by the Intermediary as a proxy.

POSTAL BALLOT

Shareholder can also demand a poll and exercise their right to vote by means of ballot i.e. by post or through electronic mode subject to the requirements of section 143 to 145 of the Companies Act, 2017 and applicable clauses of Companies (Post Ballot) Regulations 2018.

DECISIONS TAKEN AT THE LAST ANNUAL GENERAL MEETING

As per agenda following matters were approved in the meeting and the decisions taken were implemented in due course:

- Approval of the minutes of the 39th Annual General Meeting, held on 29th April 2021.
- Approval of the audited financial statements for the year ended December 31, 2021 alongwith Directors' and Auditors' reports.
- Approval of payment of Cash Dividend at the rate of 5%.
- Appointment of M/s. BDO Ebrahim & Co., Chartered Accountants as auditors of the Company for the year 2022 and fixation of their remuneration.
- Approval of 5% bonus share.

FINANCIAL CALENDAR

RESULTS

<p>Year ended 31 December 2021</p> <hr/> <p>Announcement Date</p> <p>MARCH 26, 2022</p>	<p>First quarter ended 31 March 2022</p> <hr/> <p>Announcement Date</p> <p>APRIL 30, 2022</p>	<p>Half year ended 30 June 2022</p> <hr/> <p>Announcement Date</p> <p>AUGUST 30, 2022</p>	<p>Third quarter ended 30 Sep 2022</p> <hr/> <p>Announcement Date</p> <p>OCTOBER 27, 2022</p>
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BONUS SHARE & CASH DIVIDEND

<p>Bonus Share @ 5%</p> <hr/> <p>Announcement Date</p> <p>MARCH 26, 2022</p>	<p>Cash Dividend @ 5%</p> <hr/> <p>MARCH 26, 2022</p>	<p>Entitlement Date</p> <hr/> <p>APRIL 19, 2022</p>
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OTHERS

<p>Annual General Meeting</p> <hr/> <p>APRIL 30, 2022</p>	<p>Corporate Briefing Session</p> <hr/> <p>DECEMBER 29, 2022</p>	<p>VIS & Pacra Credit Rating</p> <hr/> <p>RICL at 'A' (Single A) Outlook 'Stable'</p> <p>DECEMBER 31, 2022</p>
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CATEGORIES OF SHAREHOLDING

AS AT DECEMBER 31, 2022

Categories of share holders	Number of share holders	Number of shares held	Percentage of shares held %
ASSOCIATE COMPANIES UNDERTAKINGS AND RELATED PARTIES			
Anam Fabrics	1	82,282	0.13
NIT / ICP/ IDBP			
Investment Corporation of Pakistan, IDBP ICP Units	5	547	0.00
DIRECTORS, CEO & OTHER SPOUSES AND MINOR CHILDREN			
The detail are as under:			
MR. IRFAN ZAKARIA BAWANY	1	3,918,340	
MR. MUHAMMAD OMER BAWANY	1	375,705	
MR. ZIA ZAKARIA	1	5,643	
MR. AHMED ALI BAWANY	1	2,687,242	
MR. NOOR M. ZAKARIA	1	1,675,773	
MR. MUHAMMAD PATEL	1	5,643	
MR. NAEEM AHMED SHAFI	1	5,643	
MS. TASNEEM YUSUF	1	5,643	
MR. JAHANGIR ADAM	1	5,643	
MRS. SHEHLA IRFAN	1	3,790,849	
MRS. RUKHSANA BAI OMER	1	1,348,898	
MRS. SHAHNAZ SATTAR ZAKARIA	1	1,675,774	
EXECUTIVE			
	-	-	-
PUBLIC SECTOR COMPANIES AND CORP.			
	-	-	-
BANK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTION, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS			
	3	755	0.00
JOINT STOCK COMPANIES			
	17	15,487,252	24.44
GOVERNMENT DEPARTMENT			
Federal Board of Revenue	2	887,897	1.40
INDIVIDUALS			
	1,199	30,641,072	48.35
ISE Tower REIT Management Co. Ltd.			
	1	2,283	0.00
WELFARE SOCIETY			
Pakistan Memon Educational & Welfare Society	1	240,502	0.38
CHARITABLE TRUSTS			
Begum Aisha Ahmed & Latif Foundation	2	525,335	0.83
Trustee Begum Asia Bawany			
TRADE			
Rafum Corporation (pvt.) Ltd.	1	754	0.00
TOTAL :-	1,244	63,369,475	100.00
SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST.			
M/s.Irfan Ashfaq & Company (Pvt.) Ltd.,	1	6,960,823	10.98
M/s.Sharmeen Food (Pvt.) Ltd.	1	6,187,178	9.76
Mr. Irfan Zakaria Bawany	1	3,918,340	6.18
Mrs.Shehla Irfan	1	3,790,849	5.98

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2022

Number of Shareholders	Shareholdings		Total shares held
	From	To	
401	1	100	7,278
152	101	500	39,785
114	501	1000	81,657
274	1001	5000	614,801
97	5001	10000	673,409
41	10001	15000	489,421
21	15001	20000	360,455
17	20001	25000	377,633
17	25001	30000	467,385
4	30001	35000	131,468
7	35001	40000	261,637
6	40001	45000	254,077
6	45001	50000	288,731
5	50001	55000	258,445
3	55001	60000	174,973
2	60001	65000	123,941
1	65001	70000	68,153
1	70001	75000	71,734
2	75001	80000	150,834
4	80001	85000	330,476
5	85001	90000	441,307
2	90001	95000	182,952
1	105001	110000	108,703
2	120001	125000	244,997
1	130001	135000	131,525
1	135001	140000	137,342
1	140001	145000	141,029
1	145001	150000	146,557
1	150001	155000	154,624
1	160001	165000	160,978
1	165001	170000	165,002
1	170001	175000	173,866
1	180001	185000	183,982
1	195001	200000	199,000
1	220001	225000	220,500
3	225001	230000	676,309
2	240001	245000	485,231
2	245001	250000	492,235
1	255001	260000	255,580
3	260001	265000	788,070
2	280001	285000	565,907
1	295001	300000	296,387
1	375001	380000	375,705
1	380001	385000	384,092
1	390001	395000	393,286
1	420001	425000	422,504
1	465001	470000	468,466
1	475001	480000	477,948
1	515001	520000	517,656
1	525001	530000	525,510
1	555001	560000	559,211
1	685001	690000	688,745
1	715001	720000	715,552
1	725001	730000	726,919
1	735001	740000	736,096
1	770001	775000	770,372
1	810001	815000	813,720
1	835001	840000	839,776
1	890001	895000	890,574
1	895001	900000	896,641
1	950001	955000	952,488
1	1210001	1215000	1,214,566
1	1245001	1250000	1,245,837
1	1275001	1280000	1,277,164
1	1450001	1455000	1,451,472
2	1675001	1680000	3,351,547
1	1900001	1905000	1,900,607
1	2015001	2020000	2,017,733
1	2400001	2405000	2,403,320
1	2475001	2480000	2,476,442
1	2540001	2545000	2,540,685
1	2815001	2820000	2,819,590
1	3785001	3790000	3,788,874
1	6185001	6190000	6,187,178
1	6960001	6965000	6,960,823
<u>1244</u>			<u>63,369,475</u>

Sr. No.	Categories of share holders	Number of share holders	Total shares hold	Percentage %
1	INDIVIDUALS	1211	46,141,868	72.81
2	INVESTMENT COMPANIES	5	547	0.00
3	INSURANCE COMPANIES	1	730	0.00
4	JOINT STOCK COMPANIES	18	15,569,534	24.57
5	FINANCIAL INSTITUTIONS	1	24	0.00
6	WELFARE SOCIETY	1	240,502	0.38
7	CHARITABLE TRUSTS	2	525,335	0.83
8	MODARABA MANAGEMENT COMPANIES	1	1	0.00
9	TRADE	1	754	0.00
10	GOVERNMENT DEPARTMENT	2	887,897	1.40
11	REIT MANAGEMENT	1	2,283	0.00
		<u>1244</u>	<u>63,369,475</u>	<u>100.00</u>

CHAIRMAN'S REVIEW

I am pleased to present the Forty-one Annual Report and Performance Review of your Company on behalf of the Board of Directors for the year ended 31st December 2022.

The year 2022 was one of economic fluctuations and rising geo-political tensions. Global economic growth tapered from 6% in 2021 to 3.2% in 2022, while inflation remained higher. Ukraine war, commodity price volatility, and the energy crisis, all contributed to a bleak economic landscape.

Pakistan's economy, dwindling foreign exchange reserves, inflationary pressures, and a rapidly devaluing Pakistani Rupee posed serious challenges. The situation was further worsened by devastating floods that affected over 33 million people, with total losses approximate amounting to USD 30 billion.

Recently State Bank of Pakistan increased the policy rate by 300 basis points to 20 percent. Average inflation this year is now expected to exceed 29%. On the external side, current account deficit for the year 2023 is down approximately 67 percent as compared to the same period of last year. This significant drop was due to a sharp contraction in imports. Additionally, scheduled debt repayments and a decline in foreign exchange inflows amid rising global interest rates and domestic uncertainties, continue pressure on Foreign Exchange Reserve and exchange rate. To overcome this crises the Government is negotiating with IMF's through 9th review program and imposed recent fiscal measures including an increase in GST and excise duties, reduction in subsidies, adjustments in energy prices which are expected to soften IMF stance. The scenario appears challenging and may continue for quite some time.

Against this backdrop, your Company underwrote a gross premium of Rs.857.904 million (inclusive of Rs.96.026 million of Takaful Contribution) against Rs.726.436 million (inclusive of Rs.75.236 million of Takaful Contribution) last year reflecting an increase of 18%. During the year 2022 your Company posted profit after tax at Rs. 44.11 million compared to Rs. 53.01 million reported last year. The Window Takaful Operations for Surplus account on Participant Takaful Fund was Rs. 5.23 million compared to Rs. 6.25 million in 2021. Operator's Fund posted profit after tax of Rs. 13.72 million against Rs. 7.58 million of 2021.

Pakistan's stock market's performance has posted a boom-and-bust situation during FY2022. Index tumbled from 44,596.07 points as at December 31, 2021 to 40,420.45 points as at December 31, 2022 - a decline of 9.36%. The Company's investment income stood at Rs. 67.385 million against Rs. 74.747 million of the previous year.

While closing, I would like to thank and convey my gratitude to the members of the Board of Directors for their commitment in guiding and supporting the management and to the shareholders for their confidence and support to the Company. I would also like to place on record my appreciation for support received by the Company from the Securities and Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited, State Bank of Pakistan and all our reinsurers for their continued support. Last but not the least, I express my appreciation to the Chief Executive and his team for their efforts, commitments, dedication and sincerity.



Irfan Zakaria Bawany
Chairman
Karachi. 30th March 2023

چیئرمین کا جائزہ رپورٹ

31 دسمبر 2022 کو ختم ہونے والے سال کے لئے بورڈ آف ڈائریکٹرز کے چیئرمین کی حیثیت سے آپ کی کمپنی کی 41 ویں سالانہ رپورٹ اور کارکردگی کا جائزہ پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

سال 2022 معاشی اتار چڑھاؤ اور بڑھتے ہوئے جغرافیائی سیاسی تناؤ میں سے ایک تھا۔ عالمی اقتصادی ترقی 2021 میں 6 فیصد تھی جو 2022 میں کم ہو کر 3.2 فیصد رہ گئی جبکہ مہنگائی کی شرح زیادہ رہی۔ یوکرین کی جنگ کی وجہ سے اجناس کی قیمتوں میں اتار چڑھاؤ اور توانائی کے بحران نے تاریک اقتصادی منظر نامے پر اثر ڈالا۔

پاکستان کی معیشت کو گرتے ہوئے زرمبادلہ کے ذخائر، مہنگائی کے دباؤ اور پاکستانی روپے کی تیزی سے گرتی ہوئی قدر کی وجہ سے سنگین چیلنجز کا سامنا ہے۔ تاہم کن سیلاب سے صورتحال مزید خراب ہوئی جس سے 33 ملین سے زیادہ افراد کو متاثر ہوئے اور تقریباً 30 بلین امریکی ڈالر نقصان ہوا۔ حال ہی میں اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ میں 300 بیسس پوائنٹس کا اضافہ کر کے 20 فیصد کر دیا ہے۔ اس سال اوسط افراط زر 29 فیصد تک متوقع ہے۔ دوسری طرف مالی سال 2023 میں کرنٹ اکاؤنٹ خسارہ گزشتہ سال کی اسی مدت کے مقابلے میں تقریباً 67 فیصد کم ہے۔ یہ نمایاں کمی درآمدات میں تیزی سے کمی ہونے کی وجہ سے ہوئی۔ مزید یہ کہ طے شدہ قرضوں کی ادائیگی اور بڑھتی ہوئی عالمی شرح سود اور غیر ملکی زرمبادلہ کی آمد میں کمی اور اندرونی غیر یقینی صورتحال کی وجہ سے فارن ایکسچین ریزرو اور شرح مبادلہ پر دباؤ ہے۔ اس بحران پر قابو پانے کے لیے حکومت نوے سالہ پروگرام کے ذریعے IMF کے ساتھ گفت و شنید کر رہی ہے اور حالیہ مالیاتی اقدامات بشمول GST اور ایکسائز ڈیوٹی میں اضافہ، سبسڈی میں کمی، توانائی کی قیمتوں میں ایڈجسٹمنٹ سے IMF کا موقف نرم ہونے کی امید ہے۔ بظاہر ایسا لگتا ہے کہ یہ مشکل صورت حال کم از کم سال 2023 میں کافی عرصے تک جاری رہے گی اور اقتصادی اور سیاسی چیلنجز کا سامنا رہے گا۔

اس خراب صورت حال میں بھی آپ کی کمپنی نے 857.904 ملین روپے (بشمول 96.026 ملین روپے نکافل شراکت داری) کا مجموعی پریمیم کیا ہے اسکے بر خلاف گزشتہ سال 726.436 ملین روپے (بشمول 75.236 ملین روپے نکافل شراکت داری) تھا جو کہ گزشتہ سال کے مقابلے میں 18 فیصد اضافہ ظاہر کرتا ہے۔ آپ کی کمپنی نے سال 2022 میں 44.11 ملین روپے کا بعد از ٹیکس منافع کیا ہے جو کہ پچھلے سال 53.01 ملین روپے تھا۔ شراکت داری نکافل فنڈ کے لئے سرپلس 5.23 ملین روپے تھا جبکہ 2021 میں 6.25 ملین روپے تھا۔ آپریٹر کے فنڈ میں 2021 کے 7.58 ملین روپے کے مقابلے میں 13.72 ملین روپے کا بعد از ٹیکس منافع ہوا۔

پاکستان کی شاک مارکیٹ کی کارکردگی مالی سال 2022 کے دوران انڈیکس 31 دسمبر 2021 کو 44,596.07 پوائنٹس سے 9.36 فیصد کی شرح سے کم ہو کر 31 دسمبر 2022 تک 40,420.45 پوائنٹس تک نیچے آ گیا۔ کمپنی کی سرمایہ کاری کی آمدنی پچھلے سال کے 74.747 ملین روپے کے مقابلے میں 67.385 ملین روپے رہی۔

کمپنی کو سیکورٹیز ریگولیشنز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ، اسٹیٹ بینک آف پاکستان اور ہمارے تمام ری انشورنس کنندگان کی جانب سے ان کا مسلسل حمایت اور تعاون قابل ستائش رہا جو تعریف کے قابل ہے۔ آخر میں چیف ایگزیکٹو اور ان کی ٹیم اپنی اعلیٰ کوششوں، عزم، اعتقاد اور اخلاقیات کے لئے نیک خواہشات کا اظہار کرتا ہوں۔


عرفان ذکریا بادانی
چیئرمین

کراچی 30 مارچ 2023

DIRECTORS' REPORT

The Directors of the Company take pleasure in presenting their report together with the audited financial statements and Auditors report thereon for the year ended December 31, 2022.

Despite the year 2022 being a challenging year, your Company produce the following results.

OPERATIONAL RESULTS FOR THE YEAR 2022

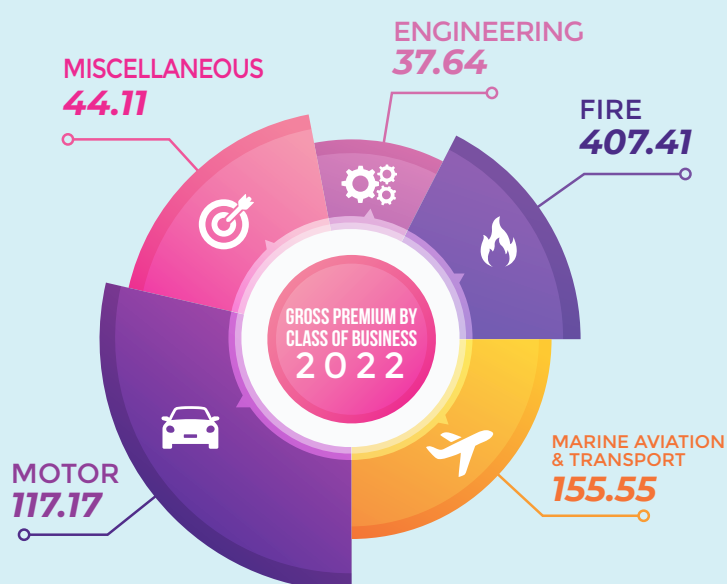
The comparative financial highlights of your Company for the year ended 31st December, 2022 are as follows:

	2022	2021
	Rs. in Million	
Gross Premium (Including Takaful Contribution)	857.904	726.436
Net Premium	360.467	303.130
Net Incurred Claims (including IBNR)	93.638	64.167
Management Expenses	150.167	152.112
Underwriting Profit	39.426	31.869
Investment Income	67.385	74.747
Profit before Taxation	67.600	70.507
Profit after Taxation	44.109	53.010
Earnings per Share (EPS) - Rupees	0.70	Restated 0.84

Your Company underwrote gross premium of Rs.857.904 million (inclusive of Rs.96.026 million of Takaful Contribution) against Rs.726.436 million (inclusive of Rs.75.236 million of Takaful Contribution) of the last year showing an increase of Rs.131.468 million reflecting growth of 18%. The net premium increased from Rs.303.130 million to Rs.360.467 million - an increase of Rs.57.337 million.

Claims incurred during the year were Rs.93.638 million against Rs.64.168 million of the previous year, showing an increase of Rs.29.47 million. Your Company has earned underwriting profit for Rs.39.426 million compared to Rs.31.869 million achieved in previous year from its core business. Net profit after Tax stood at Rs.44.109 million against Rs.53.010 million of the previous year.

Over the years, we have been highlighting the unilateral and arbitrary fixing of the so called 'Bank Limits' and delisting/non listing/prequalifying by some Banks, DFI's Financial Institutions and various Authorities / Organization's thus depriving level playing field to all the market participants. This discriminatory scenario needs to be addressed by the relevant quarters for the larger and best interest of the insurance industry.



INVESTMENT

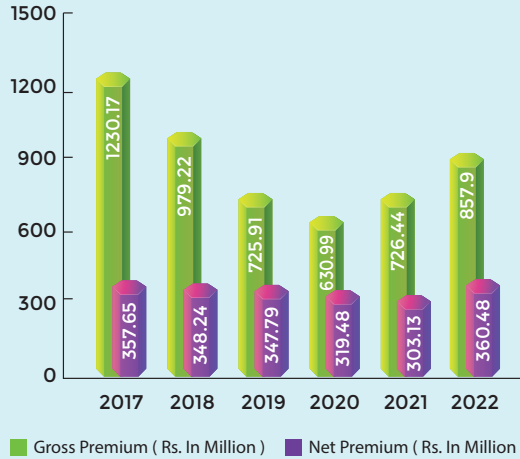
The overall investment policy of your Company by and large remains unchanged focusing on Shariah compliant Islamic Funds securing risk - free returns.

The shares portfolio of RICL is diversified amongst various sectors mainly focusing on blue chip scrip's having high dividend yields / paying bonuses and also future growth prospects and to maintain balance between fixed income securities and equities. The portfolio remains under constant surveillance of the investment committee.

Dividend Income stood at Rs.83.129 million compared to previous year of Rs.59.752 million - an increase of Rs.23.377 million i.e. 39%. Your Company also realized capital gain of Rs.7.329 million against Rs.4.959 million of the previous year. Unrealized loss stood at Rs.41.367 million compared to Rs.1.557 million of the previous year. Total investment income stood at Rs.67.385 million against Rs.74.747 million of the previous year.

Appropriation would increase Paid up capital to **RS. 665.379** million and General Reserve to **RS. 310.000** million while the total Assets surge to **RS. 1888.864** million

Gross & Net Premium



Interest and Dividend



Pakistan Stock Exchange, Index tumbled from 44,596.07 points as at December 31, 2021 to 40,420.45 points as at December 31, 2022 a decrease of 4,175.62 i.e. 9.36%.

Your company also generates a significant portion of its investment income from sustainable sources such as profits & dividends and capital gain ensuring regular income. Investment portfolio (including Term Deposits for Rs.42.591 million) stood at Rs.793.971 million as at 31st December 2022 against Rs.837.942 million of the previous year. Cash and Bank Deposits Accounts stood at Rs.101.818 million against Rs.93.709 million of the previous year.

CLAIMS

The Company recognize liability in respect of all claims incurred up to the Statement of Financial Position date which is measured at the undiscounted value of the expected future payments.

The provision for claims incurred but not reported (IBNR) is made at the balance sheet date. In compliance with SECP Circular No.9 of 2016, the Company takes Actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

REINSURANCE

Your Company successfully concluded reinsurance arrangements for the year 2023. Swiss Re world's most prestigious and renowned Re-Insurer continues to be the leader of RIC's reinsurance programme for the year 2023. Underwriting capacity for Motor line of business

has improved further in 2023, thus your Company would be able to underwrite larger risks. We are thankful to all our re-insurers for their unwavering confidence, understanding and continued support.

WINDOW TAKAFUL OPERATIONS

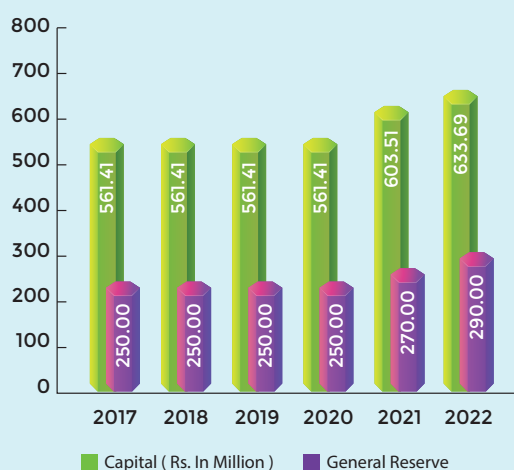
The Securities and Exchange Commission of Pakistan (SECP), Insurance Division have granted License to the Company to undertake Window Takaful Operations on 25th May 2016, Reliance Takaful is operating under the guidance of renowned qualified and certified Shariah Scholar. Reliance Takaful offers a wide range of Shariah Compliant General Takaful products such as Fire and Property Takaful, Marine Cargo, Private / Commercial Vehicles Takaful, Engineering Takaful and Miscellaneous and Accident Takaful.

Your Company underwrote Takaful Contribution for Rs.96.026 million compared to previous year contribution for Rs.75.236 million showing an increase of Rs.20.789 million. Window Takaful Operation yielded a profit of Rs.19.324 million against Rs.10.682 million of previous year.

The summarized comparative results of Window Takaful operations are as follows:-

	2022	2021
	Rs. in Million	
Gross Contribution	96.026	75.236
Net Contribution	42.578	29.421
Wakala Expense	37.571	25.457
Surplus for the year - PTF	5.234	6.252
Operator's Fund		
Revenue Account	7.651	4.590
Operator's before tax Profit	19.324	10.682

Capital & Reserves



APPROPRIATION OF PROFIT

	2022
	Rs. in Million
Amount brought forward from previous years	92.412
Profit after tax for the year ended 31st December, 2022	44.109
Amount available for appropriation	<u>136.521</u>

Your Directors recommend appropriation in the following manner:-

APPROPRIATION:

	2022
	Rs. in Million
Proposed Cash Dividend @ 5% (2021: 5%)	31.685
Proposed issue of Bonus Shares @ 5% (2021: 5%)	31.685
Transfer to General Reserve Rs.20 million (2021: Rs.20 million)	20.000
Un-appropriated balance carried forward	<u>53.151</u>

ENHANCED PAID-UP CAPITAL AND GENERAL RESERVES

Your Directors firmly believe in strengthening the Capital base and Reserves commensurate with the growth and future prospects of the Company. In line with this strategy, the Board of Directors have approved above appropriations increasing Paid-up-Capital to Rs. 665.38 million and General Reserve to Rs. 310 million.

INFORMATION TECHNOLOGY

The role of IT in the present scenario cannot be overemphasized. This has become quite essential as availability of uninterrupted IT services have attained a dynamic role in core business operations. Your Company is constantly investing to expand & upgrade its technological platform. General Insurance Software 'iGIAS'; is running successfully at branch level since last many years. The quality of 'iGIAS' is that it is integrated

software with all its modules i.e., Underwriting, Claim, Accounts and Reinsurance. It is (JSP) Java scripted online web-based software with Oracle data base and its data management is hassle-free and highly secure in its modesty & safety.

iGIAS has been incorporated with General Takaful services which has also been successfully implemented at branch level for Takaful operations to satisfy short and long term day to day needs. Due to implementation of above module the operational capabilities of relevant departments of the Company have improved strengthening internal controls and effective management information system.

The Securities and Exchange Commission of Pakistan (SECP) has issued the SEC Guidelines on Cyber Security framework for the Insurance Sector 2020, which will also help to align Cyber Security Framework with overall risk management framework and achieving ISO 27001 significantly minimizing the risk against internal human error or offence.

The IT strategy of the Company is fully aligned with its operational requirements in order to provide swift services to our customers for their highest level of satisfaction.

CREDIT RATING

PACRA and VIS both credit rating agencies of Pakistan have assigned Insurer Financial Strength (IFS) rating of Reliance Insurance Company Limited (RICL) at 'A+' (Single A Plus). Outlook on the assigned Rating is 'Stable'. The assigned rating reflects sound capitalization level and liquidity profile of the company. Reinsurance panel is considered strong with Swiss Re as the lead reinsurer. Retention level and treaty capacities have witnessed steady increase given anticipated growth in business volume.

RELATED PARTY TRANSACTIONS

All related party transactions have been reviewed & recommended by the Audit Committee and approved by the Board of Directors in their respective meetings. All transactions executed with related parties are on arm's length basis.

LIQUIDITY MANAGEMENT

The company prudently manages liquidity to ensure its ability to meet contractual obligations more efficiently through the cash flow generated from its core business as well as investment and other income. Your company meets the solvency requirements and maintains strong cash flow to meet any unforeseen exigencies.

The company's solvency as at 31st December 2022 was Rs.474.559 million against required solvency of Rs.150 million i.e. excess of Rs.324.559 million over minimum solvency requirement.

DEFERRED TAXATION

Deferred tax, if any, is provided using the liability method on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax assets and liabilities, if any, are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted, or substantially enacted of the statement of financial position date.

Deferred tax assets, if any, are recognized only to the extent that it is probable that future taxable profit will be available against which the assets can be utilized.

ANTI-MONEY LAUNDERING AND COUNTERING FINANCING TERRORISM

SECP has issued guidelines/regulations on anti-money laundering policies and procedures and also various circulars for the implementation of Know Your Customer (KYC) Guidelines applicable on insurance companies. SECP has also issued Anti Money Laundering and Countering Financing of Terrorism Regulations 2020 which are very comprehensive guidelines for AML and KYC. RICL has implemented these guidelines to cater the relevant risk and exposure.

ROLE OF COMPLIANCE

Role of Compliance Function is imperative to evaluate the efficiency and effectiveness of internal control against risks and threats, particularly with respect to regulatory compliance. The Compliance Officer is responsible to improve the control environment and ensure compliance of various applicable laws, regulatory requirements, internal policies and procedures with specific emphasis on compliance with SECP's Regulations.

CORPORATE GOVERNANCE LEADERSHIP SKILL PROGRAM

Following directors have successfully completed Corporate Governance Leadership skills (CGLS) program of Pakistan Institute of Corporate Governance (PICG)/The Institute of Chartered Accountants of Pakistan.

1. Mr. Irfan Zakaria Bawany
2. Mr. Ahmed Ali Bawany
3. Ms. Tasneem Yusuf
4. Mr. Muhammad Patel

Five Directors meet the criteria of eligibility as directors having 15 years' experience on the Board of listed companies and 14 years of Education as stipulated under Listed Companies (Code of Corporate Governance) Regulations, 2019.

CORPORATE BRIEFING

Corporate Briefing session was held for Shareholders and Analysts on 29th December, 2022 via video link/physical, as per requirement of the Pakistan Stock Exchange. Senior Management and Shareholders attended the session.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the regulatory authority have been duly complied with. A statement to this effect is annexed with the report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Company has been in compliance with the provisions set out by the Securities and Exchange Commission of Pakistan. There has been no material departure from best practices of the Corporate Governance, as detailed therein.

- a) The financial statements prepared by the management of the company fairly present its state of affairs, the results of the operations, cash flow and changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statement and accounting estimates are based on reasonable and prudent judgments.
- d) The International Accounting Standard, International Financial Reporting Standards (IFRS), or any other regulation or law as applicable in Pakistan have been followed in preparation of financial statements and any departure from there has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) The pattern of shareholding in the Company as at 31st December, 2022 is annexed to the accounts.
- g) There are no significant doubts upon the Company's ability to continue as a going concern.
- h) There has been no material departure from the best practices of Corporate Governance.
- i) Key operating and financial data for the last Ten years in summarized form is annexed.
- j) The Value of investments based on the unaudited accounts as at 31st December 2022, in respect of the Provident Fund stood at Rs.93.496 million.

BOARD OF DIRECTORS

The total number of Directors are nine (9) as per following:-

- | | |
|------------|----|
| (a) Male | 08 |
| (b) Female | 01 |

The composition of board is as follows:-

• Independent Directors	(3)
• Non-Executive Directors	(6)
• Executive Director	(1)

Mr. A. Razak Ahmed is the Chief Executive and Managing Director of the company. Being the CEO & MD of the company he is deemed to be a director.

The Board was actively involved during the year in performing its duties including those to be performed under various relevant Laws and Memorandum and Articles of Association of the Company, with the ultimate objectives of self-guarding the interest of the Shareholders, increase in profitability of the Company and promoting market confidence.

All the directors possess rich exposure of diverse field of business and professions and also requisite skills and understanding to deal with various business and corporate issues and have ability to review, analyze and challenge the management performance. They have contributed immensely in terms of their experience and practical advice.

DIRECTOR'S REMUNARATION

In accordance with the provisions of Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019 and Articles of Association of the Company, the policy concerning remuneration for non-executive directors including Independent directors, is that no remuneration is paid except meeting fee for attending the Board meetings as per the requirements of Article 137 of the Company's Articles of Association.

ROLE OF CHAIRMAN & MANAGING DIRECTOR /CEO

Chairman of the Board is responsible to ensure that the Board is working properly and all the matters relevant to the governance of the company are considered in the Board Meetings. The Chairman presides and conducts the Board meetings and is responsible to lead the Board and ensure its effective functioning and continuous development. The Chairman has no involvement in day-to-day operations of the Company.

MANAGING DIRECTOR/CEO

The Board of Directors appoint The Managing Director / Chief Executive Officer of the Company for the tenure of three years. Chief Executive Officer is responsible for the operations of the Company and conduct of its business in accordance with all statutory obligations and subject to the direction of the Board and power vested in him by law. His responsibilities include implementation of strategies and policies of the Board. He is responsible for exercising the overall control, direction, administration and supervision for sound and efficient management and conduct of the business of the Company. The Chairman and Managing Director meet regularly to discuss / review issues, opportunities and challenges.

MD's PERFORMANCE REVIEW

The performance of the Managing Director is evaluated by the Board on annual basis based on the business activities performed during the year.

BOARD COMMITTEES

The Board has constituted Audit, Investment, Human Resource & Remuneration and Nomination Committees comprising of the following Non-Executive Directors:

AUDIT COMMITTEE

The following are the members of audit committee.

1.	Ms. Tasneem Yusuf	Chairperson (Independent Director)
2.	Mr. Irfan Zakaria Bawany	Member (Non-Executive Director)
3.	Mr. Muhammad Omar Bawany	Member (Non-Executive Director)
4.	Mr. Ghulam Haider	Secretary

The terms of reference of the Audit Committee include the following:

- i. Recommending to the Board of Directors the appointment of External Auditors and consider any questions of audit fee; taking into consideration a number of factors including satisfactory rating under ICAPS quality control review program;
- ii. Consideration of questions regarding resignation or removal of External Auditors;
- iii. Determination of appropriate measures to safeguard the company's assets;
- iv. Review of quarterly, half yearly and annual financial statements of the Company, prior to the approval by the Board of Directors;
- v. Major judgmental areas;
- vi. Review of adjustments resulting from audit;
- vii. Going concern assumption;
- viii. Any changes in auditing policies and practices;
- ix. Review of preliminary announcement of results prior to publication;
- x. Review and recommend all related party transactions;
- xi. Compliance with applicable accounting standards;
- xii. Determination of compliance with relevant statutory requirements;
- xiii. Monitoring compliance with the best practices of corporate governance and regulations and identification of any significant violations thereof;

- xiv. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- xv. Consideration of any other issue or matter as may be assigned by the board of directors;
- xvi. 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);
- xvii. 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;
- xviii. review of management letter issued by external auditors and management's response thereto;
- xix. ensuring coordination between the internal and external auditors of the company;
- xx. review the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- xxi. ascertaining that the internal control systems including financial and operational controls, accounting systems and the reporting structure are adequate and effective;
- xxii. review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
- xxiii. instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;

INVESTMENT COMMITTEE

Investment Committee consists of six members:

1.	Mr. Irfan Zakaria Bawany	Chairman (Non-Executive Director)
2.	Mr. Ahmed Ali Bawany	Member (Non-Executive Director)
3.	Ms. Tasneem Yusuf	Member (Independent Director)
4.	Mr. Muhammad Patel	Member (Non-Executive Director)
5.	Mr. A. Razak Ahmed	Member (Executive Director)
6.	Mr. Haroon A. Shakoor	Member (Chief Financial Officer)
7.	Mr. Muhammad Salim Memon	Secretary

EATHICS, HUMAN RESOURCES & REMUNERATION COMMITTEE

The committee comprises of four members:

1.	Mr. Naeem Ahmed Shafi	Chairman (Independent Director)
2.	Mr. Irfan Zakaria Bawany	Member (Non-Executive Director)
3.	Mr. Noor Mohammad Zakaria	Member (Non-Executive Director)
4.	Mr. A. Razak Ahmed	Member (Executive Director)
5.	Mr. Masood Alam	Secretary

Management Committees

The Board has also constituted three Management Committees – namely Underwriting, Reinsurance & Co-insurance, Claims Settlement and Takaful committees. These committees meet on regular basis and are headed by the Chief Executive Officer. The functions and composition of the committees are given below:-

UNDERWRITING, REINURANCE & CO-INSURANCE COMMITTEE

The functions of the Underwriting Committee includes:-

- The Underwriting Committee formulates the underwriting 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 regards to relevant factors such as the business portfolio and the market scenario.

The functions of the Re-Insurance & Co-Insurance Committee includes:-

- This committee ensures that adequate re-insurance arrangements are made for company's business.
- The Committee pursues the proposed re-insurance arrangements prior to their execution, review the arrangements from time to time and subject to the consent of the participating re-insurers, suggest appropriate adjustments from time to time.
- The Committee also assesses the effectiveness of the re-insurance programme for future reference.

The Committee consists of the following members:-

1.	Mr. A. Razak Ahmed	Chairman
2.	Mr. M. Hanan Shahdani	Member
3.	Mr. Abdul Rahim	Member
4.	Mr. Abbas Baghat	Secretary

CLAIMS SETTLEMENT COMMITTEE

The functions of the Committee includes:-

- It reviews the class wise aging of outstanding claims.
- The Committee determines the circumstances under which claims disputes shall be brought to its attention and decide how to deal with such claims disputes.
- The Committee shall review matters relating to management of claims. It oversees the claim position of the company and ensure the adequate claims reserves are made.
- The Committee pays attention to significant claims cases or event which give rise to a series of claims and oversees the implementation of the measures for combating claims.

The Committee consists of the following members:-

1.	Mr. A. Razak Ahmed	Chairman
2.	Mr. Haroon A. Shakoor	Member
3.	Shaikh Muhammad Siddiq	Member
4.	Mr. Muhammad Ebrahim	Secretary

RISK MANAGEMENT & COMPLIANCE COMMITTEE

The functions of the committee includes:

- Monitoring and review of all material controls (financial, operational, compliance).
- Risk mitigation measures are robust and integrity of financial information is ensured.
- Appropriate extent of disclosure of company's risk framework and internal control system in Director's Report.

The Committee consists of the following members:-

1.	Mr. A. Razak Ahmed	Chairman
2.	Mr. Haroon A. Shakoor	Member
3.	Mr. Ghulam Haider	Member
4.	Mr. Najmullah Khan	Member
5.	Mr. M. Hanan Shahdani	Member
6.	Mr. Ghulam Mujaddid	Member
7.	Mr. Abdul Rahim	Member
8.	Mr. Mohammad Masood Ali	Member
9.	Mr. M. Naveed Jan	Secretary

NOMINATION COMMITTEE

The functions of the Committee includes:-

- Considering and making recommendations to the board in respect of the members of Board committees.
- Keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary.

The Committee consists of the following members:-

(i)	Mr. A. Razak Ahmed	Chairman
(ii)	Mr. Haroon A. Shakoor	Member
(iii)	Mr. Ghulam Haider	Member
(iv)	Mr. M. Hanan Shahdani	Member
(v)	Mr. Muhammad Salim Memon	Member & Secretary

TAKAFUL COMMITTEE

The function of Takaful Committee is to review performance of the Takaful Operations and advise the Board on quarterly basis. The Committee endorse the policies and procedures to be implemented in the Takaful Operations. It recommends the appointment of key personal related to Takaful Operations. The Committee also monitors the adherence to the Takaful Rules and Shariah principles by the Takaful Operations.

The following are the members of Takaful committee:

1.	Mr. A. Razak Ahmed	Chairman
2.	Mr. Najmullah Khan	Member
4.	Mr. Kashif Wadiwala	Secretary

Board of Director's Meetings

During the year Four (4) meetings of the Board of Directors were held and the number of meetings attended by each Director is given hereunder:

S.No.	Name of Directors	Attendance
1	Mr. Irfan Zakaria Bawany	4
2	Mr. Muhammad Omer Bawany	4
3	Mr. Ahmed Ali Bawany	3
4	Mr. Noor M. Zakaria	4
5	Mr. Zia Zakaria	3
6	Mr. Muhammad Patel	3
7	Mr. Naeem Ahmed Shafi	3
8	Ms. Tasneem Yusuf	4
9	Mr. Jahangir Adam	4

TRADING OF COMPANY'S SHARES

No trading in the shares of the Company was carried-out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

PATTERN / CATEGORIES OF SHAREHOLDING

The pattern of shareholding of the company is annexed.

STATEMENT OF THE ETHICS AND BUSINESS PRACTICES

The Board has adopted the statement of Ethics and Business Practices. All employees are informed and are required to observe these rules of conduct.

TRAINING PROGRAM

Staff training is carried on a continuous bases throughout the year. During the year staff and senior officers were nominated to attend various Seminars and training courses, as recommended by nomination committee.

AUDITORS

M/s. BDO Ebrahim & Co. Chartered Accountants retire at the conclusion of the Annual General Meeting and being eligible, offer themselves for re-appointment for the financial year ending 31st December 2023 at a fee to be mutually agreed.

The Audit Committee has recommended and the Board has endorsed the appointment of M/s. BDO Ebrahim & Co., Chartered Accountants, as auditors for the year ending 31st December 2023.

FUTURE OUTLOOK

The Pakistani economy has shown a growth of 6% in 2021-2022 and gained Momentum in post-COVID recovery. However, growth is expected to shrink to 2-3% in 2022-2023 due to macroeconomic headwinds. Catastrophic rains and floods led to potential damage of USD 30 billion, increased energy costs, massive depreciation of the Pak Rupee and a surge in global commodity prices. The average inflation this year is expected in the range of 27-29 percent. The Current account deficit is down 67 percent compared to the same period of last year. This substantial reduction was due to a sharp contraction in imports. Moreover, political instability in the Country posed further challenges to the economy, overall. Businesses across Pakistan are facing difficulties on account of varying concerns, including LC-opening and foreign services procurement. On March 2, 2023 State Bank of Pakistan, Monetary Policy Committee increased the policy rate by 300 basis points to 20% during the year, highest in decades. The Government has taken measures in an attempt to secure an IMF bailout package. This will significantly contribute to easing pressure on Pakistan economy and paving the way for recovery. At this stage, a stable macroeconomic environment and correct combination of fiscal and monetary measures will enable slow and gradual improvement in economic scenario and result in a recovery of business confidence.

Although the times are challenging, bolder and more creative thinking is necessary. We are confident that our team will leave no stone unturned and would endeavor to bring positive results.

Takaful operations will further provide new avenues and opportunities to enhance your company's business.

ACKNOWLEDGMENT

We would like to thank our valued customers for their continued patronage and support. We also avail this opportunity to thank all our Reinsurers including Pakistan Reinsurance Company Limited and Brokers for extending their guidance and valuable support.

We are also thankful for the continued co-operation and assistance extended by the Securities & Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP) for their professional guidance, assistance and support over the years.

The Directors also place on record their appreciation for the untiring efforts put in by Officers, Field Force and Staff for their dedication, sincerity and hard work for their contribution to the growth of the Company. Your Directors are also grateful to the shareholders for the confidence, support and understanding.

By Order of the Board



Irfan Zakaria Bawany
Chairman



A. Razak Ahmed
Chief Executive &
Managing Director

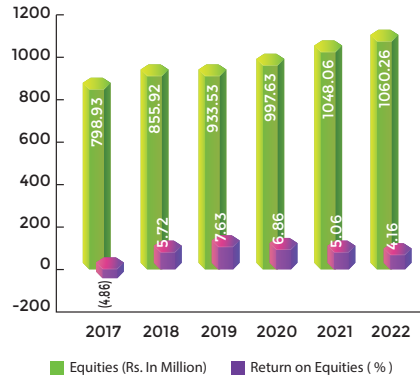
Karachi:
30th March, 2023

GRAPHICAL PRESENTATION

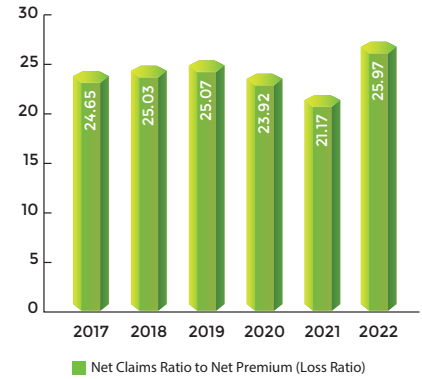
Total Assets & Paid-up Capital (Rs. In Million)



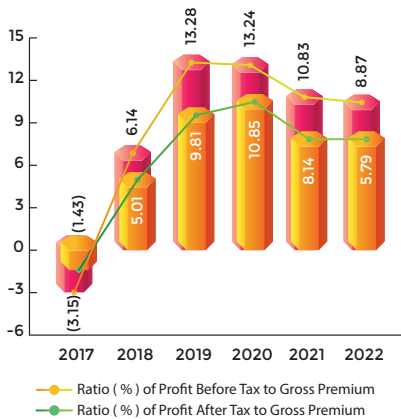
Equities & Return on Equities



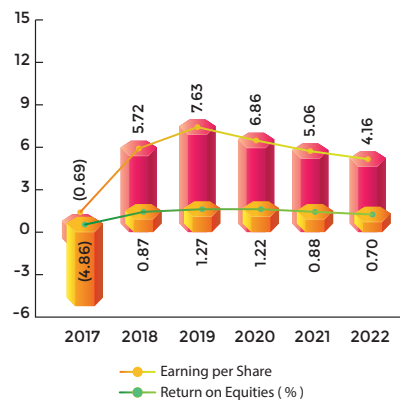
Net Claims Ratio to Net Premium (Loss Ratio)



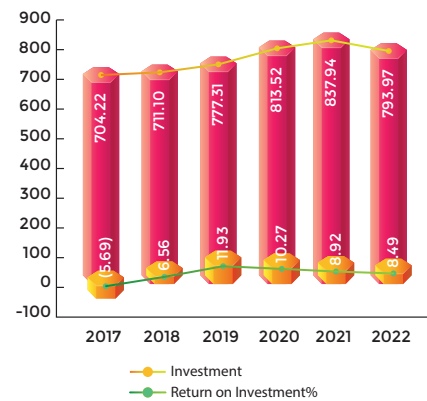
Ratio of Profit Before & After Tax to Gross Premium



Return on Equity & Earning per Share



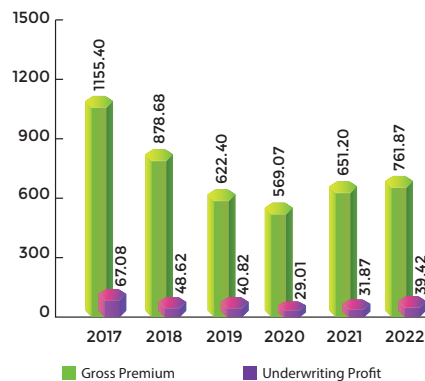
Return on Investment



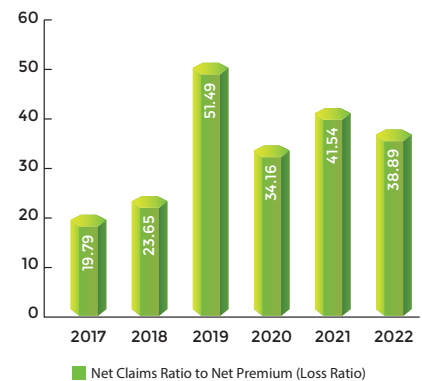
Profit Before Tax & After Tax



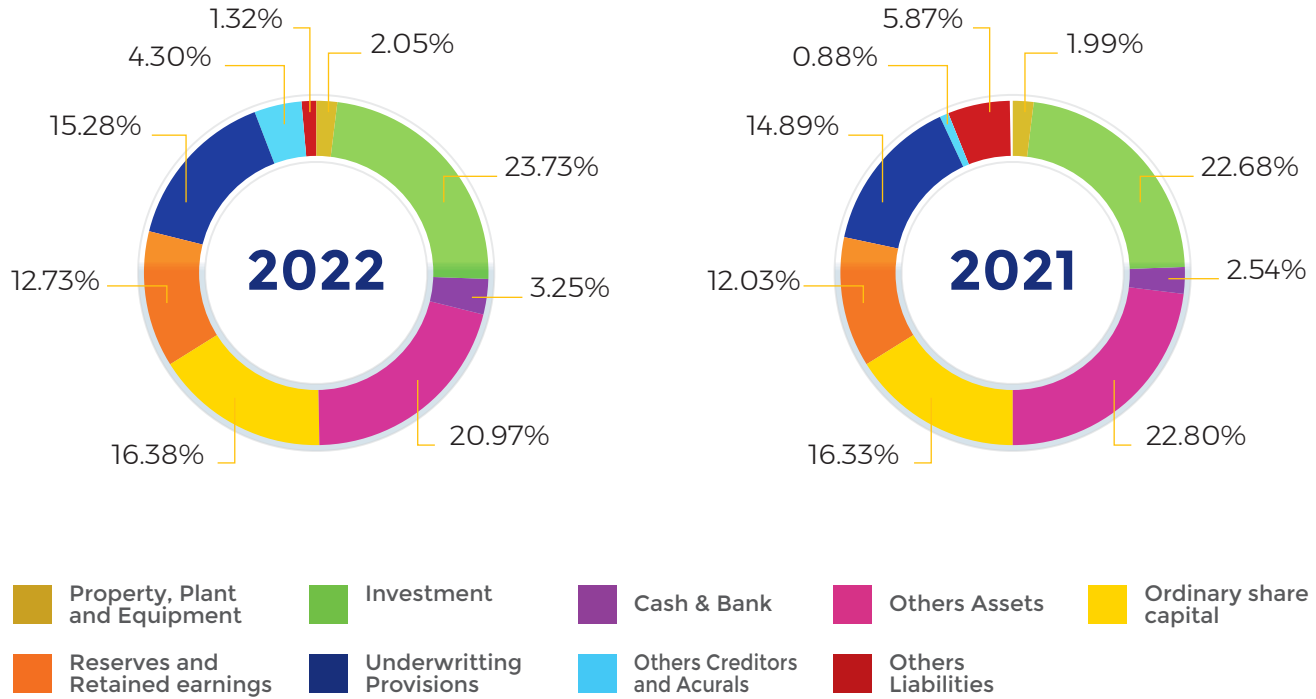
Gross Premium & Underwriting Profit



Gross Claims Ratio to Gross Premium



ASSETS, LIABILITIES & EQUITIES

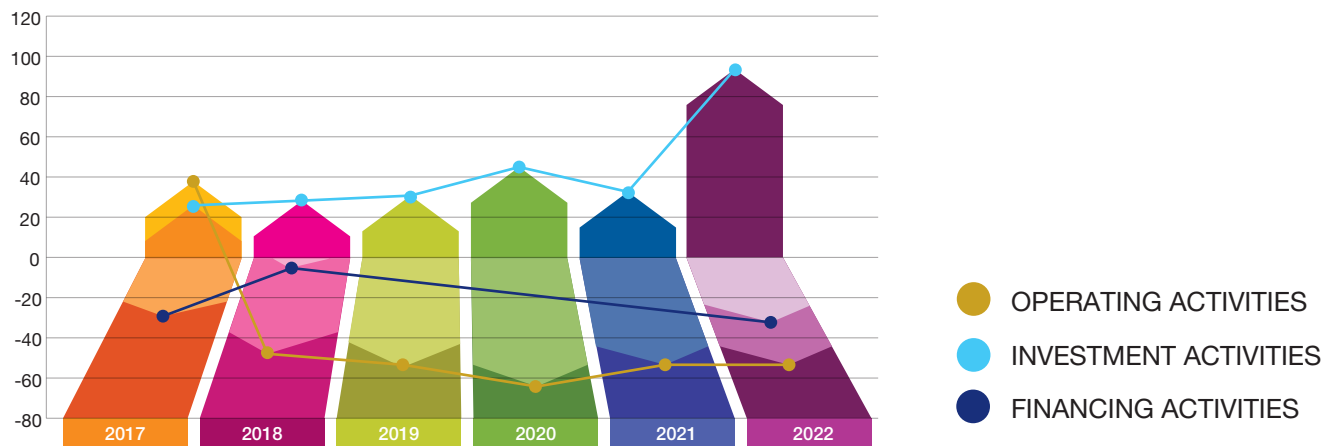


SUMMARY OF CASH FLOW

Cash Flow Statement

NET CASH FLOW FROM OPERATING ACTIVITIES
NET CASH FLOW FROM INVESTING ACTIVITIES
NET CASH FLOW FROM FINANCING ACTIVITIES

	2022	2021	2020	2019	2018	2017
NET CASH FLOW FROM OPERATING ACTIVITIES	(55.520)	(54.277)	(62.242)	(44.956)	(44.425)	38.113
NET CASH FLOW FROM INVESTING ACTIVITIES	92.55	36.67	42.325	31.811	28.663	26.825
NET CASH FLOW FROM FINANCING ACTIVITIES	(28.92)	-	-	-	(0.050)	(24.963)



آئی ایم ایف کا بیل آؤٹ پیکیج کے لیے اقدامات کیے ہیں۔ اس سے پاکستان پر دباؤ کم کرنے اور معیشت کی بحالی کی راہ ہموار کرنا میں نمایاں مدد ملے گی۔ اس مرحلے پر، ایک مستحکم معاشی ماحول اور مالیاتی اقدامات کا درست امتزاج معاشی منظر نامے میں سست اور بتدریج بہتر بنائے گا۔ اور اس کے نتیجے میں کاروباری اعتماد بحالی کے لیے اگرچہ وقت مشکل ہے، لیکن زیادہ جرات مندانہ اور زیادہ تخلیقی سوچ ضروری ہے۔ ہمیں یقین ہے کہ ہماری ٹیم مثبت نتائج لانے کے لیے کوئی کسر نہیں چھوڑے گی۔

مزید برآں، ہنگامی آپریشنز آپ کی کمپنی کے کاروبار کو بڑھانے کے لئے مزید مواقع اور نئی راہیں فراہم کرے گا۔

اظہارِ شکر:

ہم اپنے معزز صارفین کا ان کی مستقل سرپرستی اور تعاون کے لئے شکریہ ادا کرنا چاہتے ہیں۔ ہم اس موقع کا فائدہ اٹھاتے ہوئے اپنے تمام ری انشوررز بشمول پاکستان ری انشورنس کمپنی لمیٹڈ اور بروکرز کا بھی ان کی رہنمائی اور قابل قدر سپورٹ کے لئے شکریہ ادا کرتے ہیں۔

ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور اسٹیٹ بینک آف پاکستان (SBP) کے سالہا سال سے مستقل تعاون اور رہنمائی کے لئے ان کی پیشہ ورانہ رہنمائی، معاونت اور سپورٹ پر شکر گزار ہیں۔

ڈائریکٹرز افسران، فیلڈ فورس اور اسٹاف کی جانب سے کمپنی کی ترقی کے ضمن میں ان کی شراکت کے لئے ان کی انتھک محنت، عزم، دیانتداری کو بھی خراج تحسین پیش کرتے ہیں۔ آپ کے ڈائریکٹرز اعتماد، تعاون اور بھروسے کے لئے شیئرز ہولڈرز کے بھی مشکور ہیں۔

حسب الحکم بورڈ



اے رزاق احمد

چیف ایگزیکٹو و نیجنگ ڈائریکٹر



عرفان ذکر یاباوانی

چیئر مین

کراچی 30 مارچ 2023

کمپنی کے شیئرز کی ٹریڈنگ

کمپنی کے شیئرز میں کسی ڈائریکٹر، سی ای او، سی ایف او/کمپنی سیکریٹری اور ان کے شریک حیات اور نابالغ بچوں کی جانب سے کسی بھی قسم کی ٹریڈنگ نہیں کی گئی۔

پیٹرن/کیٹیگریز آف شیئرز ہولڈنگ

کمپنی کے شیئرز ہولڈنگ منسلک ہے۔

ضابطہ اخلاق اور کاروباری طریقہ کار کا اسٹیٹمنٹ

بورڈ نے ضابطہ اخلاق اور کاروباری طریقہ کار کے لئے ایک اسٹیٹمنٹ راج کیا ہے۔ تمام ملازمین کو اس سے آگاہ کر دیا گیا ہے اور ضروری ہے کہ وہ ان ضابطہ اخلاق کی پابندی کریں۔

اسٹاف ٹریننگ پروگرام:

سال کے دوران نامزدگی کمیٹی کی طرف سے تجویز کیے گئے اسٹاف اور سینیئر آفیسرز کو مختلف سیمینار اور ٹریننگ کورس کے لیے نامزد کیا گیا۔

آڈیٹرز:

بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی سالانہ جنرل اجلاس کے اختتام پر مدت ختم ہو رہی ہے اور 31 دسمبر 2023 کو ختم ہونے والے مالی سال کے لئے اپنے آپ کو منفقہ معاوضہ پر پیش کرتے ہیں۔ اس لیے بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے بطور آڈیٹر مقرر کرنے کے لیے آڈٹ کمیٹی نے سفارش کی ہے اور بورڈ نے اس کی تقرری کی توثیق کی ہے۔

مستقبل پر ایک نگاہ:

پاکستانی معیشت نے 2021-2022 میں 6 فیصد کی شرح سے نمو کی ہے اور COVID کے بعد بحالی تیزی سے ہوئی ہے۔ تاہم 2022-2023 معاشی تیزی کی وجہ سے یہ شرح دو سے تین فیصد رہنے کی توقع ہے۔ تباہ کن بارشوں اور سیلاب کی وجہ سے کم و بیش 30 بلین امریکی ڈالر کا ممکنہ نقصان کے ساتھ توانائی کے اخراجات میں اضافہ، بڑے پیمانے پر پاکستانی روپے کی فرسودگی اور عالمی اجناس کی قیمتوں میں اضافہ بھی اس کا سبب ہے۔ اس سال اوسط مہنگائی 27 سے 29 فیصد رہنے کی توقع ہے۔ کرنٹ اکاؤنٹ خسارہ پچھلے سال کی اسی مدت کے مقابلے میں 67 فیصد تک کم ہے۔ اس کمی کی وجہ درآمدات میں شدید کمی ہے۔ اس کے علاوہ ملک میں سیاسی عدم استحکام کی وجہ سے معیشت کو مزید چیلنجز کا سامنا ہے۔ پاکستان بھر کے کاروباری اداروں کو ایل سی کھولنے اور غیر ملکی خدمات حاصل کرنے سمیت مختلف مشکلات کا سامنا ہے۔ 2 مارچ 2023 کو اسٹیٹ بینک آف پاکستان، مانیٹری پالیسی کمیٹی نے سال کے دوران پالیسی ریٹ میں 300 پیس پوائنٹس کا اضافہ کر کے 20 فیصد کر دیا، جو کہ گزشتہ دہائیوں میں سب سے زیادہ ہے۔ حکومت نے تحفظ کے لیے

کمیٹی درج ذیل ممبران پر مشتمل ہے:

- | | | |
|----|-----------------------|-------------------|
| 1- | جناب اے رزاق احمد | چیئر مین |
| 2- | جناب ہارون اے شکور | ممبر |
| 3- | جناب غلام حیدر | ممبر |
| 4- | جناب محمد حنان شادانی | ممبر |
| 5- | جناب محمد سلیم مین | ممبر اور سیکریٹری |

تکافل کمیٹی

اس کمیٹی کا تکافل آپریشنز کی کارکردگی کا جائزہ لینا اور سہ ماہی بنیاد پر بورڈ کو مشورہ دینا ہے۔ کمیشن تکافل آپریشنز میں پالیسیوں کے نافذ کرنے اور طریقہ کار کی توثیق کرتی ہے۔ یہ تکافل آپریشنز سے متعلق اہم شخص کی تقرری کی سفارش کرتی ہے۔ یہ کمیٹی تکافل آپریشنز کی طرف سے تکافل قواعد و شرعی پرنسپل کی بھی نگرانی کرتا ہے

کمیٹی درج ذیل ممبران پر مشتمل ہے۔

- | | | |
|----|---------------------|----------|
| 1- | جناب اے رزاق احمد | چیئر مین |
| 2- | جناب نجم اللہ خان | ممبر |
| 3- | جناب کاشف واڈی والا | سیکرٹری |

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد ہوئے اور ہر ایک ڈائریکٹر کی جانب سے اجلاسوں میں شرکت کی تعداد ذیل میں درج ہے۔

ڈائریکٹرز کے نام	اجلاس میں حاضری
1- جناب عرفان ذکریا بادانی	4
2- جناب محمد عمر بادانی	4
3- جناب احمد علی بادانی	3
4- جناب نور ایم ذکریا	4
5- جناب ضیاء ذکریا	3
6- جناب محمد پٹیل	3
7- جناب نعیم احمد شفیع	3
8- محترمہ تنیم یوسف	4
9- جناب جہانگیر آدم	4

کمیٹی درج ذیل ممبران پر مشتمل ہے:

- 1- جناب اے رزاق احمد چیئرمین
- 2- جناب ہارون اے شکور ممبر
- 3- جناب شیخ محمد صدیق ممبر
- 4- جناب محمد ابراہیم سیکریٹری

رسک مینجمنٹ و کمپلائنس کمیٹی

کمیٹی کے فرائض میں شامل ہے:

- 0 تمام معاملات (فائینشیل، آپریشنل، کمپلائنس) کے کنٹرول کی نگرانی اور جائزہ
 - 0 خطرات کے خاتمے کے اقدامات مضبوط ہیں اور مالی معلومات کی سہولیت کو یقینی بنایا گیا ہے
 - 0 ڈائریکٹر کی رپورٹ میں کمپنی کے رسک فریم ورک اور اندرونی کنٹرول سسٹم کے مناسب حد کو ظاہر کرنا
- کمیٹی درج ذیل ممبران پر مشتمل ہے:

- 1- جناب اے رزاق احمد چیئرمین
- 2- جناب ہارون اے شکور ممبر
- 3- جناب غلام حیدر ممبر
- 4- جناب نجم اللہ خان ممبر
- 5- جناب محمد حنان شادانی ممبر
- 6- جناب غلام مجدد ممبر
- 7- جناب عبدالرحیم ممبر
- 8- جناب محمد مسعود علی ممبر
- 9- جناب محمد نوید جان سیکریٹری

نو مینیشن کمیٹی

نو مینیشن کمیٹی کے نکات کا تعین بورڈ کرے گا، اس بات کو یقینی بنانا کہ ہیومن ریسورس و ری میونیشن کمیٹی (HR&R) کمیٹی کے شرائط کے تحت طے شدہ معاملات سے کوئی نقل یا تنازعہ نہ ہو۔

نو مینیشن کمیٹی کی ذمہ داریاں:

- 0 بورڈ کمیٹیوں کی چیئرمین شپ میں، بورڈ کمیٹیوں کے سلسلے میں بورڈ پر سفارشات پر تیار کرنا اور غور کرنا
- 0 بورڈ کے ڈھانچے، ساز اور تشکیل کو باقاعدہ جائزہ کے تحت رکھنا اور بورڈ کو ضروری تبدیلیوں کے سلسلے میں سفارشات کرنا

انڈر رائٹنگ، ری انشورنس اور کوانشورنس کمیٹی

انڈر رائٹنگ کمیٹی کے فرائض میں شامل ہے:

- انڈر رائٹنگ کمیٹی کمپنی کی انڈر رائٹنگ پالیسی تشکیل دیتی ہے۔
- یہ بیمہ خطرات کی مختلف اقسام کا تعین کرنے کے لئے معیار طے کرتی ہے اور مختلف انشورنس کورز کی پریمیم پالیسی کا تعین کرتی ہے۔
- یہ باقاعدگی کے ساتھ کمپنی کی انڈر رائٹنگ اور پریمیم پالیسیوں کا جائزہ لینے کے ساتھ متعلقہ عناصر مثلاً برنس پورٹ فولیو اور مارکیٹ کی صورتحال پر بھی نگاہ رکھتی ہے۔

ری انشورنس اور کوانشورنس کمیٹی کے فرائض میں شامل ہے:

- یہ کمیٹی کمپنی کے کاروبار کے لئے کئے جانے والے موزوں ری انشورنس انتظامات کو یقینی بناتی ہے۔
- کمیٹی مجوزہ ری انشورنس انتظامات کی ان کی تکمیل سے قبل نگرانی کرتی ہے، وقتاً فوقتاً انتظامات کا جائزہ لیتی ہے اور شرکت کرنے والے ری-انشوررز کی اجازت سے مشروط وقتاً فوقتاً مناسب و موزوں انتظامات تجویز کرتی ہے۔
- کمیٹی مستقبل کے حوالے کے لئے ری انشورنس پروگرام کے موثر ہونے کا جائزہ بھی لیتی ہے۔

کمیٹی درج ذیل ممبران پر مشتمل ہے۔

1-	جناب اے رزاق احمد	چیرمین
2-	جناب محمد حنان شادانی	ممبر
3-	جناب عبدالرحیم	ممبر
4-	جناب عباس بھگت	سیکرٹری

کلیمر کمیٹی

کمیٹی کے فرائض میں شامل ہے:

- یہ واجب الادا کلیمر کی درجہ بندی کے ساتھ مدت کا جائزہ لیتی ہے۔
- یہ کمیٹی ان حالات کا تعین کرتی ہے جس کے تحت کلیمر کے تنازعات اس کی توجہ کے لئے سامنے لائے گئے اور یہ فیصلہ کرتی ہے کہ ایسے تنازعہ کلیمر کے ساتھ کیسے نمٹا جائے۔
- کمیٹی کلیمر کے انتظامات سے متعلق امور کا جائزہ لیتی ہے۔ یہ کمپنی کے کلیمر پوزیشن کی نگرانی کے ساتھ مناسب کلیمر اثاثہ جات کی موجودگی کو یقینی بناتی ہے۔
- کمیٹی کلیمر کے نمایاں کیسز یا واقعات پر توجہ دیتی ہے جو کلیمر کی سیریز کے لئے اٹھائے جاتے ہیں اور کلیمر سے نمٹنے کے لئے اقدامات پر عملدرآمد کی نگرانی کرتی ہے۔

- (xx) داخلی آڈٹ کے دائرہ کار اور وسعت کا جائزہ، آڈٹ پلان، فریم ورک اور طریقہ کار کی رپورٹنگ اور اس بات کو یقینی بنانا کہ اندرونی آڈٹ فنکشن کے پاس مناسب وسائل موجود ہیں اور مناسب طریقے سے کمپنی میں رکھے گئے ہیں۔
- (xxi) داخلی کنٹرول سسٹم بشمول مالی اور آپریشنل کنٹرولز، خریداری اور فروخت کی بروقت اور مناسب ریکارڈنگ کے لئے اکاؤنٹنگ سسٹم، رسیدیں اور ادائیگیوں، اثاثے اور واجبات اور رپورٹنگ ڈھانچہ مناسب اور موثر ہونے کے بارے میں معلومات
- (xxii) بورڈ آف ڈائریکٹرز اور داخلی آڈٹ رپورٹس کی توثیق سے قبل داخلی کنٹرول سسٹم کے بارے میں کمپنی کے بیان کا جائزہ
- (xxiii) چیف ایگزیکٹو آفیسر کے مشورے سے، بورڈ آف ڈائریکٹرز کے ذریعہ متعین کسی بھی معاملے پر خصوصی منصوبوں، value of money studies یا دیگر کسی بھی معاملہ کی تفتیش کرنا اور بیرونی آڈیٹرز یا کسی بھی بیرونی ادارہ کو کسی بھی معاملے کی ترسیل پر غور کرنا۔

انویسٹمنٹ کمیٹی

انویسٹمنٹ کمیٹی چھ ممبران بشمول چیف ایگزیکٹو آفیسر پر مشتمل ہے۔

- | | | |
|----|-------------------------|----------------------------------|
| 1- | جناب عرفان ذکریا باوانی | چیئر مین (نان ایگزیکٹو ڈائریکٹر) |
| 2- | جناب احمد علی باوانی | ممبر (نان ایگزیکٹو ڈائریکٹر) |
| 3- | محترمہ تسنیم یوسف | ممبر (انڈپنڈنٹ ڈائریکٹر) |
| 4- | محمد پٹیل | ممبر (نان ایگزیکٹو ڈائریکٹر) |
| 5- | جناب اے رزاق احمد | ممبر (ایگزیکٹو ڈائریکٹر) |
| 6- | جناب ہارون اے شکور | ممبر (چیف فنانسنگ آفیسر) |
| 7- | جناب محمد سلیم مبین | (سیکرٹری) |

ہیومن ریسورس و ری میونریشن کمیٹی:

کمیٹی چار ممبران بشمول اس کمیٹی کے چیئر مین پر مشتمل ہے۔

- | | | |
|----|-------------------------|------------------------------|
| 1- | جناب نعیم احمد شفیع | چیئر مین (انڈپنڈنٹ ڈائریکٹر) |
| 2- | جناب عرفان ذکریا باوانی | ممبر (نان ایگزیکٹو ڈائریکٹر) |
| 3- | جناب نور محمد زکریا | ممبر (نان ایگزیکٹو ڈائریکٹر) |
| 4- | جناب اے رزاق احمد | ممبر (ایگزیکٹو ڈائریکٹر) |
| 5- | جناب مسعود عالم | (سیکرٹری) |

مینجمنٹ کمیٹیاں

بورڈ نے تین انتظامی کمیٹیاں بنام انڈر رائٹنگ، ری انشورنس اور کو-انشورنس، کلیمز اور مکافل کمیٹیاں بھی تشکیل دی ہیں۔ یہ کمیٹیاں باقاعدگی کے ساتھ اجلاس منعقد کرتی ہیں اور چیف ایگزیکٹو آفیسر کی سربراہی میں کام کر رہی ہیں۔ کمیٹیوں کی تشکیل اور امور و فرائض ذیل میں درج کئے گئے ہیں۔

آڈٹ کمیٹی

آڈٹ کمیٹی کے ممبران درج ذیل ہیں:

- 1- محترمہ تسنیم یوسف چیئر پرسن (انڈپنڈنٹ ڈائریکٹر)
- 2- جناب عمر باوانی ممبر (نان-ایگزیکٹو ڈائریکٹر)
- 3- جناب عرفان ذکریا باوانی ممبر (نان-ایگزیکٹو ڈائریکٹر)
- 4- جناب محمد سلیم مینن سیکریٹری

آڈٹ کمیٹی کے ٹرمز آف ریفرنس میں مندرجہ ذیل نکات شامل ہیں۔

- (i) بورڈ آف ڈائریکٹرز کو بیرونی آڈیٹرز کے تقرر کی سفارش کی جاتی ہے اور آڈٹ کے علاوہ بیرونی آڈیٹرز کی جانب سے کسی سروس کے حصول کے لئے آڈٹ فیس کے بارے میں غور و خوض۔ کوالٹی کنٹرول کا جائزہ لینے کے ICAPS پروگرام کے تحت تسلی بخش درجہ بندی سمیت عوامل پر غور۔
- (ii) بیرونی آڈیٹرز کے استعفیے یا برطرفی سے متعلق سوالات پر غور و خوض۔
- (iii) کمپنی کے اثاثہ جات کو محفوظ رکھنے کے لئے مناسب و موزوں اقدامات کا تعین۔
- (iv) بورڈ آف ڈائریکٹرز کی منظوری سے قبل کمپنی کے سہ ماہی، ششماہی اور سالانہ مالیاتی گوشواروں کا جائزہ۔
- (v) اہم فیصلہ کن معاملات
- (vi) آڈٹ سے حاصل نتائج پر اینڈ جسٹمنٹس کا جائزہ۔
- (vii) کمپنی کی اس صلاحیت پر کسی قسم کے شکوک و شبہات نہیں کہ یہ چلتے رہنے والا ادارہ ہے
- (viii) آڈٹ کی پالیسیوں اور طریقوں میں کوئی تبدیلی۔
- (ix) اشاعت سے قبل نتائج کے ابتدائی اعلان کا جائزہ۔
- (x) اہم متعلقہ پارٹی ٹرانزیکشنز کا جائزہ اور سفارش۔
- (xi) نافذ العمل اکاؤنٹنگ اسٹینڈرڈز پر عمل درآمد۔
- (xii) لسٹنگ ریگولیشنز اور دیگر بنیادی اور ریگولیٹری شرائط پر عمل درآمد۔
- (xiii) کارپوریٹ گورننس کے بہترین طریقہ کار پر عمل درآمد کی نگرانی اور کسی نمایاں خلاف ورزی کی شناخت اور وضاحت۔
- (xiv) فراڈ، بدعنوانی اور اختیارات کے ناجائز استعمال کے ذریعے سامنے آنے والی سرگرمیوں کی بنیادی چھان بین اور اندرونی تحقیقات پر غور و خوض۔
- (xv) کسی دیگر مسئلے یا امور پر غور و خوض جو کہ بورڈ آف ڈائریکٹرز کی جانب سے پیش کیا جائے۔
- (xvi) بیرونی آڈیٹرز کے ساتھ بیرونی آڈٹ اور گفتگو کو آسان بنانا، عبوری اور حتمی آڈٹ سے پیدا ہونے والے بڑے مشاہدات اور جو بھی معاملہ آڈیٹر اجاگر کرنا چاہتے ہیں (مینجمنٹ کی غیر موجودگی میں، جہاں ضروری ہو)
- (xvii) عملے اور انتظامیہ کے اعتماد کا خدشہ، اعتماد میں آڈٹ کمیٹی کو رپورٹ کرنے کے انتظامات کا جائزہ، اگر مالی اور دیگر معاملات میں اصل یا مکمل غلطیوں کے بارے میں کوئی بھی ہے اور تدارک اور تخفیف اقدامات کو قائم کرنے کی سفارش کرتے ہیں
- (xviii) بیرونی آڈیٹرز کے جاری کردہ انتظامی خط اور انتظامیہ کے جوابات کا جائزہ
- (xix) کمپنی کے اندرونی اور بیرونی آڈیٹرز کے مابین ہم آہنگی کو یقینی بنانا

تمام ڈائریکٹرز کاروبار اور اپنے پیشے کے مختلف شعبوں کی بھرپور مہارت کے حامل ہیں اور مختلف کاروباری اور کارپوریٹ امور کے ساتھ نمٹنے کے لئے ضروری مہارت اور اسے سمجھنے کی صلاحیت رکھنے کے ساتھ تمام تر معاملات پر عبور رکھنے، ان کا جائزہ لینے اور انتظامی کارکردگی کے چیلنج کو پورا کرنے کا اہل ہیں۔ وہ اپنے تجربے اور عملی مشاورت کے ضمن میں بھی بھرپور شراکت رکھتے ہیں۔

ڈائریکٹرز کا مشاہرہ:

کمپنیز ایکٹ، 2017 کی ضرورت کے مطابق، لسٹڈ کمپنیز (کارپوریٹ گورننس) کے قوانین 2019 کے مطابق کمپنی غیر انتظامی ڈائریکٹروں بشمول آزاد ڈائریکٹرز کو آرٹیکل 137 کے مطابق بورڈ کے اجلاسوں میں شرکت کیلئے میٹنگ فیس کے علاوہ کوئی مشاہرہ ادا نہیں کرتی۔

چیئرمین و ایم ڈی / سی ای او کا کردار:

بورڈ کا چیئرمین اس امر کو یقینی بنانے کے ذمہ دار ہے کہ بورڈ مناسب اور صحیح طریقے سے کام کر رہا ہے اور کمپنی کے گورننس سے متعلقہ تمام معاملات بورڈ کے اجلاس میں زیر غور لانا ہے۔ چیئرمین بورڈ کے اجلاس کا انعقاد اور صدارت کرتا ہے اور بورڈ کی قیادت اور اس کی موثر کام کاج اور مسلسل ترقی کو یقینی بنانے کی ذمہ دار ہے کمپنی کے روزمرہ کی کارروائیوں چیئرمین میں کی کوئی شمولیت نہیں ہے۔

ایم ڈی / سی ای او:

بورڈ آف ڈائریکٹرز کمپنی کے ایم ڈی / چیف ایگزیکٹو آفیسر کو تین سال کے لیے مقرر کرتا ہے۔ چیف ایگزیکٹو آفیسر بورڈ کی رہنمائی اور قانون میں دیئے گئے اختیار کے مطابق کمپنی کے آپریشنز اور اس کے کاروبار کے انعقاد کی کارروائیوں کے لئے ذمہ دار ہے۔ ان کی ذمہ داریوں میں بورڈ کی حکمت عملی اور پالیسیوں کا نفاذ شامل ہیں۔ یہ کمپنی کے کاروبار کی مضبوط اور موثر انتظام اور انعقاد کے لیے مجموعی طور پر کنٹرول، سمت، انتظامیہ اور نگرانی کے لئے ذمہ دار ہے۔ کمپنی کے جائزے اور مسائل پر بات چیت کے لئے چیئرمین اور ایم ڈی کے مابین باقاعدہ ملاقاتیں ہوتی رہتی ہیں۔

ایم ڈی کی کارکردگی کا جائزہ:

ایم ڈی کی کارکردگی سال کے دوران کمپنی کی کاروباری سرگرمیوں کی بنیاد پر بورڈ کی طرف سالانہ بنیاد پر تعین کی جاتی ہے۔

بورڈ کمیٹی:

بورڈ نے درج ذیل نان ایگزیکٹو ڈائریکٹرز پر مشتمل آڈٹ، انویسٹمنٹ اور ہیومن ریسورس و ری میونریشن کمیٹیاں تشکیل دی ہیں۔

کارپوریٹ اور فنانشل رپورٹنگ کا فریم ورک:

کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے طے کردہ شیڈول اور پاکستان اسٹاک ایکسچینج کے لسٹنگ قواعد پر عمل درآمد کر رہی ہے۔ اس میں کارپوریٹ گورننس کے بہتر طریقہ کار سے انحراف ممکن نہیں جیسا کہ لسٹنگ ریگولیشنز میں تفصیلی طور پر درج ہے۔

- اے۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی حسابات شفاف انداز میں امور کار، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں میں واضح کردیے گئے ہیں
- بی۔ کمپنی کے اکاؤنٹس کی کتابیں قواعد و ضوابط کے مطابق تیار کی گئی ہیں
- سی۔ مالی تفصیلات اور بھی تخمینوں کو مرتب کرنے کے لئے مناسب حساب داری پالیسیوں کا تسلسل سے اطلاق کیا جاتا ہے جو کہ مناسب اور محتاط فیصلوں پر منحصر ہیں۔
- ڈی۔ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) جیسا کہ پاکستان میں نافذ العمل ہیں، مالیاتی گوشواروں کی تیاری میں لاگو کئے جاتے ہیں اور مستحکم فیصلوں پر منحصر ہوتی ہیں۔

ای۔ داخلی کنٹرول کا نظام مستحکم طور پر ڈیزائن کیا گیا ہے اور موثر طور پر نافذ العمل ہونے کے ساتھ اسکی باقاعدگی سے نگرانی کی جاتی ہے۔

ایف۔ 31 دسمبر 2022 کے مطابق کمپنی میں پیٹرن آف شیئرز ہولڈنگ کھاتوں کے ساتھ منسلک ہے۔

جی۔ اس امر میں کوئی شبہات نہیں کہ کمپنی میں آگے بڑھنے کی صلاحیت موجود ہے۔

ایچ۔ کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی قابل اثر انحراف نہیں کیا گیا ہے جیسا کہ لسٹنگ ریگولیشنز میں درج ہے۔

آئی۔ گزشتہ دس سالوں کے لئے اہم آپریننگ اور مالیاتی مواد مختصر شکل میں منسلک ہے۔

جے۔ 31 دسمبر 2022 کے مطابق پراویڈنٹ فنڈ کی قومات کے سلسلے میں غیر آڈٹ شدہ اکاؤنٹس پر منحصر سرمایہ کاریوں کی ویلیو 93.496 ملین روپے پر برقرار ہے۔

بورڈ آف ڈائریکٹرز:

ڈائریکٹرز کی کل تعداد درج ذیل کے مطابق 9 ہے

اے۔ مرد 8

بی۔ خواتین 1

بورڈ کی تشکیل مندرجہ ذیل ہے:

- انڈپنڈنٹ ڈائریکٹر 3

- نان ایکزیکٹیو ڈائریکٹر 6

- ایکزیکٹیو ڈائریکٹر 1

جناب اے رزاق احمد کمپنی کے چیف ایکزیکٹیو اور مینیجنگ ڈائریکٹر ہیں۔ کمپنی کے چیف ایکزیکٹیو ہونے کی وجہ سے انہیں ڈائریکٹر تصور کیا جاتا ہے

بورڈ پورے سال کے دوران اپنے فرائض کو انجام دینے میں موثر طور پر مصروف عمل رہا بشمول ان امور کے جو متعلقہ قوانین اور کمپنی کے ممبرنڈم اور آرٹیکل آف ایسوسی ایشن کے تحت انجام دیئے گئے اور ان سب کا بنیادی مقصد حصص یافتگان کے مفادات کا تحفظ کرنا، کمپنی کے منافع جات میں اضافہ کرنا تھا اور بنیادی ہدف شیئرز ہولڈرز کے اثاثہ جات میں اضافہ اور مارکیٹ میں اعتماد کو فروغ دینا تھا۔

رقم کی غیر قانونی ترسیل اور دہشت گردی کی مالی معاونت کا مقابلہ:

ایس ای سی پی نے ایٹنی منی لانڈرنگ کی پالیسیوں اور طریقہ کار سے متعلق قواعد و ضوابط جاری کردیے ہیں۔ ایس ای سی پی نے انشورنس کمپنیوں پر اپنے صارفین کو جانے (کے وائی سی) رہنما اصولوں کے نفاذ کے لئے مختلف سرکلر بھی جاری کیے ہیں۔ حال ہی میں ایس ای سی پی نے انسداد منی لانڈرنگ اور انسداد دہشت گردی کے قواعد و ضوابط 2020 جاری کیے ہیں۔ جو کہ AML اور KYC کے لئے بہت جامع رہنمائی ہے۔ متعلقہ خطرہ اور تشہیر کو روکنے کے لئے آئی سی ایل نے ایک حد تک ان رہنما اصولوں پر عمل درآمد کیا ہے۔

کمپلائنس کا کردار:

اندرونی کنٹرول کی کارکردگی اور تاثیر کا اندازہ کرنے کے لئے تعمیری کام کا کردار لازمی ہے جس کے بغیر کمپنی خطرات اور خطرات کے خلاف مزاحمت حاصل نہیں کر سکتی ہے، خاص طور پر ریگولیٹری تعمیل کے سلسلے میں۔ کمپلائنس آفیسر ماحول کو بہتر بنانے اور کنٹرول کرنا کمپنی کا ذمہ دار ہے اور مختلف لاگو قوانین، انضباطی تقاضوں، داخلی پالیسیاں اور طریقہ کار کی تعمیل کو یقینی بناتا ہے اور ساتھ ہی ایس ای سی پی کے ضابطوں کی تعمیل پر خصوصی توجہ دیتا ہے۔

کارپوریٹ گورننس لیڈرشپ اسکل پروگرام

پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس سے درج ذیل ڈائریکٹرز نے کارپوریٹ گورننس لیڈرشپ اسکل پروگرام مکمل کر لیا ہے۔

۱۔ جناب عرفان ذکریا باوانی

۲۔ جناب احمد علی باوانی

۳۔ محترمہ تسنیم یوسف

۴۔ جناب محمد پٹیل

پانچ ڈائریکٹرز کارپوریٹ گورننس 2019 کے تحت اہلیت کے معیار کے مطابق، کمپنیوں کے بورڈ پر 15 سال ڈائریکٹر کے تجربے کے اور 14 سال کی تعلیم رکھتے ہیں۔

کارپوریٹ بریفنگ:

پاکستان اسٹاک ایکسچینج کی ضرورت کے مطابق شیئر ہولڈرز اور تجزیہ کاروں کے لئے 29 دسمبر، 2022 کو فزیکل اور ویڈیو لنک کے ذریعے کارپوریٹ بریفنگ سیشن کا انعقاد کیا گیا۔ سینئر مینجمنٹ اور شیئر ہولڈرز سیشن میں شریک ہوئے۔

کوڈ آف کارپوریٹ گورننس پر عملدرآمد کا اسٹیٹمنٹ:

کوڈ آف کارپوریٹ گورننس کی شرائط جو کہ ریگولیٹری اتھارٹی کی جانب سے طے کردہ ہیں ان پر عملدرآمد کیا جا رہا ہے۔ اس سلسلے میں ایک اسٹیٹمنٹ رپورٹ ساتھ منسلک ہے۔

کریڈٹ ریٹنگ:

PACRA اور VIS کریڈٹ ریٹنگ کمپنی نے ریلینس انشورنس کمپنی لمیٹڈ کی "Single A Plus" پر انشور فنانشل اسٹریٹج (IFS) کی تفویض کی ہے اور آؤٹ لک مستحکم "Stable Outlook" ہے۔ ریٹنگ میں مستحکم لیکویڈیٹی پروفائل، موزوں و مناسب سرمایہ کاراشاریے اور ری انشورنس پروگرام سمیت بہتر ہوتی ہوئی انڈر رائٹنگ کارکردگی شامل ہے۔ Swiss Re کی موجودگی کمپنی کے ری۔ انشورنس پینل کو مضبوط بناتی ہے۔ کاروباری حجم متوقع اضافہ کے پیش نظر Retentional کی سطح اور Treaty کی گنجائش میں اضافہ ہوا ہے

متعلقہ پارٹی ٹرانسکیشنز:

تمام متعلقہ پارٹی ٹرانسکیشنز کو آؤٹ کمیٹی اور بورڈ کے روبرو ان کے جائزے اور منظوری کے لئے رکھا جا رہا ہے۔ ان ٹرانسکیشنز کا جائزہ سفارش آؤٹ کمیٹی کی جانب سے لیا گیا اور بورڈ آف ڈائریکٹرز کی جانب سے ان کے متعلقہ اجلاسوں میں انکی منظوری دی گئی متعلقہ پارٹیوں کے ساتھ طے پانے والی تمام ٹرانسکیشنز آرمز لینتھ (Arm's Length) کی بنیاد پر طے کیے جاتے ہیں۔

لیکویڈیٹی مینجمنٹ

کمپنی نہایت عاقبت اندیشی سے اپنے سرمائے کو مستحکم رکھتی ہے اور اپنے بنیادی کاروبار سے حاصل ہونے والے نقد بہاؤ کے ساتھ ساتھ سرمایہ کاری اور دیگر آمدنی کے ذریعوں کے معاہدہ کی ذمہ داریوں کو زیادہ موثر طریقے سے پورا کرنے کی صلاحیت کو یقینی بنانے کی حکمت عملی کا مظاہرہ کرتی ہے۔ آپ کی کمپنی سالوینسی کی ضروریات کو پورا کرتی ہے، کسی بھی غیر متوقع ضروریات کو پورا کرنے کے لئے مضبوط نقد بہاؤ کو برقرار رکھتی ہے

آپ کی کمپنی کی سالوینسی 31 دسمبر 2022 تک 474.559 ملین روپے تھی جبکہ قانونی طور پر درکار سالوینسی 150 ملین روپے ہے یعنی کم از کم مطلوبہ سالوینسی سے 324.559 ملین روپے زائد ہے

ڈیفرڈ ٹیکسیشن

مالی پوزیشن کی تاریخ کے بیان میں تمام عارضی اختلافات پر واجبات کے طریقہ کار کا استعمال کرتے ہوئے، اثاثوں اور واجب العمل ٹیکس اور مالی رپورٹنگ کے مقاصد کے لئے لی جانے والی رقم کے درمیان، موخر ٹیکس، اگر کوئی ہے تو فراہم کیا جاتا ہے

ڈیفرڈ ٹیکس اثاثے اور واجبات، اگر کوئی ہیں تو، اسے ٹیکس کی شرحوں پر مایا جاتا ہے، جب اثاثے کا ادراک ہو جاتا ہے یا ذمہ داری طے ہو جاتی ہے تو اس مدت پر لاگو ہونے کی توقع کی جاتی ہے، ٹیکس کی شرحوں (اور ٹیکس کے قوانین) کی بنیاد پر جو نافذ کیا گیا ہے یا مالی حیثیت کی تاریخ کے بیان کو کافی حد تک نافذ کیا ہے

ڈیفرڈ ٹیکس اثاثوں، اگر کوئی ہے تو، صرف اس حد تک تسلیم کیا جاتا ہے کہ اس بات کا امکان ہے کہ مستقبل میں قابل ٹیکس منافع دستیاب ہوگا جس کے خلاف اثاثوں کو استعمال کیا جاسکتا ہے۔

محاسب:

ملین روپے	
31.68	5 فیصد شرح سے مجوزہ نقد ڈیویڈنڈ (5:2021 فیصد)
31.68	بونس حصص کا 5 فیصد شرح سے مجوزہ اجراء (5:2021 فیصد)
20.00	ٹرانسفر برائے عمومی ذخائر 20.000 ملین روپے (20.000:2021 ملین روپے)
53.16	مالی سال کے اختتام پر غیر تخصیصی منافع

اضافہ شدہ ادا کیا جانے والا سرمایہ اور عمومی اثاثہ جات:

آپ کے ڈائریکٹرز ادا شدہ سرمایہ کی بنیاد اور زر نقد (Reserve) کو مستحکم کرنے اور کمپنی کی ترقی اور مستقبل کو محفوظ بنانے میں پختہ یقین رکھتے ہیں۔ اس حکمت عملی کے مطابق، بورڈ آف ڈائریکٹرز نے مذکورہ بالا مختصوں کو منظوری دے دی ہے جس سے ادا شدہ سرمایہ کو بڑھا کر 665.38 ملین روپے اور زر نقد (General Reserve) 310 ملین روپے کرنے کی منظوری دی ہے

انفارمیشن ٹیکنالوجی:

آپ کی کمپنی انفارمیشن ٹیکنالوجی کی اہمیت سے آگاہ ہے اور مسلسل توسیع اور اس کی تکنیکی پلیٹ فارم کو اپ گریڈ کرنے کی سرمایہ کاری کر رہی ہے۔ جنرل انشورنس سافٹ ویئر 'iGIAS' گزشتہ کئی سالوں سے برانچ کی سطح پر کامیابی کے ساتھ نافذ العمل ہے 'iGIAS' کی خصوصیت اس کے تمام ماڈیولز یعنی، انڈر رائٹنگ، کلیمز، اکاؤنٹس اور ری۔ انشورنس ایک ساتھ مربوط ہے۔ یہ (JSP) جاوا اسکریپٹ اور ایکل ڈیٹا بیس کے ساتھ آن لائن ویب بیس سافٹ ویئر ہے اور اس کے ڈیٹا مینجمنٹ پریشانی سے آزاد اور بہت زیادہ محفوظ ہے

iGIAS میں جنرل تکفل کی سروسز کو شامل کیا گیا ہے اور مختصر اور طویل مدتی تکفل کارروائیوں کے لئے برانچ کی سطح پر نافذ العمل ہے۔ مذکورہ ماڈیول کے نفاذ کی وجہ سے کمپنی کے متعلقہ محکموں کی آپریشنل صلاحیتوں، اندرونی کنٹرول کو مضبوط بنانے اور انتظامی معلومات کے موثر نظام میں بہتری آئی ہے

سیکیورٹی اینڈ ایچ جی کمیشن آف پاکستان نے انشورنس سیکلر 2020 کے لئے سائبر سیکیورٹی فریم ورک سے متعلق ایس ای سی گائیڈ لائنز جاری کی ہیں، جس سے سائبر سیکیورٹی فریم ورک کو مجموعی طور پر رسک مینجمنٹ فریم ورک کے ساتھ موافق بنانے میں مدد ملے گی اور آئی ایس او 27001 کے حصول میں بیرونی اور داخلی انسانی غلطی یا جرم کے خلاف خطرے کو نمایاں طور پر کم کیا جاسکتا ہے۔

کمپنی کی آئی ٹی حکمت عملی اپنے آپریٹنگ تقاضوں کے ساتھ پوری طرح سے ہم آہنگ ہے تاکہ ہمارے صارفین کو اعلیٰ سطح کو اطمینان بخش تیز ترین خدمات فراہم کریں۔

ری۔ انشورنس:

آپ کی کمپنی نے سال 2023 کے لئے ری۔ انشورنس انتظامات نہایت معتبر ہیں۔ معروف اور اعلیٰ شہرت یافتہ سوئس ری (Swiss Re) سال 2023 کے آر آئی سی ایل کے ری انشورنس پروگرام کے لیڈر بننے کا عمل جاری ہے۔ سال 2023 کے لئے موٹر کے تمام شعبہ کی انڈر رائٹنگ کی گنجائش (Underwriting Capacity) میں مزید اضافہ کر دیا ہے اس طرح آپ کی کمپنی کو بڑے خطرات کو انڈر رائٹ کرنے کی صلاحیت حاصل ہو گئی ہے۔ ہم غیر متزلزل اعتماد اور مستقل سپورٹ و تعاون کے لئے اپنے تمام ری انشوررز کے انتہائی ممنون اور شکر گزار ہیں۔

ونڈو تکافل آپریشن:

سیکیورٹی ایگنٹ کمیشن آف پاکستان نے کمپنی کو 25 مئی 2016 میں ونڈو تکافل آپریشن جاری کرنے کا لائسنس جاری کر دیا ہے۔ ریلینس تکافل مشہور اور تصدیق شدہ شرعی اسکالر کی رہنمائی کے تحت کام کر رہی ہے۔ ریلینس تکافل شریعت کے مطابق جنرل تکافل کی مصنوعات کی ایک وسیع رینج پیش کر رہی ہے۔ جس میں فائر پراپٹی تکافل، میرین کارگو تکافل، ذاتی و تجارتی گاڑیاں تکافل، انجینئرنگ تکافل، دہشت گردی تکافل، متفرق حادثات تکافل شامل ہیں۔

آپ کی کمپنی نے اس سال 96.026 ملین روپے کی تحریری شراکت داری کی ہے جب کہ گزشتہ سال تحریری شراکت داری 75.236 ملین روپے تھی۔ یہ 20.789 ملین روپے کا اضافہ ظاہر کرتی ہے۔ خالص شراکت داری منافع 19.324 ملین روپے رہا جبکہ گزشتہ سال 10.682 ملین روپے منافع تھا۔ سال کا جائزہ لینے کے لئے ونڈو تکافل آپریشن کے خلاصہ نتائج مندرجہ ذیل ہیں۔

2021	2022	
		ملین روپے
75.236	96.026	مجموعی شراکت داری
29.421	42.578	خالص شراکت داری
25.457	37.571	وکالا اخراجات
6.252	5.234	سال کا اضافہ۔ پی ٹی ایف
4.590	7.651	آپریٹنگ آمدنی کاؤنٹ
10.682	19.324	آپریٹنگ منافع قبل از ٹیکس

منافع کی تخصیص:

ملین روپے	
92.412	مالی سال کے آغاز پر غیر تخصیص شدہ منافع
44.109	مالی سال 2022 کے اختتام پر بعد از ٹیکس منافع
136.521	غیر مختص شدہ رقم مختص کے لئے دستیاب

آپ کے ڈائریکٹرز تجویز کرتے ہیں کہ منافع کو مندرجہ ذیل طریقوں سے مختص کیا جائے

سرمایہ کاری:

آپ کی کمپنی سرمایہ پالیسی اسی انداز میں جاری ہے اور شریعہ کمپلیٹ طویل مدتی سرمایہ کاری کی خطرات سے تحفظ بے خطر منافع جات پر ترجیح دی گئی ہے آ آئی سی ایل کاشیر زپورٹ فولیو خوب اچھی طرح پھیلا ہوا اور مختلف شعبوں میں تقسیم شدہ ہے اور بنیادی طور پر منافع بخش (Blue Chip) اسکرپٹس پر توجہ رکھی گئی ہے جو بہترین منافع منقسمہ کے حصول، بونس کی ادائیگیوں اور مستقبل میں ترقی کے امکانات کی حامل ہے۔ پورٹ فولیو سرمایہ کاری کمیٹی کی زیر نگرانی رہتا ہے۔

سرمایہ کاری میں نقصانات کو پرافٹ اینڈ لاس اکاؤنٹ میں ظاہر کیا جاتا ہے۔ ایسے نقصانات کے لئے مختص کی گئی گنجائش پر ہر بیلنس شیٹ کی تاریخ پر نظر ثانی کی جاتی ہے۔ اور اس میں اس وقت کے بہترین تخمینوں کے مطابق ردوبدل کیا جاتا ہے۔ اس گنجائش میں ردوبدل آمدن یا اخراجات کی شکل میں ظاہر کیا جاتا ہے

منافع منقسمہ کی آمدنی 83.129 ملین روپے تھی جبکہ گزشتہ سال یہ رقم 59.752 ملین روپے تھی اس طرح اس سال 23.377 ملین روپے زائد رہی جو کہ 39 فیصد ہے۔ آپ کی کمپنی نے گزشتہ سال کے 4.959 ملین روپے کے مقابلے میں 7.329 ملین روپے کا کمپیٹل گین حاصل کیا اور گزشتہ سال کے 1.557 ملین روپے کے مقابلے میں 41.367 ملین روپے کے لئے غیر تسلیم شدہ نقصان کا اندراج کیا ہے۔ گزشتہ سال کے 74.747 ملین روپے کے مقابلے میں سرمایہ کاری پر نفع 67.385 ملین روپے رہا۔ پاکستان اسٹاک ایکسچینج انڈیکس 31 دسمبر 2021 کے 44,596.07 پوائنٹس سے 31 دسمبر 2022 کو 40,420.45 پوائنٹس پر آ گیا یعنی 9.36 فیصد کمی کے ساتھ 4,175.62 پوائنٹس کی کمی ہوئی۔

آپ کی کمپنی پائیدار ذرائع مثلاً شرح سود اور منافع منقسمہ اور کمپیٹل گین سے اسکی سرمایہ کار آمدنی کا ایک بڑا حصہ حاصل کرنے کی کوششوں کو جاری رکھے ہوئے ہے تا کہ مناسب کیش حصول کا ذریعہ پیدا کیا جائے۔ سرمایہ کاری کا پورٹ فولیو (بشمول 42.591 ملین روپے کے ٹرم ڈپازٹس) 31 دسمبر 2022 تک 793.971 ملین روپے رہا جو پچھلے سال 837.942 ملین روپے تھا۔ نقد اور بینک ڈپازٹس اکاؤنٹس سرمایہ کاری کی سطح گزشتہ سال کے 93.709 ملین روپے کے مقابلے میں 101.818 ملین روپے رہی

کلیمرز:

واجب الادا کلیمرز بیلنس شیٹ کی تاریخ تک ہونے والے تمام کلیمرز کے ضمن میں ہوتی ہے اور اس کے مستقبل میں متوقع ادائیگیوں کی غیر تخفیف شدہ مالیت کے طور پر ظاہر کیا جاتا ہے۔

واجب الادا کلیمرز کے حصول میں ایسے کلیمرز جو بیلنس شیٹ کی تاریخ تک رپورٹ (IBNR) نہیں ہوئے۔ 2016 کے ایس ای سی پی سرکلر نمبر 9 کی تکمیل کے لئے کمپنی نے IBNR کا تخمینہ کے طریقہ کار کو تبدیل کر دیا گیا۔ کمپنی اب IBNR کلیمرز کے تعین کے لئے ایکچوریل مشورہ لیتی ہے۔ IBNR کلیمرز کا تخمینہ Chain Ladder (CL) کے طریقے سے لگایا گیا ہے۔ Chain Ladder (CL) طریقہ میں ترقی کے عوامل کا تعین یا ہر مدت کے لئے لنک کے تناسب شامل ہے۔ یہ بعد میں مشترکہ طور پر Cumulative Development Factor (CDF) کا تعین کرتے ہیں۔ جس میں کلیمرز کے آخری سطح تک پہنچنے کے لئے مستقبل کی حد تک نمائندگی کرتا ہے

ڈائریکٹرز رپورٹ:

آپ کے ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والے سال کے لئے سالانہ رپورٹ بشمول آڈٹ شدہ حسابات پیش کرنے میں خوشی محسوس کرتے ہیں۔
مالی سال 2022 ایک چیلنجنگ سال ہونے کے باوجود، آپ کی کمپنی درج ذیل نتائج پیش کرتی ہے۔

سال 2022 کے لئے آپریشنل نتائج:

31 دسمبر 2022 کو ختم ہونے والی مدت کے لئے آپ کی کمپنی کی تقابلی مالی جھلکیاں مندرجہ ذیل ہیں:

2021	2022	
		روپے ملین میں
726.436	857.904	مجموعی پریمیم (تکافل شراکت سمیت)
303.130	360.467	خالص پریمیم
64.167	93.638	خالص حاصل کردہ کلیم (بشمول IBNR)
152.112	150.167	انتظامی اخراجات
31.869	39.426	انڈر رائٹنگ آمدنی
74.747	67.385	سرمایہ کار آمدنی
70.507	67.600	نفع / نقصان قبل از ٹیکس
53.010	44.109	نفع / نقصان بعد از ٹیکس
0.84 (نظر ثانی شدہ)	0.70	آمدنی فی شیئر (EPS)

آپ کی کمپنی نے 857.904 ملین روپے (بشمول 96.026 ملین روپے تکافل شراکت داری) کا مجموعی پریمیم ظاہر کیا ہے اسکے برخلاف گزشتہ سال کا حجم 726.436 ملین روپے (بشمول 75.236 ملین روپے تکافل شراکت داری) تھا جو 18 فیصد کی شرح نمو سے 131.468 ملین روپے کا اضافہ ظاہر کرتا ہے۔ خالص پریمیم بھی 303.130 ملین روپے سے بڑھ کر 360.467 ملین روپے رہا یعنی 57.337 ملین روپے زائد رہا۔

سال کے دوران کلیمز پر 93.638 ملین روپے صرف کئے گئے جبکہ گزشتہ سال 64.168 ملین روپے صرف کئے گئے تھے جو کہ 29.47 ملین روپے کا اضافہ ظاہر کرتا ہے۔ آپ کی کمپنی نے اپنے بنیادی کاروبار سے گزشتہ سال کے 31.869 ملین روپے کے مقابلے میں 39.426 ملین روپے منافع حاصل کیا ہے۔ خالص آمدنی بعد از ٹیکس 44.109 ملین روپے ہے جبکہ گزشتہ سال 53.010 ملین روپے تھی۔

برسوں سے ہم نام نہاد 'بینک حدود' (Bank Limits) کی یکطرفہ اور صوابدیدی فلسفہ کو اجاگر کر رہے ہیں اور کچھ بینکوں، DFI کے مالیاتی اداروں اور مختلف اتھارٹیوں/تنظیموں کا فہرست سازی/نان لسٹنگ/پری کو ایفائنگ کرنا مارکیٹ کے تمام شرکا کو یکساں مواقع فراہم نہیں کرتا ہے اس الگ منظر نامے پر صنعت کے وسیع تر مفاد کیلئے متعلقہ حلقوں کے ذریعہ سنجیدگی سے فوراً توجہ دینے کی ضرورت ہے

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AND CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

For the year ended December 31, 2022

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

Reliance Insurance Company Limited (The Company) has applied the principles contained in the Regulations and the Code and has complied with the requirements of the Regulations and the Code in the following manner:

1. The total numbers of Director are nine (9) as per the following:-

- (a) Male = 08
- (b) Female = 01

2. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors (the Board). The composition of the Board is as follows:

Category	Name
Independent Directors	Ms. Tasneem Yusuf (Female Director) Mr. Naeem Ahmed Shafi Mr. Jahangir Adam
Executive Director	Mr. A. Razak Ahmed
Non-Executive Director	Mr. Irfan Zakaria Bawany Mr. Muhammad Omer Bawany Mr. Ahmed Ali Bawany Mr. Noor M. Zakaria Mr. Zia Zakaria Mr. Muhammad Patel

The number of elected directors on the Board are nine (9) whereas Mr. A. Razak Ahmed being Chief Executive of the Company is a "deemed director" under section 188(3) of the Companies Act, 2017.

The independent directors meet the criteria of independence as laid down under the Regulations and the Code. The independent directors are three out of ten directors (including the Chief Executive) and considering the required skills set and experience to discharge and execute their duties competently as per laws and regulations the fraction of one third has been rounded to three.

- 3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies in which each of them is a director).
- 4. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial institution or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.
- 5. No casual vacancy occurred on the Board during the year.
- 6. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- 7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with the dates of approval or updating is maintained by the company.
- 8. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act), the Regulations and the Code. The decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of Chief Executive Officer, and key Officers have been taken by the Board.
- 9. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. Written notices of the Board Meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The Board has complied with the requirements of Act, the Regulations and the Code with respect to frequency, recording and circulating minutes of meeting of the Board.

10. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
11. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
12. Five Directors of the Company possess sufficient experience and qualification so they are exempt from attending the Directors' Training Program. Whereas four Directors, namely Mr. Irfan Zakaria Bawany, Mr. Ahmed Ali Bawany, Ms. Tasneem Yusuf and Mr. Muhammad Patel have completed Director' Training Program either from Pakistan Institute of Corporate Governance or The Institute of Chartered Accountant of Pakistan. The management of the Company also carries out orientation sessions of the Board during board meetings, as and when required, in order to apprise them of their duties and responsibilities and the new developments and pronouncements of relevant laws and regulations.
13. There was no change of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit during the year. The Board approved their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations and the Code.
14. The Directors' Report for this year has been prepared in compliance with the requirements of the Regulations and the Code and fully describes the salient matters required to be disclosed.
15. Chief Executive Officer and Chief Financial Officer duly endorsed the financial statements before approval of the Board.
16. The directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
17. The Company has complied with all the corporate and financial reporting requirements of the Code and the Regulations.
18. The Board has formed the following Management Committees:

Underwriting, Reinsurance & Co-insurance Committee:

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. M. Hanan Shahdani	Senior Vice President	Member
Mr. Abdul Rahim	Chief Manager	Member
Mr. Abbas Baghat	Executive Officer	Secretary

Claim Settlement Committee:

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Haroon A. Shakoor	Chief Financial Officer	Member
Mr. Shaikh Muhammad Siddiq	Chief Manager Claims	Member
Mr. Muhammad Ebrahim		Secretary

Takaful Committee

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Najmullah Khan	Head of Takaful	Member
Mr. Kashif Wadiwala	Shariah Compliance Officer	Secretary

Risk Management & Compliance Committee:

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Haroon A. Shakoor	Chief Financial Officer	Member
Mr. Ghulam Haider	Company Secretary & Compliance Officer	Member
Mr. Najmullah Khan	Head of Takaful	Member
Mr. M. Hanan Shahdani	Senior Vice President	Member
Mr. Ghulam Mujaddid	Assistant Vice President	Member
Mr. Abdul Rahim	Chief Manager	Member
Mr. Muhammad Masood Ali	Chief Manager (IT)	Member
Mr. M. Naveed Jan	Internal Auditor	Secretary

Nomination Committee:

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Haroon A. Shakoor	Chief Financial Officer	Member
Mr. Ghulam Haider	Company Secretary	Member
Mr. M. Hanan Shahdani	Senior Vice President	Member
Mr. Salim Memon	Chief Manager	Member & Secretary

19. The Board has formed Board Committees comprising of members given below:

a) Ethics, HR and Remuneration Committee:

Name of the Member	Designation	Category
Mr. Naeem Ahmed Shafi	Independent Director	Chairman
Mr. Irfan Zakaria Bawany	Non-Executive Director	Member
Mr. Noor M. Zakaria	Non-Executive Director	Member
Mr. A. Razak Ahmed	Executive Director	Member
Mr. Masood Alam	Dy. Chief Manager	Secretary

b) Investment Committee

Name of the Member	Designation	Category
Mr. Irfan Zakaria Bawany	Non-Executive Director	Chairman
Mr. Ahmed Ali Bawany	Non-Executive Director	Member
Ms. Tasneem Yusuf	Independent Director	Member
Mr. Muhammad Patel	Non-Executive Director	Member
Mr. A. Razak Ahmed	Executive Director	Member
Mr. Haroon A. Shakoor	Chief Financial Officer	Member
Mr. Muhammad Saleem Memon	Chief Manager	Secretary

c) Audit Committee:

The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and one is an independent director. The chairperson of the Committee is an independent director. The composition of the Audit Committee is as following:

Name of the Member	Designation	Category
Ms. Tasneem Yusuf	Independent Director	Chairperson
Mr. Irfan Zakaria Bawany	Non-Executive Director	Member
Mr. Muhammad Omer Bawany	Non-Executive Director	Member
Mr. Ghulam Haider	Company Secretary	Secretary

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

21. The frequency of meetings of the committees were as per following:

- | | |
|---|--------------------|
| a) Audit Committee: | Quarterly meetings |
| b) Ethics, HR and Remuneration Committee: | Annually meeting |
| c) Nomination Committee: | Annually meeting |
| d) Risk Management Committee: | Quarterly meetings |
| e) Investment Committee: | Quarterly meetings |

22. The Board has set up an effective internal audit function, which comprises of individual who are 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 a regular basis.

23. The Chief Executive Officer, Chief Financial Officer, Company Secretary, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance functions possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of the Person	Designation
Mr. A. Razak Ahmed	Chief Executive Officer& Managing Director
Mr. Haroon A. Shakoor	Chief Financial Officer
Mr. Ghulam Haider	Company Secretary & Compliance Officer
Mr. Najmullah Khan	Head of Window Takaful Operations& Grievance Deptt.
Mr. M. Hanan Shahdani	Senior Vice President
Mr. Muhammad Naveed Jan	Head of Internal Audit
Mr. Shaikh Muhammad Siddiq	Head of Claims
Mr. Abdul Rahim	Head of Reinsurance

24. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight

Board of Pakistan, that they and all their partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company and that they or any partners of the firm, their spouses and minor children do not hold shares of the Company.

25. 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, the Code or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

26. The Board ensures that the Investment policy of the Company has been drawn up in accordance with the provisions of the Code.

27. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code.

28. The Company has set up a risk management function which carries out its tasks as covered under the Code.

29. The Board ensures that as part of the risk management system, the Company gets itself rated from PACRA and VIS rating agencies, which is being used by its risk management function and the respective committee as a risk monitoring tool. The rating assigned by the said rating agencies on December 30, 2022 is A+ (single A) with stable outlook.

30. The Board has set up a grievance function, which fully complies with the requirements of the Code.

31. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of any requirement of the Code.

32. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

33. We confirm that all other material principles contained in the Code have been complied with.



IRFAN ZAKARIA BAWANY
Chairman



A. RAZAK AHMED
Chief Executive & Managing Director

Karachi: 30th March, 2023



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RELIANCE INSURANCE COMPANY LIMITED

Review Report to the Members on the Statement of Compliance with contained in the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) regulations, 2019 for the year ended December 31, 2022

We have reviewed the enclosed Statement of Compliance with the best practices contained in Code of Corporate Governance for Insurers, 2016 (referred to as 'the Codes') and the Listed Companies (Code of Corporate Governance) Regulations, 2019 prepared by the Board of Directors of Reliance Insurance Company Limited for the year ended December 31, 2022 in accordance with the requirement of the code.

The responsibility for compliance with the Codes is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Codes and report if it does not and to highlight any non-compliance with the requirements of the Codes. 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 Codes.

As 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 Codes 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Codes as applicable to the Company for the year ended December 31, 2022.

KARACHI
DATED: April 03, 2023
UDIN: CR202210067jwOsE9DTY

CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RELIANCE INSURANCE COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

S. No	Key Audit Matters	How the matters were addressed in our audit
1	<p>Compliance with laws and regulations</p> <p>The Company is in highly regulated industry and is governed by stringent laws and regulations which mainly include Insurance Ordinance, 2000, Insurance Accounting Regulations, 2017, Insurance Rules, 2017 and Companies Act, 2017, and various circulars issued by the SECP from time to time to regulate the business of the Company. The Company is required to comply with these rules and regulations.</p> <p>We have considered compliance with laws and regulation as a key audit matter since failure to comply with any of these applicable laws and regulations could have a material financial impact on the business of the Company.</p>	<p>Our audit procedures in respect of this area included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of the relevant legal and regulatory framework within which the Company operates and assessed the design and operation of its key controls over this framework; Discussed the applicable policies and procedures with senior management and reviewed minutes of the Board of Directors meetings, and internal audit reports for any recorded instances of potential non-compliance, and maintained a high level of vigilance when carrying out our other audit procedures for indications of non-compliance; and Reviewed the Company's documentation and correspondence with the regulators.

S. No	Key Audit Matters	How the matters were addressed in our audit
2	<p>Revenue Recognition - Premium Earned</p> <p>Refer the financial statements relating to revenue recognition policy and net insurance premium respectively.</p> <p>The Company earns revenue primarily from premium income, which amounts to Rs. 360.467 million (2021: 303.130 million) representing 18.92% increase. This income stream comprises of four segments: (i) Fire and property damage, (ii) Marine, aviation and transport, (iii) Motor, (iv) Miscellaneous.</p> <p>We have identified revenue recognition from premium income as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of, evaluated the design and tested the controls over the process of policy-writing, processing and recording of premium; • Assessed the appropriateness of the Company's accounting policy for recording of premium and in line with the requirements of applicable law, accounting and reporting standards; • Traced the premium recorded on sample basis from the underlying policies issued to insurance contract holders and applying substantive analytical procedures to corroborate with economic environment and usual policy-writing patterns; • Tested the policies on sample basis where policies were written close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; and • Recalculated the unearned portion of premium income and ensured that appropriate amount has been recorded as provision for unearned premium in liabilities.
3	<p>Valuation of outstanding claims including claims incurred but not reported (IBNR)</p> <p>As disclosed in note 21 to these financial statements, outstanding claims including IBNR amounting to Rs. 188.533 as at December 31, 2022.</p> <p>The outstanding claims including IBNR represented 23.52% of the Company's total liabilities.</p> <p>We focused on this area because the valuation of outstanding claims including IBNR are significant in magnitude and requires use of judgement and estimates. Outstanding claims including IBNR are estimates for settlement of claims in future which are impacted by a number of factors which includes the trends in severity of historical claims, frequency of historical claims and changes in government regulations.</p> <p>Determination of IBNR involves complex and subjective judgements about future events, both internal and external to the business, for which small changes in assumptions can materially impact the valuation of these liabilities.</p>	<p>Our audit procedures in respect of this area includes the following:</p> <p>We assessed and tested the operating effectiveness of selected key controls relating to the claims handling and reserving process, including controls over completeness and accuracy of the claims estimates recorded;</p> <p>Substantive tests were performed on the amounts recorded for a sample of claims notified, focusing on those with significant impact on the financial statements, to assess whether the claims are appropriately estimated and recorded;</p> <p>We used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for identification of IBNR;</p> <p>Assessed of competence, capability and objectivity of management's expert;</p> <p>Assessed the data provided by the Company to its actuary for completeness and accuracy and assured that the same has been provided to us; and Considered the adequacy of the Company's disclosures about the estimates used.</p>



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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Other Matter

The financial statements of the Company for the year ended December 31, 2021 were audited by another firm of chartered accountants, who expressed an unmodified opinion on those financial statements vide their report dated March 26, 2022.

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

KARACHI

DATED: 30th March 2023

UDIN: AR202210067EO51YMp0f

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BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	Note	December 31, 2022	December 31, 2021
		Rupees	
ASSETS			
Property and equipment	5	72,739,091	73,397,593
Intangible assets		-	-
Investments			
Equity securities	7	681,276,069	729,257,926
Debt securities	8	70,103,731	70,114,130
Term deposit receipts	9	42,591,059	38,570,243
		793,970,859	837,942,299
Loans and other receivables	10	4,163,250	14,747,371
Insurance / reinsurance receivables	11	386,729,024	304,282,623
Re-insurance recoveries against outstanding claims	21	152,487,929	178,690,267
Deferred commission expense	22	74,411,786	64,560,259
Deferred taxation	12	20,409,659	6,960,895
Prepayments	13	155,142,722	165,211,016
Cash and bank	14	101,815,197	93,709,120
		1,761,869,517	1,739,501,443
Total Assets of Window Takaful Operations - Operator's Fund		126,994,862	108,194,264
TOTAL ASSETS			
		1,888,864,379	1,847,695,707
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	15	633,694,750	603,518,810
Reserves	16	290,000,000	270,000,000
Unappropriated profit		136,521,419	172,764,163
Surplus on revaluation of available for sale investment		49,196	1,778,456
TOTAL EQUITY			
		1,060,265,365	1,048,061,429
LIABILITIES			
Underwriting provisions			
Outstanding claims including IBNR	21	188,533,455	212,979,177
Unearned premium reserves	20	339,216,908	306,512,699
Unearned reinsurance commission	22	31,620,714	30,637,679
		559,371,077	550,129,555
Insurance / reinsurance payables	17	186,785,319	195,477,389
Other creditors and accruals	18	48,268,340	32,418,705
Taxation - provision less payments		7,316,840	335,842
TOTAL LIABILITIES			
		801,741,576	778,361,491
Total Liabilities of Window Takaful Operations - Operator's Fund	2	26,857,438	21,272,787
TOTAL EQUITY AND LIABILITIES			
		1,888,864,379	1,847,695,707
CONTINGENCIES AND COMMITMENTS			
	19		

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


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Haroon A. Shakoore
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 30th March, 2023

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	December 31, 2022	December 31, 2021
		Rupees	
Net insurance premium	20	360,467,082	303,130,014
Net insurance claims	21	(93,637,667)	(64,167,541)
Net commission and other acquisition costs	22	(77,236,662)	(54,980,900)
Insurance claims and acquisition expenses		(170,874,329)	(119,148,441)
Management expenses	23	(150,167,130)	(152,112,391)
Underwriting results		39,425,623	31,869,182
Investment income	24	67,384,914	74,747,448
Other income	25	549,597	3,257,143
Other expenses	26	(59,083,797)	(50,048,168)
Results of operating activities		48,276,337	59,825,605
Profit from takaful operations- Operators' Fund	27	19,324,137	10,681,702
Profit before taxation		67,600,474	70,507,307
Income tax expense	28	(23,491,337)	(17,496,862)
Profit after taxation		44,109,137	53,010,445
Earnings (after tax) per share - Rupees	29	0.70	Restated 0.84

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


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Haroon A. Shakoor
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 30th March, 2023

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

	December 31, 2022	December 31, 2021
	Rupees	
Profit after taxation	44,109,137	53,010,445
Other comprehensive (loss) / income		
Items that may be reclassified subsequently to profit or loss account		
Deficit on revaluation of available for sale securities	(4,273,099)	(2,079,415)
Net loss transferred to profit and loss account on disposal / redemption of available for sale investment	(2,291,428)	(1,572,791)
Surplus / (deficit) on revaluation of available for sale securities - window takaful	(504,190)	43,645
Impact of related deferred taxation including change in tax rate	5,339,458	1,025,148
Other comprehensive loss for the year	(1,729,259)	(2,583,413)
Total comprehensive income for the year	42,379,878	50,427,032

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

Irfan Zakaria Bawany
Chairman

Mohammad Omar Bawany
Director

Noor M. Zakaria
Director

Haroon A. Shakoore
Chief Financial Officer

A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 30th March, 2023

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

Attributable to equity holders of the Company

	Revenue Reserves			Unappropriated Profit	Total
	Share capital	General reserves	Surplus / (Deficit) on revaluation of Available for sale investments		
	Rupees				
Balance as at January 1, 2021	561,412,850	250,000,000	4,361,869	181,859,678	997,634,397
Transfer to general reserves		20,000,000		(20,000,000)	
Issuance of bonus shares	42,105,960			(42,105,960)	
Total comprehensive income for the year					
Profit after tax	-	-	-	53,010,445	53,010,445
Other comprehensive loss	-	-	(2,583,413)	-	(2,583,413)
	-	-	(2,583,413)	53,010,445	50,427,032
Balance as at December 31, 2021	603,518,810	270,000,000	1,778,456	172,764,163	1,048,061,429
Balance as at January 01, 2022	603,518,810	270,000,000	1,778,456	172,764,163	1,048,061,429
Transfer to general reserves	-	20,000,000	-	(20,000,000)	-
Issuance of bonus shares	30,175,940	-	-	(30,175,940)	-
Cash dividend	-	-	-	(30,175,941)	(30,175,941)
Total comprehensive income for the year ended December 31, 2022					
Profit after tax	-	-	-	44,109,137	44,109,137
Other comprehensive loss	-	-	(1,729,259)	-	(1,729,259)
	-	-	(1,729,259)	44,109,137	42,379,878
Balance as at December 31, 2022	633,694,750	290,000,000	49,196	136,521,419	1,060,265,365

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


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
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Haroon A. Shakoor
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 30th March, 2023

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	December 31, 2022	December 31, 2021
	————— Rupees —————	
OPERATING CASH FLOWS		
a) Underwriting activities		
Insurance premium received	687,043,182	581,955,729
Reinsurance premium paid	(374,912,608)	(292,204,678)
Claims paid	(296,279,649)	(270,507,328)
Reinsurance and other recoveries received	204,398,598	198,672,619
Commission paid	(166,381,185)	(136,503,638)
Commission received	80,276,031	72,702,535
Management expenses paid	(150,167,130)	(152,112,391)
Net cash flow from underwriting activities	(16,022,761)	2,002,848
b) Other operating activities		
Income tax paid	(19,015,645)	(17,175,792)
Other operating payments	(20,611,340)	(39,183,581)
Loan repayment received	126,288	79,417
Net cash flow from other operating activities	(39,500,697)	(56,279,956)
Net cash flows from operating activities	(55,523,458)	(54,277,108)
INVESTING ACTIVITIES		
Profit / return received	18,365,365	11,750,218
Dividend received	81,866,180	60,074,836
Payments for investments	(201,795,403)	(193,493,862)
Proceeds from investments	205,163,647	168,839,343
Fixed capital expenditures	(14,264,410)	(21,804,195)
Proceeds from sale of property and equipment	3,222,500	11,309,548
Net cash flows from investing activities	92,557,879	36,675,888
FINANCING ACTIVITIES		
Dividend paid	(28,928,344)	-
Net cash flows from financing activities	8,106,077	(17,601,220)
Cash and cash equivalents at beginning of the year	93,709,120	111,310,340
Cash and cash equivalent at the end of the year	101,815,197	93,709,120

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	December 31, 2022	December 31, 2021
	Rupees	
Reconciliation to profit and loss account		
Operating cash flows	(55,523,458)	(54,277,108)
Depreciation expense	(12,250,009)	(10,564,242)
Gain on disposal of property, plant and equipment	549,597	3,257,143
Profit on disposal of investments	7,328,593	4,958,964
Dividend income	83,129,539	59,752,181
Other investment income	(23,073,218)	10,036,303
Increase in assets other than cash	44,251,138	112,015,378
Increase in liabilities other than borrowings	(22,132,488)	(83,147,804)
Deferred taxation	8,109,306	3,395,622
Profit after tax from Takaful operations - Operators' Fund	13,720,137	7,584,008
Profit after taxation	<u>44,109,137</u>	<u>53,010,445</u>

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



Irfan Zakaria Bawany
Chairman



Mohammad Omar Bawany
Director



Noor M. Zakaria
Director



Haroon A. Shakoore
Chief Financial Officer



A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 30th March, 2023

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

Reliance Insurance Company Limited (the Company) was incorporated in Pakistan as a public limited company on November 4, 1981 and is engaged in general insurance business and it has also been allowed to undertake General Window Takaful operations (WTO) on May 25, 2016 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012. The shares of the Company are quoted on Pakistan Stock Exchange Limited.

The registered office of the Company is situated at 96-A, Sindhi Muslim Co-operative Housing Society, Karachi. The Company has 24 operational branches throughout Pakistan. VIS Credit Rating Company Limited has assessed the Insurer Financial Strength (IFS) rating of the Company as 'A' (Single A), Outlook on the assigned rating is "Stable".

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Statement of compliance

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

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

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

2.1 Basis of measurement

These financial statements have been prepared on the historical cost basis except otherwise stated in these financial statements. No adjustment for the effect of inflation has been accounted for in the financial statements.

2.2 Functional and presentation currency

These financial statements have been presented in Pakistani rupees, which is the functional and presentation currency of the Company.

2.3 New Accounting Standards, Interpretations and amendments

2.3.1 Accounting Standards, IFRIC Interpretations and amendments that are effective for the current year

There are new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations hence not enlisted in these financial statements except as follows;

a) IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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:

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

Fair value of financial assets as at December 31, 2022 and change in fair value during the year ended December 31, 2022

Financial assets with contractual cash flows that meet the SPPI criteria excluding those held for trading

Debt securities - Held to maturity

Opening fair value	71,050,000
Addition during the year-net	-
Decrease in fair value	(70,000)
Closing fair value	<u>70,980,000</u>

Financial assets that do not meet the SPPI criteria

Equity Securities - Available for sale

Opening fair value	302,665,245
Addition during the year-net	197,784,986
Disposal during the year-net	(155,033,495)
Impairment	-
Decrease in fair value	(6,564,527)
Closing fair value	<u>338,852,209</u>

Carrying value of all other financial assets approximates to their fair values since these either have short term maturity or are frequently repriced.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

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

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

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

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

Standards

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

New / Revised Standards, Interpretations and Amendments

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

IFRS 14 – Regulatory Deferral Accounts

IFRS 16 - COVID 19 Related Rent Concessions (Amendments)

Amendment to IFRS 3 ‘Business Combinations’ – Definition of a Business

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and Equipment

The cost of an item is recognized as an asset if and only if the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

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 item will flow to the Company and the cost of the item can be measured reliably.

These are stated at cost less accumulated depreciation computed on the reducing balance method on yearly basis applying the rates as mentioned in note 5.1.

Depreciation on addition to property and equipment during the year is provided from the date of purchase while no depreciation is charged on disposal of assets during the year. Gains and losses on disposal of operating assets is taken to the profit and loss account.

Maintenance and normal repairs are charged to the profit and loss account as and when incurred, whereas major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

3.2 Intangible assets

Computer software acquired is capitalized on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three years using the straight line method. Impairment losses, if any, are deducted from the carrying amount of the intangible assets.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

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

3.3 Capital work-in-progress

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

3.4 Insurance contracts

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

- Fire and Property
- Motor
- Marine, Transport and Aviation
- Other classes - Miscellaneous

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

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company.

The Company neither issues investment contracts nor does it issue insurance contracts with Discretionary Participation Features (DPF).

3.5 Deferred Commission expense / Acquisition cost

Commission expenses are deferred and recognized as an asset in correlation with unearned premium that is recognized in the subsequent reporting period to comply with the requirement of Insurance Rules, 2017 as an expense in accordance with the pattern of recognition of premium.

3.6 Unearned premium

The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the Company. The unearned portion of premium income is recognized as a liability. The liability is calculated by applying to actual coverage period as per Insurance Rules, 2017.

3.7 Premium deficiency

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

The Company is required to maintain a provision in respect of premium deficiency for the individual 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 reporting date in respect of the unexpired policies in that class of business at the statement of financial position date. The movement in the premium deficiency reserve is recognised as an expense in the profit and loss account. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims.

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 reporting date in respect of policies in those classes of business in force at the statement of financial position date. Hence, no reserve for the same has been made in these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

3.8 Reinsurance contracts held

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

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired. The Company assesses its reinsurance assets for impairment on reporting date. If there is 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. In addition, the Company also monitors the financial ratings of its reinsurers on each reporting date.

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

3.9 Receivables and payables related to insurance contracts

Receivables and payables relating to insurance contracts are recognized when due. These include premiums due but unpaid, premium received in advance, premiums due and claims payable to insurance contract holders. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any.

If there is an objective evidence that any premium due but unpaid is impaired, the Company reduces the carrying amount of that insurance receivable and recognizes the loss in the profit and loss account.

Allowance for impairment in premium receivables is estimated on a systematic basis after analyzing the receivables as per their ageing.

3.9.1 Insurance / Reinsurance receivable

Receivables 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 recognizes that impairment loss in the profit and loss account.

3.9.2 Reinsurance recoveries against outstanding claims

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

3.10 Segment reporting

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

The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017. The reported 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

The Company has four primary business segments, namely, fire, marine, motor and miscellaneous.

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

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

Motor insurance provide comprehensive car coverage and indemnity against third party loss.

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

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

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

3.11 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on de-recognition of the financial assets and financial liabilities are taken to the profit and loss account.

3.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at nominal amount. For the purposes of the cash flow statement, cash and cash equivalents comprise of cash and stamps in hand, cash at bank in current and saving accounts.

3.13 Revenue recognition

a) Premiums

Premium written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Where premiums for the policy are payable in installments, full premium for the duration of the policy is recognized as written at the inception of the policy and related assets setup for premium receivable at the later date. Premiums are stated gross of commission payable in intermediaries and exclusive of taxes and duties levied on premium.

Premium income includes administrative surcharge which is recognised as income at the time policies are written. This administrative surcharge represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at the rate of 5% of the premium written restricted to a maximum of Rs. 2,000 per policy.

b) Commission income

Commission income is taken to profit and loss account on a time proportion basis in accordance with the pattern of recognition of reinsurance premium.

c) Investment income

Gains and losses on sale of investments are taken to the profit and loss account for the year at the time of disposal / sale. Income on Bank Deposits, Term Deposit Receipt and Pakistan Energy Sukuk Bonds is recognized on accrual basis. Income on held to maturity investments is recognized on time proportion basis using effective interest method.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

d) Dividend income

Dividend income is recognized when right to receive the same is established. Entitlement of bonus shares is recognized when the right to receive the same is established by increasing the number of shares to which the Company is entitled without giving any monetary effect in the financial statements either in terms of cost or value thereof.

3.14 Investments

3.14.1 Initial Recognition

All investments are initially recognized at cost being the fair value of the consideration given and include transaction costs, except for investments at fair value through profit or loss in which case transaction costs are charged to the profit and loss account. These are recognized and classified as follows:

- In equity securities
- In debt securities
- In term deposits

3.14.2 Subsequent Measurement

3.14.2.1 In equity securities

a) Available for sale

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

Subsequent to initial measurement, these are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the statement of comprehensive income. On derecognition or impairment of available for sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss account for period within statement of comprehensive income.

These are reviewed for impairment periodically and any losses arising from impairment, based on management estimates, in values are charged to the profit and loss account.

b) Investment at fair value through profit or loss - held for trading

Investments which are acquired principally for the purpose of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading. After initial recognition these are measured at fair values with any resulting gains and losses recognized directly in the profit and loss account. Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with resulting gain or loss being included in net profit or loss for the year in which it arises.

3.14.2.2 In debt securities

Investments in debt securities, deposits and instruments with fixed maturity, where management has both the intent and the ability to held to maturity, are classified as held to maturity. Subsequently, these are measured at amortized cost less provision for impairment, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortised over the term of investment using the effective yield.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to profit and loss account.

3.14.2.3 In term deposits

Investment in term deposits with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

3.15 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.16 Provisions

3.16.1 Claims expense

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

The Company recognizes liability in respect of all claims incurred up to the date of statement of financial position which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims includes amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the management's best estimate which takes into account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the reporting date

3.16.2 Outstanding claims including incurred but not reported (IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred up to the statement of financial position date which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs, which is determined using actuarial method. Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

3.16.3 Claims reported but not settled

Provision of liability in respect of claims reported but not settled at the statement of financial position date is made on the basis of individual case estimates. The case estimates are based on assessed amounts of individual losses and where the assessment have not been carried out, the estimates are established in the light of currently available information, past experience of similar claims and in some cases in relation to sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

3.16.4 Claims incurred but not reported

The provision for claims incurred but not reported (IBNR) is made at the statement of financial position date. In accordance with SECP Circular No.9 of 2016, the Company now takes actuarial advice for the determination of IBNR claims. IBNR claims are estimated using Chain Ladder (CL) Method which involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

3.17 Taxation

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax laws and the decision 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.

Current

Provision for taxation is based on taxable income at current rates of taxation, under the relevant provisions of the Income Tax Ordinance, 2001, after taking into account rebates and tax credits available, if any.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Deferred

Deferred tax, if any, is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax assets and liabilities, if any, are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted, or substantially enacted, at the statement of financial position date.

Deferred tax assets, if any, are recognized only to the extent that it is probable that future taxable profit will be available against which the assets can be utilized.

3.18 Staff retirement benefits

The Company maintains recognized contributory provident fund for all permanent employees for which contribution equal to one month's basic pay plus cost of living allowance per annum is charged to the profit and loss account.

3.19 Impairment of assets

A financial asset is assessed at each statement of financial position date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The carrying amount of non-financial assets is reviewed periodically to determine whether there is any indication of impairment of any asset or a group of assets. If such an indication exists, the recoverable amount of such assets is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the profit and loss account. Provision for impairment is reviewed at each statement of financial position date and adjusted to reflect the current best estimates.

3.20 Dividend distribution

Profit distribution to shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Board of Directors or members as the case may be.

3.21 Management expenses

Management expenses are allocated to various classes of business in proportion to their respective net premium income for the year. Expenses not allocable to the underwriting business are charged as administrative expenses.

3.22 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 future for goods and / or services received. Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an 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. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimates.

3.23 Related party transactions and transfer pricing

Transactions with related parties of the Company mainly consist of entering into the insurance contracts. The Company follows the "Comparable Uncontrolled Price Method" to measure and value the transactions with the related parties. For transactions carried out other than at arm's length, approval is obtained from the Board of Directors as per the Listing Regulations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

3.24 Bonus shares and reserves appropriation

Bonus shares and appropriation are recognised in the period in which these are approved.

3.25 Foreign currency translations

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

3.26 Earnings per share

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The 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 these estimates. The estimates and underlying assumptions are reviewed on periodic basis. Revisions to accounting estimates are recognized in the period in which the revision has been made.

Significant areas where judgements, assumptions and estimates were exercised in application of accounting policies relate to:

	Notes
- Useful life of property and equipment	3.1
- Deferred commission expense	3.5
- Unearned premium	3.6
- Premium deficiency reserve	3.7
- Insurance / Reinsurance receivables with respect to impairment	3.9.1
- Reinsurance recoveries against outstanding claims	3.9.2
- Premium	3.13 (a)
- Outstanding claims (including IBNR)	3.16.2
- Taxation (current and deferred)	3.17
- Impairment of Assets	3.19

5. Property and Equipment

	Note	2022	2021
		Rupees	
Operating assets	5.1	72,739,091	73,397,593

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

5.1 Operating Assets

	2022									
	Cost				Accumulated Depreciation				Written down value as at Dec 31, 2022	Depreciation Rate %
	As at 1 Jan 2022	Additions	Disposals	As at 31 Dec 2022	As at 1 Jan 2022	Depreciation for the year	Disposals	As at 31 Dec 2022		
	Rupees									
Land and buildings	30,218,901	-	-	30,218,901	25,321,356	489,754	-	25,811,110	4,407,791	10
Furniture and fixtures	12,868,460	-	-	12,868,460	11,227,719	246,109	-	11,473,828	1,394,632	15
Office equipment	15,625,813	626,400	-	16,252,213	12,844,233	466,461	-	13,310,694	2,941,519	15
Computer equipment	7,582,029	233,000	-	7,815,029	6,943,838	247,747	-	7,191,585	623,444	30
Motor vehicles	137,003,644	13,405,010	(3,488,393)	146,920,261	73,564,108	10,799,938	(815,490)	83,548,556	63,371,705	15
	203,298,847	14,264,410	(3,488,393)	214,074,864	129,901,254	12,250,009	(815,490)	141,335,773	72,739,091	

	2021									
	Cost				Accumulated Depreciation				Written down value as at Dec 31, 2021	Depreciation Rate %
	As at 1 Jan 2021	Additions	Disposals	As at 31 Dec 2021	As at 1 Jan 2021	Depreciation for the year	Disposals	As at 31 Dec 2021		
	Rupees									
Land and buildings	30,218,901	-	-	30,218,901	24,777,184	544,172	-	25,321,356	4,897,545	10
Furniture and fixtures	12,675,460	193,000	-	12,868,460	10,941,012	286,707	-	11,227,719	1,640,741	15
Office equipment	15,549,813	76,000	-	15,625,813	12,356,706	487,527	-	12,844,233	2,781,580	15
Computer equipment	7,083,389	498,640	-	7,582,029	6,757,546	186,292	-	6,943,838	638,191	30
Motor vehicles	134,565,832	21,036,555	(18,598,743)	137,003,644	75,050,902	9,059,544	(10,546,338)	73,564,108	63,439,536	15
	200,093,395	21,804,195	(18,598,743)	203,298,847	129,883,350	10,564,242	(10,546,338)	129,901,254	73,397,593	

5.1.1 The company owns land and Building situated at Plot No. 181-A Sindhi Muslim Co-operative Housing Society having area of 600 square yards which is being used as head office.

5.1.2 Disposal of fixed assets

	Cost	Accumulated Depreciation	Written down value	Sale proceeds	gain/(loss)	Mode of disposals	Sold to
	Rupees						
Vehicles							
Toyota Yaris - BSW-112	3,072,613	422,484	2,650,129	2,800,000	149,871	Negotiation	Mr. Muhammad Iqbal Dadi
Margala - AB-9657	44,280	43,541	739	70,000	69,261	Negotiation	Mr. Abdul Jabbar
Suzuki Cultus FDY-752	224,000	213,785	10,215	325,000	314,785	Negotiation	Mr. Sheraz Munir
Motorcycle							
Unique - 70 KEB-9801	41,000	35,679	5,321	8,000	2,679	Negotiation	Mr. Muhammad Faizan
Star KDT-2265	38,000	33,692	4,308	3,000	(1,308)	Negotiation	Mr. Muhammad Ayub
Honda - 70 LRF-4564	68,500	66,309	2,191	16,500	14,309	Negotiation	Mr. Ali Saeed
Total	3,488,393	815,490	2,672,903	3,222,500	549,597		
2021- Total	18,598,743	10,546,338	8,052,405	11,309,548	3,257,143		

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

6. INTANGIBLE ASSETS

2022										
Cost				Accumulated Depreciation				Written down value		Amortization period
As at 1 Jan 2022	Additions	Disposals	As at 31 Dec 2022	As at 1 Jan 2022	Depreciation for the year	Disposals	As at 31 Dec 2022	As at 31 Dec 2022		
Rupees										
Computer software	3,477,823	-	-	3,477,823	3,477,823	-	-	3,477,823	-	3 years

2021										
Cost				Accumulated Depreciation				Written down value		Amortization period
As at 1 Jan 2021	Additions	Disposals	As at 31 Dec 2021	As at 1 Jan 2021	Depreciation for the year	Disposals	As at 31 Dec 2021	As at 31 Dec 2021		
Rupees										
Computer software	3,477,823	-	-	3,477,823	3,477,823	-	-	3,477,823	-	3 years

6.1 The cost of software has been fully amortized as per accounting policy of the company. However, the same is still in use of company.

7. INVESTMENT IN EQUITY SECURITIES

Available for sale (AFS)

	Note	2022	2021
Rupees			
Related parties		7,090,142	4,736,823
Other listed shares		93,121,758	81,088,688
Mutual funds		238,640,309	216,839,734
	7.1	338,852,209	302,665,245

Investments at fair value through profit or loss - held for trading

Listed shares	7.2	342,423,860	426,592,681
		681,276,069	729,257,926

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

7.1 Investments - Available for Sale

	2022				2021			
	Cost	Impairment / Provision	Revaluation Surplus / (Deficit)	Carrying Value	Cost	Impairment / Provision	Revaluation Surplus / (Deficit)	Carrying Value
	Rupees				Rupees			
Related party								
Listed Securities								
Faran Sugar Mills Limited	369,220	-	651,155	1,020,375	369,220	-	286,592	655,812
Shahmurad Sugar Mills Limited	464,162	-	2,603,120	3,067,282	464,162	-	1,408,144	1,872,306
	833,382	-	3,254,276	4,087,658	833,382	-	1,694,735	2,528,117
Modaraba Certificates								
First Al Noor Modaraba Limited	5,212,200	-	(2,637,894)	2,574,306	5,212,200	(3,778,845)	-	1,433,355
B. F Modaraba Limited	512,566	-	(84,387)	428,179	512,566	-	262,785	775,351
	5,724,766	-	(2,722,282)	3,002,484	5,724,766	(3,778,845)	262,785	2,208,706
Related Party - Total	6,558,148	-	531,994	7,090,142	6,558,148	(3,778,845)	1,957,520	4,736,823
Others								
Listed Securities								
Fauji Fertilizer Company Limited	53,216,889	-	(5,263,571)	47,953,318	43,852,609	-	(4,169,701)	39,682,908
Nishat Chunian Power Limited	9,829,760	-	(7,161,635)	2,668,125	9,829,760	(6,829,760)	-	3,000,000
Pakistan Oilfield Limited	5,149,600	-	1,921,700	7,071,300	5,149,600	-	1,287,560	6,437,160
Pakistan Petroleum Limited	7,686,200	-	(2,984,540)	4,701,660	7,686,200	-	(2,232,440)	5,453,760
Hub Power Co. Limited	4,035,546	-	(881,546)	3,154,000	-	-	-	-
Engro Fertilizer Company Limited	13,163,794	-	2,214,206	15,378,000	17,112,994	-	2,670,406	19,783,400
Nishat Power Limited	1,825,250	-	(1,288,055)	537,195	1,825,250	(1,238,790)	-	586,460
Indus Motor Co. Limited	6,634,093	-	(1,609,493)	5,024,600	6,634,093	-	(489,093)	6,145,000
Lucky Cement Limited	2,836,188	-	(826,578)	2,009,610	-	-	-	-
Avanceon Limited	3,250,498	-	(609,298)	2,641,200	-	-	-	-
Octopus Digital Limited	3,122,178	-	(1,139,428)	1,982,750	-	-	-	-
	110,749,995	-	(17,628,237)	93,121,758	92,090,506	(8,068,550)	(2,933,268)	81,088,688
Mutual funds								
Meezan Rozana Amdani Fund	50,096,305	-	-	50,096,305	-	-	-	-
Meezan Islamic Income Fund	-	-	-	-	43,709,507	-	1,666,828	45,376,335
HBL Islamic Money Market Fund	51,855,833	-	60,005	51,915,838	37,223,472	-	60,006	37,283,478
Al Hamra Islamic Money Market Fund	26,624,270	-	387,107	27,011,377	23,843,705	-	387,107	24,230,812
NBP Islamic Sarmaya Izafa	-	-	-	-	11,431,515	-	(221,799)	11,209,716
NBP Islamic Daily dividend	10,994,669	-	-	10,994,669	-	-	-	-
Al-Ameen Islamic Cash Fund P.I	73,457,700	-	-	73,457,700	75,882,057	-	-	75,882,057
ABL Islamic Cash Fund	25,164,419	-	-	25,164,419	22,010,938	-	846,398	22,857,335
	238,193,197	-	447,112	238,640,309	214,101,194	-	2,738,540	216,839,734
Total equity securities	355,501,340	-	(16,649,131)	338,852,209	312,749,847	(11,847,395)	1,762,792	302,665,245

*The Company has not accounted for investment in related parties as associates under IAS 28 "Investment in Associates and joint Ventures", as management has concluded that the Company does not have significant influence in these companies.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

7.2 Fair value through profit or loss

2022				2021			
Cost	Impairment / Provision	Revaluation Surplus / (Deficit)	Carrying Value	Cost	Impairment / Provision	Revaluation Surplus / (Deficit)	Carrying Value

Rupees

Rupees

Investments - Held for Trading

Listed Securities

OLP Modaraba (Orix)	744,432	-	(153,539)	590,893	816,549	-	(72,117)	744,432
Meezan Bank Ltd	63,305,553	-	(11,619,806)	51,685,747	45,587,496	-	17,718,057	63,305,553
Lucky Cement Ltd	30,907,240	-	(10,587,850)	20,319,390	33,145,937	-	(2,238,697)	30,907,240
Hub Power Company Ltd	42,807,852	-	(4,956,446)	37,851,406	47,684,284	-	(4,876,431)	42,807,852
Oil & Gas Development Co. Ltd	25,885,343	-	(1,963,923)	23,921,420	29,545,362	-	(3,660,020)	25,885,343
Pakistan Oilfield Ltd	15,372,296	-	1,514,362	16,886,657	16,996,699	-	(1,624,403)	15,372,296
Pakistan State Oil Co. Ltd	18,283,583	-	(3,809,708)	14,473,875	21,887,310	-	(3,603,727)	18,283,583
Pakistan Petroleum Ltd	-	-	-	-	7,820,320	-	(977,432)	6,842,888
Pakistan Telecommunication Co.	435,000	-	(130,000)	305,000	455,000	-	(20,000)	435,000
Engro Corporation Ltd	35,215,733	-	(1,345,701)	33,870,033	37,810,427	-	(2,594,694)	35,215,733
Engro Fertilizer Ltd	-	-	-	-	10,302,254	-	2,095,318	12,397,572
Fauji Fertilizer Co. Ltd	63,785,512	-	(986,112)	62,799,401	94,525,308	-	(7,178,696)	87,346,612
Highnoon Laboratories Ltd	62,796,929	-	(3,369,626)	59,427,303	54,546,050	-	8,250,879	62,796,929
Lucky Core Inds. Ltd (ICI Pak)	20,283,500	-	(3,154,026)	17,129,474	20,263,239	-	20,261	20,283,500
Cherat Packaging Ltd	3,968,147	-	(804,886)	3,163,261	6,763,188	-	(2,795,040)	3,968,147
	<u>383,791,121</u>	<u>-</u>	<u>(41,367,261)</u>	<u>342,423,860</u>	<u>428,149,423</u>	<u>-</u>	<u>(1,556,742)</u>	<u>426,592,681</u>

Note **2022** 2021
Rupees

8. INVESTMENT IN DEBT SECURITIES

Held to maturity

Pakistan Energy Sukuk I & II

8.1 70,103,731 70,114,130

- 8.1 Pakistan Energy Sukuk I & II having face value amounted to Rs.65 million (December 31, 2021: Rs.65 million) are placed with State Bank of Pakistan under Section 29 of Insurance Ordinance, 2000. These carry profit at the rate of 6 months KIBOR (-)0.10 and will mature on May 20, 2030.

Note **2022** 2021
Rupees

9. INVESTMENT IN TERM DEPOSIT

Deposit maturing within 12 months

9.1 42,591,059 38,570,243

- 9.1 These carry profit at the rate of 7% to 15% per annum (December 31, 2021: 5.50% to 9.25% per annum) payable on maturity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
10. LOANS AND OTHER RECEIVABLES			
Considered good			
Loan to employees		723,375	849,663
Deposits		867,351	9,982,221
Accrued investment income		2,572,524	1,380,487
Advance against vehicles		-	2,535,000
		<u>4,163,250</u>	<u>14,747,371</u>
11. INSURANCE / REINSURANCE RECEIVABLE			
Unsecured			
Due from insurance contract holders			
Considered good		375,159,292	300,323,722
Considered doubtful		12,361,742	12,361,742
		<u>387,521,034</u>	<u>312,685,464</u>
Less: Allowance for impairment against doubtful receivables from insurance contract holders		(12,361,742)	(12,361,742)
		<u>375,159,292</u>	<u>300,323,722</u>
Due from other insurers / reinsurers - considered good		11,569,732	3,958,901
		<u>386,729,024</u>	<u>304,282,623</u>
12. DEFERRED TAXATION			
Deferred tax credits / (debits) arising in respect of:			
Provision for impairment of doubtful receivables from insurance contract holders		3,584,905	3,584,905
Unrealized loss / (gain) on held for trading investments		11,996,506	451,455
Impairment loss on available for sale investments		-	3,435,745
Surplus on revaluation of available for sale investments		4,828,248	(511,210)
		<u>20,409,659</u>	<u>6,960,895</u>
12.1 Reconciliation of deferred tax			
Opening balance		6,960,895	2,540,125
Credit to profit and loss account		8,109,306	3,395,622
Credit to other comprehensive income		5,339,458	1,025,148
Closing balance		<u>20,409,659</u>	<u>6,960,895</u>
13. PREPAYMENTS			
Prepaid reinsurance premium ceded	20	153,258,702	163,356,456
Prepaid rent		186,000	258,000
Prepaid miscellaneous expenses		1,698,020	1,596,560
		<u>155,142,722</u>	<u>165,211,016</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
14. CASH AND BANK BALANCES			
Cash and stamp in hand			
Insurance stamps and Bond papers		466,308	339,789
Cash at bank			
Current accounts		50,251,771	43,824,055
Saving accounts	14.1	51,097,118	49,545,276
		<u>101,348,889</u>	<u>93,369,331</u>
		<u>101,815,197</u>	<u>93,709,120</u>
Cash and short term borrowing includes following for the purpose of the cash flow statement:			
Cash and cash equivalents		<u>101,815,197</u>	<u>93,709,120</u>

14.1 These accounts carry profit at rates ranging between 7.50% to 13% (2021: 5.50% to 9.25%) per annum.

15. SHARE CAPITAL

15.1 Authorized Capital

2022	2021		2022	2021
(Number of shares)			Rupees	
<u>75,000,000</u>	<u>75,000,000</u>	Ordinary shares of Rs.10 each	<u>750,000,000</u>	<u>750,000,000</u>

15.2 Issued, subscribed and paid-up share capital

(Number of shares)				
1,156,680	1,156,680	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	11,566,800	11,566,800
62,212,795	59,195,201	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	622,127,950	591,952,010
<u>63,369,475</u>	<u>60,351,881</u>		<u>633,694,750</u>	<u>603,518,810</u>

15.2.1 Share capital has increased during the year due to issuance of 5% bonus shares (3,017,594 ordinary shares of Rs. 10 each).

	2022	2021
	Rupees	
16. RESERVES		
Revenue reserves		
General reserve	<u>290,000,000</u>	<u>270,000,000</u>

16.1 This represents reserve established out of profits to meet future extinguishes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
17. INSURANCE / REINSURANCE PAYABLES			
Due to other insurers / reinsurers		<u>186,785,319</u>	<u>195,477,389</u>
18. OTHER CREDITORS AND ACCRUALS			
Accrued expenses		4,642,728	3,570,292
Unpaid and unclaimed dividend		3,418,263	2,170,665
Other creditors	18.1	<u>40,207,349</u>	<u>26,677,748</u>
		<u>48,268,340</u>	<u>32,418,705</u>

This includes Rs. 26.5 million (2021: Rs. 15.05 million) relating to central excise duty and Rs. 7.5 million (2021: 3.9 million) relating to federal insurance fee.

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

The Assistant Commissioner (AC) Sindh Revenue Board has passed an order for assessment under section 23(1) and (1A) of the Sindh Sales Tax on Services Act, 2011 (the Act) in respect of audit for the tax year December 2016 levied Sindh Sales tax at Rs. 110 Million on exempt marine activities and re-insurance under foreign treaties. The company have filed an appeal before the Commissioner-Appeals –SRB and in view of the tax advisor contesting the matter no eventual financial impact is likely to arise.

19.2 Commitments

The Company is committed to minimum rental payments for each of the following period as follows:

	2022	2021
	Rupees	
Not more than one year	<u>1,860,970</u>	<u>1,575,531</u>

20. NET INSURANCE PREMIUM

Written Gross Premium	761,878,752	651,199,900
Add : Unearned premium reserve opening	306,512,699	269,351,727
Less: Unearned premium reserve closing	(339,216,908)	(306,512,699)
Premium earned	729,174,543	614,038,928
Less: Reinsurance premium ceded		
Add : Prepaid reinsurance premium opening	358,609,707	337,182,258
Less: Prepaid reinsurance premium closing	163,356,456	137,083,112
Reinsurance expense	(153,258,702)	(163,356,456)
	368,707,461	310,908,914
	<u>360,467,082</u>	<u>303,130,014</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
21. NET INSURANCE CLAIMS			
Claim Paid		296,279,649	270,507,328
Add : Outstanding claims including IBNR closing		188,533,455	212,979,177
Less: Outstanding claims including IBNR opening		(212,979,177)	(223,490,851)
Claims expense		271,833,927	259,995,654
Less: Reinsurance and other recoveries received		204,398,598	198,672,619
Add : Reinsurance and other recoveries in respect of outstanding claims closing		152,487,929	178,690,267
Less: Reinsurance and other recoveries in respect of outstanding claims opening		(178,690,267)	(181,534,773)
Reinsurance and other recoveries revenue		178,196,260	195,828,113
Net claims expenses		93,637,667	64,167,541

21.1 Claim development

The following table shows the development of claims over the period. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For each class of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Analysis on gross tables

Accident year

	2018	2019	2020	2021	2022	Total
	(Rupees in 000)					
Estimate of ultimate claims cost:						
At the end of accident year	99,218	88,450	116,050	39,944	125,301	468,963
One year later	15,730	49,033	87,253	21,912	-	173,928
Two years later	6,100	27,096	5,833	-	-	39,029
Three years later	1,762	5,125	-	-	-	6,887
Four years later	1,022	-	-	-	-	1,022
Current estimate of cumulative claims	24,125	47,067	58,512	75,214	250,554	455,472
Cumulative payment to date	(23,103)	(41,942)	(52,679)	(53,302)	(125,253)	(296,279)
	<u>1,022</u>	<u>5,125</u>	<u>5,833</u>	<u>21,912</u>	<u>125,301</u>	<u>159,193</u>
Liability in respect of prior years						29,340
Total liability recognised in the statement of financial position						<u><u>188,533</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
22. NET COMMISSION EXPENSE / ACQUISITION COST			
Commission paid or payable		166,381,185	136,503,638
Add : Deferred commission expense opening		64,560,259	55,989,900
Less: Deferred commission expense closing		(74,411,786)	(64,560,259)
Net Commission		156,529,658	127,933,279
Less: Commission received or receivable		80,276,031	72,702,535
Add : Unearned Reinsurance Commission opening		30,637,679	30,887,523
Less: Unearned Reinsurance Commission closing		(31,620,714)	(30,637,679)
Commission from reinsurers		79,292,996	72,952,379
		77,236,662	54,980,900
23. MANAGEMENT EXPENSES			
Employee benefit cost	23.1	83,142,996	92,426,817
Travelling expenses		284,412	120,220
Advertisements and sales promotion		1,254,700	928,180
Printing and stationery		3,476,716	3,370,534
Depreciation		7,962,506	7,394,969
Rent, rates and taxes		5,799,878	5,649,317
Electricity, gas and water		6,854,193	5,192,344
Entertainment		3,114,431	3,348,017
Vehicle running expenses		24,269,935	18,589,050
Office repairs and maintenance		4,426,630	4,082,075
Postages, telegrams and telephone		3,706,808	3,361,102
Annual supervision fee to the Securities and Exchange			
Commission of Pakistan		910,516	995,841
Bank charges		565,409	524,730
Other		4,398,000	6,129,195
		150,167,130	152,112,391
23.1 Employee benefit cost			
Salaries, allowance and other benefits		124,540,959	128,484,692
Charges for post employment benefit (contribution to employee's provident fund)		3,371,342	3,553,618
Less: Cost transferred to other expenses		(44,769,305)	(39,611,493)
		83,142,996	92,426,817

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
24. INVESTMENT INCOME			
Income from equity securities			
Dividend income			
Available for sale investments		41,835,428	26,746,201
Held for trading investments		41,294,111	33,005,980
		83,129,539	59,752,181
Income from debt securities - Held to maturity			
Return on debt securities		8,855,975	5,155,962
Income from deposits			
Return on term deposits and PLS bank accounts		9,509,390	6,594,256
		101,494,904	71,502,399
Net realised gains/(losses) on investments			
Realised gains on - Equity securities and mutual funds			
Available for sale investments		3,426,163	2,121,105
Held for trading investments		4,742,753	4,147,260
		8,168,916	6,268,365
Realised loss on - Equity securities and mutual funds			
Available for sale investments		(830,211)	(85,246)
Held for trading investments		(10,112)	(1,224,155)
		(840,323)	(1,309,401)
		7,328,593	4,958,964
Net unrealised gains on investments at fair value through profit or loss (Held for trading purposes)		(41,367,261)	(1,556,742)
Total investment income		67,456,236	74,904,621
Less: Impairment in value of available for sale securities			
Equity Securities		-	21,001
Investment related expenses		(71,322)	(178,174)
Net investment income		67,384,914	74,747,448
25. OTHER INCOME			
Gain on sale of property and equipment		549,597	3,257,143
26. OTHER EXPENSES			
Employee benefit cost		44,769,305	39,611,493
Legal and professional charges		2,105,000	1,034,300
Auditors' remuneration	26.1	924,480	729,000
Subscription		4,858,381	3,890,752
Donations	26.2	1,339,128	713,350
Depreciation		4,287,503	3,169,273
Others		800,000	900,000
		59,083,797	50,048,168

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
26.1 Auditors' remuneration			
Audit fee		600,000	500,000
Interim review fee		125,000	125,000
Special certifications and sundry advisory service		131,000	50,000
Sindh sales tax on services		68,480	54,000
		<u>924,480</u>	<u>729,000</u>
26.2	None of the directors, sponsor shareholders, key management personnel and their spouses had any interest in the Donee.		
27. Profit From Window Takaful Operation - Operator's Fund			
Wakala fees		37,570,926	25,457,322
Commission expense		(15,652,448)	(10,465,462)
Management expense		(14,267,103)	(10,401,274)
Modarib's share of PTF investment income		1,955,481	1,627,086
Investment income		7,859,217	1,741,843
Other Income		3,245,064	3,734,187
Other expense		(1,387,000)	(1,012,000)
		<u>19,324,137</u>	<u>10,681,702</u>
28. INCOME TAX EXPENSE			
For the year			
Current		31,600,643	20,892,484
Deferred		(8,109,306)	(3,395,622)
		<u>23,491,337</u>	<u>17,496,862</u>
28.1 Relationship between tax expense and accounting profit			
Profit before taxation		<u>67,600,474</u>	<u>70,507,307</u>
Tax at enacted rate of 29% (2020: 29%)		19,604,137	20,447,119
Effect of items not allowed for tax purposes		3,887,200	(2,950,257)
		<u>23,491,337</u>	<u>17,496,862</u>
29. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after tax		<u>44,109,137</u>	<u>53,010,445</u>
		— (Number of Shares) —	
			Restated
Weighted average number of Ordinary shares of Rs. 10 each	29.1	<u>63,369,475</u>	<u>63,369,475</u>
			Restated
Earning per share basic and diluted - Rupees	29.2	<u>0.70</u>	<u>0.84</u>
29.1	No figures for diluted earnings per share has been presented as the Company has not issued any instrument which would have dilutive effect on earnings per share when exercised.		
29.2	Weighted average number of shares for the year ended December 31, 2021 have been restated due to issuance of bonus shares during the year as stated in note 15.2.1.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

30. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees							
Meeting Fees	-	-	800,000	900,000	-	-	800,000	900,000
Managerial remuneration	11,304,000	11,304,000	-	-	7,251,300	6,444,300	18,555,300	17,748,300
Bonus	2,826,000	2,478,000	-	-	1,362,225	1,028,325	4,188,225	3,506,325
House rent allowance	5,086,800	5,086,800	-	-	2,128,800	1,522,050	7,215,600	6,608,850
Others	637,200	637,200	-	-	2,636,108	2,620,308	3,273,308	3,257,508
	<u>19,854,000</u>	<u>19,506,000</u>	<u>800,000</u>	<u>900,000</u>	<u>13,378,433</u>	<u>11,614,983</u>	<u>34,032,433</u>	<u>32,020,983</u>
Number of persons	<u>1</u>	<u>1</u>	<u>9</u>	<u>9</u>	<u>4</u>	<u>4</u>	<u>14</u>	<u>14</u>

30.1 In addition, Chief Executive and some executives are provided with company maintained cars and residential telephone.

31. RELATED PARTY TRANSACTIONS

Related parties comprise companies having common directorship, group companies, directors, key management personnel and retirement benefit funds. Investment in related parties have been disclosed in the relevant notes. Directors fees and remuneration to the key management personnel are included in note 30 to these financial statements and are determined in accordance with the terms of their appointment.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in the financial statements, are as follows:

Relation with the Company	Nature of transaction	Note	2022	2021
			Rupees	
Transactions during the year				
Associated companies	Premium underwritten		78,096,926	85,962,265
	Premium collected		90,516,113	99,476,605
	Claims paid		77,466,487	15,887,270
	Dividend received		471,019	128,515
Key management personnel	Remuneration and other benefits	30	34,032,433	32,020,983
Staff retirement benefits	Contribution to provident fund	23.1	3,371,342	3,553,618
Balances as at the year end				
Associated companies	Premium due but unpaid		72,712,106	68,075,405
Provision for outstanding claims	Provision for outstanding claims		10,393,838	88,048,723

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

32. SEGMENT INFORMATION

	2022				
	Fire & property damage	Marine aviation & transport	Motor	Miscellaneous	Total
	(Rupees)				
Gross written premium (inclusive of Administrative surcharge)	445,049,721	155,546,668	117,167,775	44,114,588	761,878,752
Insurance premium earned	413,112,189	169,956,732	100,682,496	45,423,126	729,174,543
Insurance premium ceded to reinsurers	(221,372,985)	(107,766,437)	(4,673,467)	(34,894,572)	(368,707,461)
Net insurance premium	191,739,204	62,190,295	96,009,029	10,528,554	360,467,082
Commission income	50,168,513	24,081,130	27,154	5,016,199	79,292,996
Net underwriting income	241,907,717	86,271,425	96,036,183	15,544,753	439,760,078
Insurance claims	(161,105,971)	(56,958,683)	(52,526,590)	(1,242,683)	(271,833,927)
Insurance claims recovered from reinsurers	138,228,649	36,050,862	3,239,248	677,501	178,196,260
Net claims	(22,877,322)	(20,907,821)	(49,287,342)	(565,182)	(93,637,667)
Commission expense	(105,605,119)	(34,585,260)	(9,863,696)	(6,475,583)	(156,529,658)
Management expense	(79,876,714)	(25,907,880)	(39,996,441)	(4,386,095)	(150,167,130)
Net insurance claims & expenses	(208,359,155)	(81,400,961)	(99,147,479)	(11,426,860)	(400,334,455)
Underwriting result	33,548,562	4,870,464	(3,111,296)	4,117,893	39,425,623
Net investment income					67,384,914
Other income					549,597
Other expenses					(59,083,797)
Profit before tax from takaful operations-Operators' Fund					19,324,137
Profit before tax					67,600,474
Segment assets	327,864,146	106,342,195	164,170,485	18,003,284	616,380,110
Unallocated assets					1,272,484,269
					1,888,864,379
Segment liabilities	424,643,148	137,732,306	212,630,362	23,317,497	798,323,313
Unallocated liabilities					30,275,701
					828,599,014

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2021				Total (Restated)
	Fire & property damage	Marine aviation & transport	Motor	Miscellaneous	
	(Rupees)				
Gross written premium (inclusive of Administrative surcharge)	353,430,694	166,299,616	98,955,749	32,513,841	651,199,900
Insurance premium earned	324,047,417	166,953,249	101,690,769	21,347,493	614,038,928
Insurance premium ceded to reinsurers	(178,780,498)	(115,149,798)	(5,477,115)	(11,501,503)	(310,908,914)
Net insurance premium	145,266,919	51,803,451	96,213,654	9,845,990	303,130,014
Commission income	44,422,427	25,375,856	-	3,154,096	72,952,379
Net underwriting income	189,689,346	77,179,307	96,213,654	13,000,086	376,082,393
Insurance claims	(84,296,537)	(132,394,351)	(41,776,562)	(1,528,204)	(259,995,654)
Insurance claims recovered from reinsurers	71,335,296	121,259,226	2,209,125	1,024,466	195,828,113
Net claims	(12,961,241)	(11,135,125)	(39,567,437)	(503,738)	(64,167,541)
Commission expense	(83,800,090)	(30,061,292)	(9,954,529)	(4,117,368)	(127,933,279)
Management expense	(72,895,779)	(25,995,271)	(48,280,567)	(4,940,775)	(152,112,391)
Net insurance claims & expenses	(169,657,110)	(67,191,688)	(97,802,533)	(9,561,881)	(344,213,212)
Underwriting result	20,032,236	9,987,619	(1,588,879)	3,438,205	31,869,182
Net Investment income					74,747,448
Other income					3,257,143
Other expenses					(50,048,168)
Profit before tax from takaful operations-Operators' Fund					10,681,702
Profit before tax					70,507,307
Segment assets	268,063,018	95,593,611	177,544,362	18,168,939	559,369,930
Unallocated assets					1,288,325,777
					1,847,695,707
Segment liabilities	371,968,610	132,647,252	246,363,448	25,211,516	776,190,826
Unallocated liabilities					23,443,452
					799,634,278

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Held to maturity	Available for sale	Fair value through P & L	Total
Rupees				
33. MOVEMENT IN INVESTMENTS				
As at 1st January, 2021	98,136,495	341,963,714	373,416,555	813,516,763
Additions	10,553,748	104,896,636	83,008,312	198,458,696
Disposals (sale and redemptions)	-	(140,563,900)	(28,275,443)	(168,839,343)
Fair value net gains / (loss) (excluding net realised gains)	-	(3,652,206)	(1,556,742)	(5,208,948)
Impairment reversal	-	21,001	-	21,001
Amortisation of premium	(5,870)	-	-	(5,870)
As at December 31, 2021	108,684,373	302,665,245	426,592,681	837,942,299
Additions	4,020,816	197,784,986	-	201,805,802
Disposals (sale and redemptions)	-	(155,033,495)	(42,801,560)	(197,835,055)
Fair value net gains (excluding net realised gains)	-	(6,564,527)	(41,367,261)	(47,931,788)
Impairment reversal	-	-	-	-
Amortisation of premium	(10,399)	-	-	(10,399)
As at December 31, 2022	112,694,790	338,852,209	342,423,860	793,970,859

34. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

34.1 Insurance Risk Management

a) 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, the 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.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. 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.

b) 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 four segments: fire, marine, motor 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 contracts in Pakistan.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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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 claims 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, as prescribed by the Securities and Exchange Commission of Pakistan 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 at least semi-annually 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.

c) Sources of uncertainty in the estimation of future claim payments

Claims reported and otherwise are analysed separately. The development of large losses / catastrophes is analyzed separately. The shorter settlement period 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 amounts in relation 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 period.

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's 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 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 periods. Claims are assessed on a case-to-case basis separately.

d) Process used to decide on assumptions

The risks associated with insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. This exposure is geographically concentrated in Pakistan only.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

The Company uses assumptions based on a mixture of internal and market data to measure its related claims liabilities. Internal data is derived mostly from the Company's monthly claims reports, surveyor's report for particular claim and screening of the actual insurance contracts carried out to derive data for the contracts held. The Company has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop related provision for outstanding claims (both reported and non-reported).

The choice of selected results for each accident year in respect of each class of business depends upon the assessment of technique that has been most appropriate to observe historical developments. Through this analysis, the Company determines the need for an IBNR or an unexpired risk liability to be held at each reporting date.

e) Changes in assumptions

The Company has not changed its assumptions for the insurance contracts as disclosed above in (b) and (c).

f) Sensitivity analysis

The analysis of exposure described in paragraph (c) above is also used to test the sensitivity of the selected assumptions to changes in the key underlying factors. Assumptions of different levels have been used to assess the relative severity of subsidence claims given past experience. The key material factor in the Company's exposure to subsidence claims is the risk of more permanent changes in geographical location in which Company is exposed.

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognised in the statement of financial position 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. The impact of 10% increase / decrease in incidence of insured events on profit before tax and shareholder's equity is as follows:

	Pre tax profit		Shareholders' equity	
	2022	2021	2022	2021
	Rupees			
Impact of change in claim liabilities by +10%				
Fire and property	(1,063,101)	(1,356,952)	(754,802)	(963,436)
Marine, aviation and transport	(696,713)	(552,778)	(494,666)	(392,472)
Motor	(1,717,531)	(1,437,584)	(1,219,447)	(1,020,685)
Miscellaneous	(127,207)	(81,578)	(90,317)	(57,920)
	<u>(3,604,552)</u>	<u>(3,428,892)</u>	<u>(2,559,232)</u>	<u>(2,434,513)</u>
Impact of change in claim liabilities by -10%				
Fire and property	1,063,101	1,356,952	754,802	963,436
Marine, aviation and transport	696,713	552,778	494,666	392,472
Motor	1,717,531	1,437,584	1,219,447	1,020,685
Miscellaneous	127,207	81,578	90,317	57,920
	<u>3,604,552</u>	<u>3,428,892</u>	<u>2,559,232</u>	<u>2,434,513</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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g) 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 summarised below by reference to liabilities.

	Gross sum insured		Reinsurance		Net Amount	
	2022	2021	2022	2021	2022	2021
	Rupees in '000'					
Fire and property	351,533,814	238,151,419	207,045,335	151,754,098	144,488,479	86,397,321
Marine, aviation and transport	173,397,072	225,116,415	106,834,759	174,723,571	66,562,312	50,392,844
Motor	8,080,742	5,954,758	16,722	-	8,064,019	5,954,758
Miscellaneous	24,550,081	4,162,072	21,532,483	2,813,685	3,017,598	1,348,387
	557,561,709	473,384,664	335,429,299	329,291,354	222,132,410	144,093,310

h) Claim development table

Claim development table is included in note 21.1 to the financial statements. The table shows development of claims over the period.

i) Sensitivity analysis

The insurance claims provision is sensitive to the above key assumptions. The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant showing the impact on liabilities and revenue account.

	Change in claims assumption	Impact on gross liabilities	Impact on revenue account
	Rupees		
December 31, 2022			
Current claims	+10%	46,896	(46,896)
	-10%	(46,896)	46,896
December 31, 2021			
Current claims	+10%	44,162	(44,162)
	-10%	(44,162)	44,162

35. REINSURANCE RISK

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

To minimize its exposure to significant losses from reinsurer insolvencies, the Company obtains reinsurance rating from a number of reinsurers, who are dispersed over several geographical regions.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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An analysis of all reinsurance assets recognised by the rating of the entity from which it is due are as follows:

Rating	Due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2022	2021
Rupees					
A or above including Pakistan Reinsurance Company Limited	11,569,732	146,361,553	147,603,590	305,534,875	334,379,093
BBB	-	6,126,376	5,655,112	11,781,488	11,626,531
	<u>11,569,732</u>	<u>152,487,929</u>	<u>153,258,702</u>	<u>317,316,363</u>	<u>346,005,624</u>

36. FINANCIAL RISK MANAGEMENT

36.1 Financial risk management objectives and policies

The Company is exposed to a variety of financial risks including market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. There are Board Committees and Management Committees for developing risk management policies and its monitoring.

36.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and other equity prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. All transactions are carried in Pak Rupees therefore, the Company is not exposed to material currency risk. However, the Company is exposed to interest rate risk and other price risk.

36.3 Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the interest rate profile of Company's interest-bearing financial instruments was:

	2022	2021	2022	2021
	Effective interest rate %		Rupees	
Fixed rate instruments				
Pakistan Energy Sukuk II	16.69	11.11	70,103,731	70,114,130
Term deposits	7 to 15	5.50 to 9.25	42,591,059	38,570,243
Variable rate instruments				
PLS saving accounts	7.50 to 13	5.50 to 9.25	51,097,118	49,545,276

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates would have decreased the profit or loss by the amounts shown below. Reduction in interest rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant. The analysis is performed on the same basis for the comparative period.

	Profit and loss before tax		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
As at December 31, 2022				
Cash flow sensitivity	510,971	(510,971)	362,790	(362,790)
As at December 31, 2021				
Cash flow sensitivity	495,453	(495,453)	351,771	(351,771)

36.4 Foreign currency risk

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

36.5 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 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 equity price risk since it has investments in equity securities and mutual funds having carrying value of Rs.681.276 million (2021: Rs.729.258 million) as at the statement of financial position date.

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

Market prices are subject to fluctuation, consequently, the amount realized by the 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Sensitivity analysis

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

For held for trading investments, in case of 10% increase or decrease in prices at the reporting date, the net income and equity would have been higher or lower by Rs.34.242 million (2021: Rs.42.659 million).

For available for sale investments, in case of 10% decrease in prices at the reporting date, the net income and equity would have been lower by Rs.33.885 million (2021: Rs.30.267 million) if the decline is considered permanent.

36.6 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations when they fall due as a result of policy holder benefit payments, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. To guard against the 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 maturity profile is monitored to ensure adequate liquidity is maintained.

	2022			
	Within one year	Over one year to five years	Over five years	Total
	Rupees			
Financial liabilities				
Outstanding claims including IBNR	188,533,455	-	-	188,533,455
Insurance / Reinsurance payables	186,785,319	-	-	186,785,319
Other Creditors & Accruals	43,777,165	-	-	43,777,165
	419,095,939	-	-	419,095,939
	Rupees			
	2021			
	Within one year	Over one year to five years	Over five years	Total
	Rupees			
Financial liabilities				
Outstanding claims including IBNR	212,979,177	-	-	212,979,177
Insurance / Reinsurance payables	195,477,389	-	-	195,477,389
Other Creditors & Accruals	27,927,530	-	-	27,927,530
	436,384,096	-	-	436,384,096

36.7 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 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 counter parties.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Exposure to credit risk

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

	Note	2022	2021
		Rupees	
Investments	8 & 9	112,694,790	108,684,373
Loan and other receivable	10	4,163,250	12,212,371
Insurance / reinsurance receivable	11	386,729,024	304,282,623
Reinsurance recoveries against outstanding claims	21	152,487,929	178,690,267
Cash at bank	14	101,348,889	93,369,331
		<u>757,423,882</u>	<u>697,238,965</u>

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

Rating		Rating agency
Short term	Long term	
Rupees		

Banks

Habib Bank Limited	A-1+	AAA	VIS
National Bank of Pakistan	A-1+	AAA	VIS
MCB Bank Limited	A-1+	AAA	PACRA
MCB Islamic Bank Limited	A-1	A	PACRA
Allied Bank Limited	A-1+	AAA	PACRA
United Bank Limited	A-1+	AAA	VIS
Faysal Bank Limited	A-1+	AA	PACRA & VIS
Bank Alfalah Limited	A-1+	AA+	PACRA
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA
The Bank of Punjab	A-1+	AA+	PACRA
The Bank of Khyber	A-1	A+	VIS
The Bank of Khyber	A-1	A	PACRA
Soneri Bank Limited	A-1+	AA-	PACRA
JS Bank Limited	A-1+	AA-	PACRA
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS

Concentration of credit risk

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.

During the year no assets have been impaired other than available for sale investments against which deficit on revaluation has been made. Further insurance/reinsurance receivable balances against which allowance for impairment against doubtful of Rs.12.362 million has been made.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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36.8 Financial instruments

Interest / mark-up bearing			Non-mark-up bearing		Total	
Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Sub Total	2022	2021

Rupees

Financial assets

Held to maturity investments	42,591,059	70,103,731	112,694,790	-	-	112,694,790	108,684,373
Available for sale investments	-	-	-	338,852,209	338,852,209	338,852,209	302,665,245
Held for trading investment	-	-	-	342,423,860	342,423,860	342,423,860	426,592,681
Loans and other receivable	-	-	-	4,163,250	4,163,250	4,163,250	12,212,371
Insurance / reinsurance receivables	-	-	-	386,729,024	386,729,024	386,729,024	304,282,623
Reinsurance recoveries against outstanding claims	-	-	-	152,487,929	152,487,929	152,487,929	178,690,267
Cash and bank deposits	51,097,118	-	51,097,118	50,251,771	50,251,771	101,348,889	93,369,331
	93,688,177	70,103,731	163,791,908	1,274,908,043	1,274,908,043	1,438,699,951	1,426,496,891

Financial liabilities

Financial liabilities at amortized cost

Outstanding claims including IBNR	-	-	-	188,533,455	188,533,455	188,533,455	212,979,177
Insurance / reinsurance payables	-	-	-	186,785,319	186,785,319	186,785,319	195,477,389
Other creditors and accruals	-	-	-	9,991,361	9,991,361	9,991,361	8,646,615
	-	-	-	385,310,135	385,310,135	385,310,135	417,103,181
	93,688,177	70,103,731	163,791,908	889,597,908	889,597,908	1,053,389,816	1,009,393,710

36.9 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements are appropriate to their fair values except for held to maturity investments. Fair value is determined on the basis of the objective evidence at each required date.

36.9.1 Carrying amount versus fair value

The following table compares the carrying amounts and fair values of the Company's financial assets and financial liabilities as at December 31, 2022.

The Company considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair values except for available for sale and held to maturity investments:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	As at December 31, 2022		As at December 31, 2021	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Rupees				
Financial Assets				
Investments				
Available for sale				
Ordinary shares - listed				
Related Parties	4,087,658	4,087,658	2,528,117	2,528,117
Others	93,121,758	93,121,758	81,088,688	81,088,688
Mutual fund units	238,640,309	238,640,309	302,665,245	302,665,245
Modarba certificates				
Related Parties	3,002,484	3,002,484	2,208,706	2,208,706
Held to maturity				
Pakistan Energy Sukuk II	70,103,731	70,103,731	70,114,130	70,114,130
Deposit maturing within 12 months	42,591,059	42,591,059	38,570,243	38,570,243
Investments at fair value through profit or loss-held for trading-ordinary shares - listed	342,423,860	342,423,860	426,592,681	426,592,681
	793,970,859	793,970,859	923,767,809	923,767,809
Loan and other receivables	1,628,250	1,628,250	11,611,871	11,611,871
Insurance/Reinsurance Receivable	386,729,024	386,729,024	304,282,623	304,282,623
Reinsurance recoveries against outstanding claims	152,487,929	152,487,929	178,690,267	178,690,267
Cash and bank balances	101,815,197	101,815,197	93,709,120	93,709,120
Total assets of Window Takaful Operations	126,994,862	126,994,862	108,194,264	108,194,264
Financial Liabilities				
Outstanding claims including IBNR	188,533,455	188,533,455	212,979,177	212,979,177
Insurance / Reinsurance Payables	186,785,319	186,785,319	195,477,389	195,477,389
Other creditors and accruals	43,777,165	43,777,165	27,927,530	27,927,530
Total Liabilities of Window Takaful operations	26,857,438	26,857,438	21,272,787	21,272,787

36.9.2 Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

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 asset or liability, 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).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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As at December 31, 2022	Level 1	Level 2	Level 3
-------------------------	---------	---------	---------

Rupees

Financial assets measured at fair value

Investments at fair value through profit or loss/ held for trading	342,423,860	342,423,860	-	-
Available for sale investments	338,852,209	338,852,209	-	-
	<u>681,276,069</u>	<u>681,276,069</u>	<u>-</u>	<u>-</u>

As at December 31, 2020	Level 1	Level 2	Level 3
-------------------------	---------	---------	---------

Rupees

Financial assets measured at fair value

Investments at fair value through profit or loss/ held for trading	426,592,681	426,592,681	-	-
Available for sale investments	302,665,245	302,665,245	-	-
	<u>729,257,926</u>	<u>729,257,926</u>	<u>-</u>	<u>-</u>

36.9.3 Transfers during the year

During the year ended December 31, 2022:

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

36.9.4 Valuation techniques

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

Fair value of available for sale investments is determined using level 1 inputs i.e., quoted market prices of listed securities / NAVs of open end funds.

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

For level 2 investments at fair value through profit or loss - held for trading, the Company uses the closing market price as per rates prescribed by Financial Market Association of Pakistan in respect of GOPIS by using PKRV rates at reporting date per certificates multiplied by the number of certificates held.

36.9.5 Capital Management

The management's policy is to maintain a strong capital base for the confidence of stakeholders and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. The Company meets minimum paid up capital requirements as required by Securities and Exchange Commission of Pakistan.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	December 31, 2022	December 31, 2021
	————— Rupees —————	
37. STATEMENT OF SOLVENCY		
Assets		
Property and equipment	72,739,091	73,397,593
Intangible assets	-	-
Investment in associate Investment	7,090,142	4,736,823
Equity securities	674,185,927	724,521,103
Debt securities	70,103,731	70,114,130
Term deposits	42,591,059	38,570,243
Loans and other receivables	4,163,250	14,747,371
Insurance / Reinsurance receivables	386,729,024	304,282,623
Reinsurance Recoveries against outstanding claims	152,487,929	178,690,267
Deferred Commission Expense	74,411,786	64,560,259
Deferred taxation	20,409,659	6,960,895
Prepayments	155,142,722	165,211,016
Cash and bank	101,815,197	93,709,120
Total Assets Window Takaful Operations	126,994,862	108,194,264
Total Assets (A)	1,888,864,379	1,847,695,707
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000		
Clause (d) Loan to employees	723,375	849,663
Clause (h) Insurance / Reinsurance receivable	293,447,018	203,625,887
Clause (j) deferred taxation	20,409,659	6,960,895
Clause (k) security deposit under bond guarantee	546,227	1,182,709
Clause (l) asset subject to encumbrances	-	-
Clause (q) & (s) Investment in equity securities	202,248,878	223,554,018
Clause (u)-(i) Vehicles	63,371,705	63,439,536
Clause (u)-(ii) Office equipments and computers	3,564,963	3,419,771
Clause (u)-(iii) Furniture fixtures	1,394,632	1,640,741
Total of in-admissible assets (B)	585,706,457	504,673,220
Total Admissible Assets (C=A-B)	1,303,157,922	1,343,022,486
Total Liabilities		
Underwriting provisions		
Outstanding claims including IBNR	188,533,455	212,979,177
Unearned premium reserves	339,216,908	306,512,699
Unearned commission income	31,620,714	30,637,679
Insurance / Reinsurance payables	186,785,319	195,477,389
Other creditors and accruals	48,268,340	32,418,705
Income Tax liabilities	7,316,840	335,842
Total Liabilities Window Takaful operations	26,857,438	21,272,787
Total Liabilities (D)	828,599,014	799,634,278
Total Net Admissible Assets (E=C-D)	474,558,908	543,388,208
Minimum Solvency Requirement (higher of following)		
Method A - U/S 36 (3)(a) (Rule 15 (1)(b))	150,000,000	150,000,000
Method B - U/S 36 (3)(b) (Rule 15 (2))	72,917,454	
Method C - U/S 36 (3)(c) (Rule 15 (3))	56,044,987	
Excess in Net Admissible Assets over Minimum Requirements	324,558,908	393,388,208

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

38. DEFINED CONTRIBUTION PLAN

The Company has contributory provident fund scheme for benefit of all its permanent employees under the title of "Reliance Insurance Company Limited - Employees Contributory Provident Fund". The Fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Company.

38.1 The Trustees have intimated that the size of the Fund at year end was Rs.72.235 million (2020: Rs.81.127 million).

38.2 As intimated by the Trustees, the cost of the investments made at year end was Rs.93.496 million (2021:Rs.72.235) million which is equal to 100% of the total fund size. The category wise break up of investment as per section 218 of the Companies Act, 2017 is given below:

	2022 Un-audited		2021 Un-audited	
	Rupees in 000'	%	Rupees in 000'	%
Pakistan Investment Bonds	33,500	35.83%	28,000	38.76%
Investment in Shares	451	0.48%	505	0.70%
Units of Mutual Funds	59,545	63.69%	43,730	60.54%
	93,496	100.00%	72,235	100.00%

38.3 According to the Trustees, investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules made there under.

39. EVENTS AFTEER THE BALANCE SHEET DATE

Subsequent to the year end, the Board of Directors in its meeting held on 30th March, 2023 has announced bonus shares at 5% (December 31, 2021: 5% amounting to Rs. 30,175,940) amounting to Rs. 31,684,740 and cash at 5% (December 31, 2021: 5% Rs.30,175,940). Amounting to Rs. 31,684,738 The Board has also approved transfer of Rs. 20.000 million (December 31, 2021: Rs. 20,000,000) to general reserve from unappropriated profit. These financial statement of the year ended December 31, 2022 do not include the effect of appropriations which will be accounted for subsequent to the year end.

40. NUMBER OF EMPLOYEES

	2022	2021
As at December 31	183	177
Average no. of employees during the year	183	177

41. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 30th March, 2023 by the Board of Directors of the Company.


42. GENERAL

The figures in the financial statements have been rounded off to the nearest rupee.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Haroon A. Shakoore
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

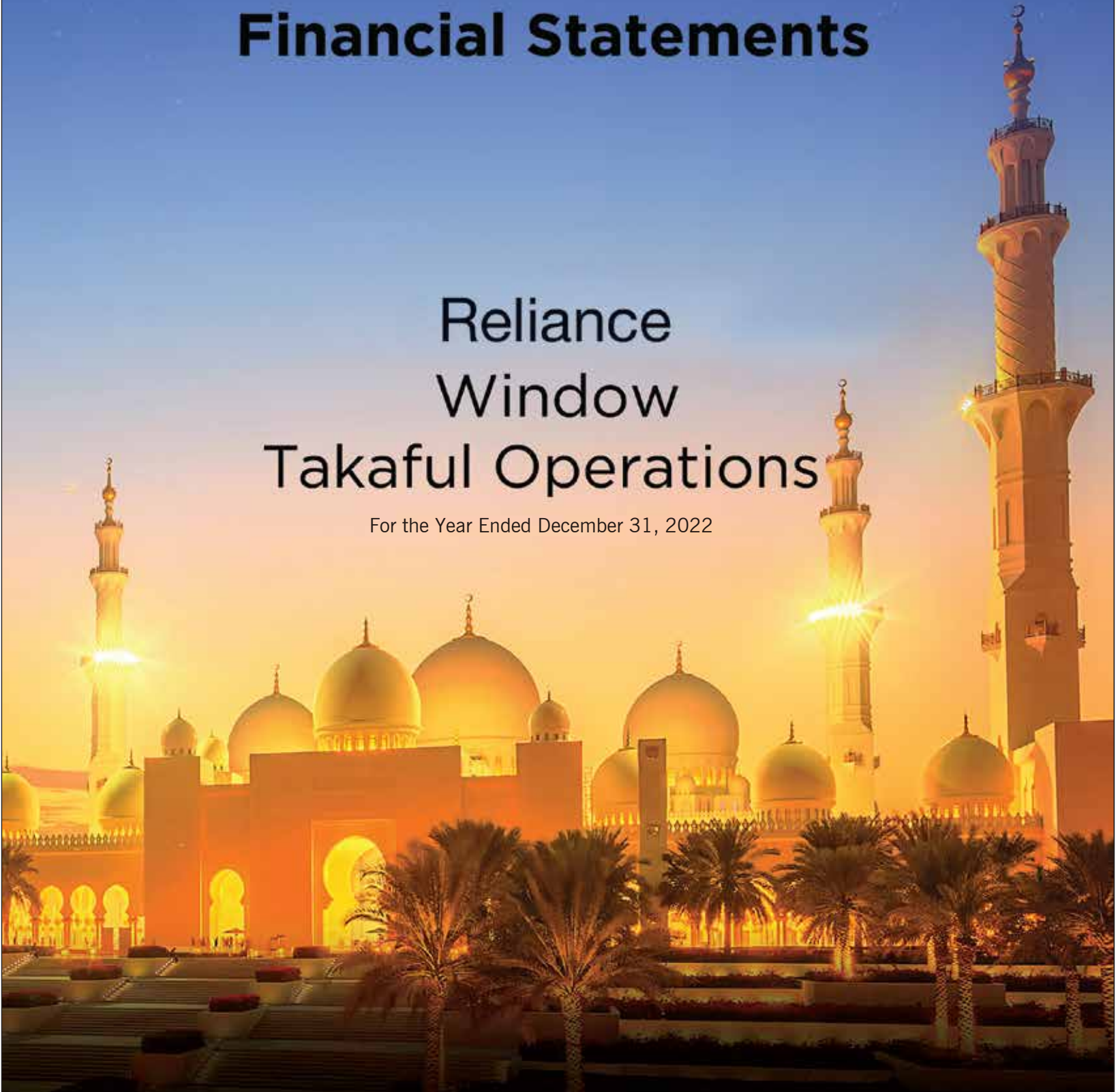
Karachi: 30th March, 2023



Financial Statements

Reliance Window Takaful Operations

For the Year Ended December 31, 2022



STATEMENT OF COMPLIANCE WITH THE TAKAFUL RULES, 2012 AND SHARIA RULES AND PRINCIPLES

FOR THE YEAR 31ST DECEMBER 2022

The financial arrangements, contracts and transactions, entered into by Reliance Insurance Company Limited – Window Takaful Operations (the Operator) for the year ended 31 December 2022 are in compliance with the Takaful Rules, 2012 and the Sharia Rules and Principles determined by the Shariah Advisor of the Operator, (Sharia Rules and Principles).

Further, we confirm that:

- The Operator has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors have been implemented;
- The Operator has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisor / Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management;
- All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the polices approved by Shariah Advisor; and
- The assets and liabilities of Operator are segregated from the Reliance Insurance Company Limited other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been duly confirmed by the Shariah Advisor of the Operator.



A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 30th March, 2023



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Pakistan

INDEPENDENT REASONABLE ASSURANCE REPORT TO THE BOARD OF DIRECTORS ON THE STATEMENT OF MANAGEMENT'S ASSESSMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

Introduction

We were engaged by the Board of Directors of Reliance Insurance Company Limited ("the Company") to report on the management's assessment of compliance of the Window Takaful Operations ("Takaful Operations") of the Company, as set out in the annexed statement prepared by the management for the year ended December 31, 2022, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Operations with the Takaful Rules, 2012, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of the provisions of Takaful Rules 2012.

Responsibilities of the Management

The Board of Directors / management of the Company are responsible for designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Management 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

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The procedures selected depend on our judgment, including the assessment of the risks of material noncompliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. Reasonable assurance is less than absolute assurance.

A system of internal control, because of its nature, may not prevent or detect all instances of noncompliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail. The procedures performed included:

- Evaluated the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;
- Evaluated the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the board of directors;
- Tested for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and
- Reviewed the statement of management's assessment of compliance of the Takaful transactions during the year ended December 31, 2022 with the Takaful Rules, 2012.
- Appointed our External Shariah Advisor to assist in forming a conclusion on an Independent Reasonable Assurance Report to the Board of Directors of Pakistan Reinsurance Company Limited – Window Takaful Operations on the Statement of Management's Assessment on Compliance with the Takaful Rules, 2012, Shariah Rules and Principles.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our conclusion, the annexed statement, for the year ended December 31, 2022, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Karachi: 30th March, 2023

CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

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SHARI'AH ADVISOR'S REPORT TO THE BOARD OF DIRECTORS

FOR THE YEAR ENDED DECEMBER 31, 2022

All praise and thanks are due to Allah Almighty, by whose blessing Reliance Insurance Co. Ltd. Window Takaful Operations (RIC WTO) has successfully completed its seventh year of Takaful operations.

Being a Shari'ah Advisor of Reliance Insurance Co. Ltd. Window Takaful Operations it is my responsibility to ensure that the Participant membership documents, underwriting procedures, Re-Takaful Arrangements, and financial activities related to the Participants and stakeholders should be compliant as per Shari'ah rulings.

On the other hand it is the responsibility of RIC Takaful Operator's management to follow the Takaful Rules, 2012 and guidelines set by the Shari'ah Advisor and to take prior approval of Shari'ah Advisor for all policies and services being offered by RIC (Window Takaful).

In order to have an independent assessment of the Shari'ah governance and compliance environment of the operator, and the conformity of Takaful Operations with Takaful Rules, 2012, an external audit has been conducted by external auditors.

In my opinion and to the best of my understanding based on explanations provided by the Operator and audit report of the External auditors, below are the findings:

- Underwriting, investments and financial activities undertaken by the Operator for the year of ended 31 December, 2022 were in accordance with Takaful Rules, 2012 and guidelines issued by me in the capacity of Shariah Advisor.
- Appropriate accounting policies and basis of measurement have been consistently applied in preparation of the financial statements of "Participant Takaful Fund (Waqf Fund)" and "Operator Fund".
- The Operator found performing its duties to its level best by following Shariah guidelines and through consultation with me where needed.
- Any cases which were required to be consulted in accordance with the Shariah and Takaful Rules have been discussed and duly resolved.

I concluded my report with the words that Allah Almighty grant Reliance Insurance Co. Ltd. Window Takaful Operations (RIC WTO) remarkable success and help the entire team at every step and keep away from every hindrance and difficulty.



Mufti M Farhan Farooq
Shari'ah Advisor
Reliance Insurance Co. Ltd.
Window Takaful Operations

Karachi: 30th March, 2023

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RELIANCE INSURANCE COMPANY LIMITED (WINDOW TAKAFUL OPERATIONS)

Introduction

We have audited the annexed financial statement of RELIANCE INSURANCE COMPANY LIMITED (WINDOW TAKAFUL OPERATION) ("the Operator") as at December 31, 2022, which comprise the statement of financial position as at December 31, 2022, and the profit and loss account, the statement of comprehensive income, the statement of changes in funds and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement 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 December 31, 2022 and of the profit, other comprehensive loss, the changes in funds and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

S. No	Key Audit Matters	How the matters were addressed in our audit
1	<p>Compliance with laws and regulations</p> <p>The Company is in highly regulated industry and is governed by stringent laws and regulations which mainly include Insurance Ordinance, 2000, General Takaful Accounting Regulations, 2019, Takaful Rules, 2012 and Companies Act, 2017, and various circulars issued by the SECP from time to time to regulate the business of the Company. The Company is required to comply with these rules and regulations.</p>	<p>Our audit procedures in respect of this area included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of the relevant legal and regulatory framework within which the Company operates and assessed the design and operation of its key controls over this framework;

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S. No	Key Audit Matters	How the matters were addressed in our audit
	<p>We have considered compliance with laws and regulation as a key audit matter since failure to comply with any of these applicable laws and regulations could have a material financial impact on the business of the Company.</p>	<ul style="list-style-type: none"> Discussed the applicable policies and procedures with senior management and reviewed minutes of the Board of Directors meetings, and internal audit reports for any recorded instances of potential non-compliance, and maintained a high level of vigilance when carrying out our other audit procedures for indications of non-compliance; and Reviewed the Company's documentation and correspondence with the regulators.
<p>2</p>	<p>Revenue Recognition - Contribution Earned</p> <p>Refer the financial statements relating to revenue recognition policy and net insurance contribution respectively.</p> <p>The Company earns revenue primarily from contribution income, which amounts to Rs. 56.36 million (2021: 38.19 million) representing 47.58% increase. This income stream comprises of five segments: (i) Fire and property damage, (ii) Marine, aviation and transport, (iii) Motor, (iv) Health and (v) Miscellaneous.</p> <p>We have identified revenue recognition from contribution income as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of, evaluated the design and tested the controls over the process of policy-writing, processing and recording of contribution; Assessed the appropriateness of the Company's accounting policy for recording of contribution and in line with the requirements of applicable law, accounting and reporting standards; Traced the contribution recorded on sample basis from the underlying policies issued to insurance contract holders and applying substantive analytical procedures to corroborate with economic environment and usual policy-writing patterns; Tested the policies on sample basis where policies were written close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; and Recalculated the unearned portion of contribution income and ensured that appropriate amount has been recorded as provision for unearned contribution in liabilities.
<p>3</p>	<p>Valuation of outstanding claims including claims incurred but not reported (IBNR)</p> <p>As disclosed in notes to these financial statements, outstanding claims including IBNR amounting to Rs. 18.03 million as at December 31, 2022.</p> <p>The outstanding claims including IBNR represented 52.38% of the Company's total liabilities.</p>	<p>Our audit procedures in respect of this area includes the following:</p> <p>We assessed and tested the operating effectiveness of selected key controls relating to the claims handling and reserving process, including controls over completeness and accuracy of the claims estimates recorded;</p>

S. No	Key Audit Matters	How the matters were addressed in our audit
	<p>We focused on this area because the valuation of outstanding claims including IBNR are significant in magnitude and requires use of judgement and estimates. Outstanding claims including IBNR are estimates for settlement of claims in future which are impacted by a number of factors which includes the trends in severity of historical claims, frequency of historical claims and changes in government regulations.</p> <p>Determination of IBNR involves complex and subjective judgements about future events, both internal and external to the business, for which small changes in assumptions can materially impact the valuation of these liabilities.</p>	<p>Substantive tests were performed on the amounts recorded for a sample of claims notified, focusing on those with significant impact on the financial statements, to assess whether the claims are appropriately estimated and recorded;</p> <p>We used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for identification of IBNR;</p> <p>Assessed of competence, capability and objectivity of management's expert;</p> <p>Assessed the data provided by the Company to its actuary for completeness and accuracy and assured that the same has been provided to us; and</p> <p>Considered the adequacy of the Company's disclosures about the estimates used.</p>

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

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

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

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

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 cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

BDO Ebrahim & Co. Chartered Accountants

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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 profit and loss account, the statement of comprehensive income, the statement of changes in funds and the cash flow statement 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).

Other Matter

The financial statements of the Company for the year ended December 31, 2021 were audited by another firm of chartered accountants, who expressed an unmodified opinion on those financial statements vide their report dated March 26, 2022.

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

KARACHI

DATED: 30th March 2023

UDIN: AR2022100678CV9LXBe6

**BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS**

STATEMENT OF FINANCIAL POSITION OF OPF AND PTF

AS AT DECEMBER 31, 2022


	Note	Operator's Fund		Participant's Takaful Fund	
		2022	2021	2022	2021
(Rupees)					
ASSETS					
Investment					
Equity securities	5	84,797,357	62,693,704	23,758,353	21,307,277
Takaful / re-takaful receivables	6	-	-	93,993,056	57,447,748
Deferred wakala fee	17	-	-	15,540,940	14,701,665
Receivable from PTF	7	23,654,430	8,980,923	-	-
Accrued investment income		172,699	198,372	281,701	154,241
Retakaful recoveries against outstanding claims	15	-	-	11,755,378	6,951,053
Deferred commission expense	18	6,218,649	6,275,780	-	-
Deferred taxation	8	5,100	-	-	-
Prepayments	9	-	423,750	15,622,451	19,825,358
Cash and bank	10	12,146,627	29,621,735	34,033,671	28,914,454
TOTAL ASSETS		126,994,862	108,194,264	194,985,550	149,301,796
FUND AND LIABILITIES					
FUNDS ATTRIBUTABLE TO:					
Operator's Fund (OPF)					
Statutory Fund		50,000,000	50,000,000	-	-
Accumulated profit		50,114,740	36,394,603	-	-
Surplus on revaluation of available for sale of investments		22,684	526,874	-	-
Total Operator's Funds		100,137,424	86,921,477	-	-
Participants' Takaful Fund (PTF)					
Seed money		-	-	500,000	500,000
Accumulated surplus		-	-	87,450,723	82,216,450
Balance of Participant's Takaful Fund		-	-	87,950,723	82,716,450
LIABILITIES					
PTF underwriting provisions					
Outstanding claims including IBNR	16	-	-	18,033,223	11,834,075
Unearned contribution reserve	14	-	-	38,852,349	36,754,165
Reserve for unearned retakaful rebate	15	-	-	3,190,441	3,927,661
				60,076,013	52,515,901
Unearned wakala fee	17	15,540,940	14,701,665	-	-
Takaful/retakaful payables	11	-	-	20,937,436	3,650,991
Other creditors and accruals	12	9,714,814	5,801,089	2,366,948	1,437,531
Taxation-provision less payment		1,601,684	752,206	-	-
Deferred taxation		-	17,827	-	-
Payable to OPF	7	-	-	23,654,430	8,980,923
TOTAL LIABILITIES		26,857,438	21,272,787	46,958,814	14,069,445
TOTAL EQUITY AND LIABILITIES		126,994,862	108,194,264	194,985,550	149,301,796
CONTINGENCIES AND COMMITMENTS					
	13				

The annexed notes from 1 to 31 form an integral part of these financial statements.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Haroon A. Shakoor
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 30th March, 2023

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		Rupees	
PARTICIPANT'S TAKAFUL FUND			
Contributions earned	14	56,356,393	38,185,981
Less: Contributions ceded to retakaful	14	(51,349,344)	(34,221,825)
Net contributions revenue		5,007,049	3,964,156
Retakaful rebate earned	15	10,163,807	7,088,419
Net underwriting income		15,170,856	11,052,575
Net claims - reported / settled - IBNR	16	(11,928,151)	(6,829,050)
Other direct expenses	19	(941,653)	(411,722)
Surplus before investment income		2,301,052	3,811,803
Investment income	20	2,933,221	2,440,628
Surplus transferred to accumulated surplus		5,234,273	6,252,431
OPERATOR'S FUND			
Wakala fee	17	37,570,926	25,457,322
Commission expense	18	(15,652,448)	(10,465,462)
General, administrative and management expenses	22	(14,267,103)	(10,401,274)
		7,651,375	4,590,586
Modarib's shares of PTF investment income	21	1,955,481	1,627,086
Investment income	20	11,104,281	5,476,030
Direct expenses	23	(1,387,000)	(1,012,000)
Profit before taxation		19,324,137	10,681,702
Taxation	24	(5,604,000)	(3,097,694)
Profit after taxation		13,720,137	7,584,008

The annexed notes from 1 to 31 form an integral part of these financial statements.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Haroon A. Shakoore
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 30th March, 2023

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	————— Rupees —————	
PARTICIPANTS' TAKAFUL FUND		
Surplus for the year	5,234,273	6,252,431
Other comprehensive income	-	-
Total comprehensive income for the year	5,234,273	6,252,431
OPERATOR'S FUND		
Profit after taxation	13,720,137	7,584,008
Other Comprehensive income:		
Unrealised gain / (loss) on available-for-sale investments	(527,117)	61,472
Impact of related deferred taxation	22,927	(17,827)
	(504,190)	43,645
Total comprehensive income for the year	13,215,947	7,627,653

The annexed notes from 1 to 31 form an integral part of these financial statements.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Haroon A. Shakoor
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 30th March, 2023

STATEMENT OF CHANGES IN OPERATOR'S FUND AND PARTICIPANTS' TAKAFUL FUND

FOR THE YEAR ENDED DECEMBER 31, 2022

	Attributable Operator's Fund			Total
	Statutory Fund	Accumulated Profit	Surplus/(Deficit) on revaluation of AFS investments	
	Rupees			
Balance as at January 1, 2021	50,000,000	28,810,595	483,229	79,293,824
Total comprehensive income for the year				
Profit for the year		7,584,008	-	7,584,008
Other comprehensive income			43,645	43,645
	-	7,584,008	43,645	7,627,653
Balance as at December 31, 2021	50,000,000	36,394,603	526,874	86,921,477
Balance as at January 1, 2022	50,000,000	36,394,603	526,874	86,921,477
Total comprehensive income for the year				
Profit for the year	-	13,720,137	-	13,720,137
Other comprehensive income	-	-	(504,190)	(504,190)
	-	13,720,137	(504,190)	13,215,947
Balance as at December 31, 2022	50,000,000	50,114,740	22,684	100,137,424


	Attributable to Participants Takaful Fund		Total
	Seed Money	Accumulated Profit	
	Rupees		
Balance as at 1st January 2021	500,000	75,964,019	76,464,019
Total comprehensive income for the year			
Profit for the year	-	6,252,431	6,252,431
Other comprehensive income	-	-	-
	-	6,252,431	6,252,431
Balance as at December 31, 2021	500,000	82,216,450	82,716,450
Balance as at January 01, 2022	500,000	82,216,450	82,716,450
Total comprehensive income for the year			
Profit for the year	-	5,234,273	5,234,273
Other comprehensive income	-	-	-
	-	5,234,273	5,234,273
Balance as at December 31, 2022	500,000	87,450,723	87,950,723

The annexed notes from 1 to 31 form an integral part of these financial statements.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Haroon A. Shakoor
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 30th March, 2023

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022


	Operator's Fund		Participant's Takaful Fund	
	2022	2021	2022	2021
(Rupees)				
OPERATING CASH FLOWS				
a) Takaful activities				
Contribution received	-	-	74,361,331	52,040,940
Retakaful contribution paid	-	-	(44,741,128)	(56,946,656)
Claims / benefits paid	-	-	(16,131,681)	(36,840,725)
Retakaful and other recoveries received	-	-	5,598,353	18,892,095
Commission paid	(15,595,317)	(12,959,280)	-	-
Retakaful rebate received	-	-	9,426,587	8,808,488
Wakala fee received	24,270,852	25,789,352	-	-
Wakala fee paid	-	-	(24,270,852)	(25,789,352)
Modarib wakala fee received	1,421,323	1,754,265	-	-
Modarib wakala fee paid	-	-	(1,421,323)	(1,754,265)
Net cash flows from takaful activities	10,096,858	14,584,337	2,821,287	(41,589,475)
b) Other operating activities				
Income tax paid	(4,754,522)	(6,986,115)	-	-
General and other expenses paid	(15,230,353)	(10,989,524)	(941,653)	(411,722)
Other operating payments	3,913,725	(1,043,308)	-	-
Other operating receipts	-	-	929,417	370,009
Net cash flow from other operating activities	(16,071,150)	(19,018,947)	(12,236)	(41,713)
Total cash flows from all operating activities	(5,974,292)	(4,434,610)	2,809,051	(41,631,188)
INVESTMENT ACTIVITIES				
Profit / return received	3,270,737	3,847,275	1,889,431	3,432,509
Dividend received	7,859,217	1,741,843	2,871,811	824,430
Payments for investments	(22,630,771)	(41,439,031)	(2,451,076)	(10,700,765)
Total cash flow from investing activities	(11,500,817)	(35,849,913)	2,310,166	(6,443,826)
Total cash flow from all activities	(17,475,108)	(40,284,523)	5,119,217	(48,075,014)
Cash and cash equivalents at beginning of the year	29,621,735	69,906,258	28,914,454	76,989,468
Cash and cash equivalents at end of the year	12,146,627	29,621,735	34,033,671	28,914,454
Reconciliation to profit and loss Account				
Operating cash flows	(5,974,292)	(4,434,610)	2,809,051	(41,631,188)
Dividend income	7,859,217	1,741,843	2,871,811	824,430
Other investment income	3,245,064	3,734,187	2,016,891	3,243,284
Increase in assets other than cash	14,192,626	6,671,833	37,986,001	33,724,066
(Increase) / Decrease in liabilities other than borrowings	(5,602,478)	(129,244)	(40,449,481)	10,091,839
Profit / Surplus for the year	13,720,137	7,584,008	5,234,273	6,252,431
Attributed to:				
Operatot's Fund	13,720,138	7,584,008	-	-
Participants' Takaful Fund	-	-	5,234,273	6,252,431
	13,720,138	7,584,008	5,234,273	6,252,431

The annexed notes from 1 to 31 form an integral part of these financial statements.


Irfan Zakaria Bawany
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A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 30th March, 2023

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

Reliance Insurance Company Limited (the Operator) has been allowed to undertake General Window Takaful Operations (WTO) on May 25, 2016 by Securities and Exchange Commission of Pakistan (SECP) 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) on May 30, 2016 under the Waqf deed with a Seed money of Rs. 500,000. The Waqf deed and PTF policies (Waqf Rules) which govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund are approved by the Shariah Advisor of the Operator.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

These financial statements are prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting and reporting standards as comprise of:

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

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and SECP Takaful Rules, 2012 and 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 and Participant's Takaful Fund in a manner that the assets, liabilities, income and expenses of the Operator's Fund and PTF remain separately identifiable.

2.2 Basis of Measurement

These financial statements have been prepared on the historical cost basis except otherwise stated in these financial statements. No adjustment for the effect of inflation has been accounted for in the financial statements.

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pakistani Rupees, which is the functional and presentation currency of the Operator.

2.4 Accounting Standards, IFRIC Interpretations and amendments that are effective for the current year

There are new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Operator's operations hence not enlisted in these financial statements except as follows:

- IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

As an takaful operator, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below.

The table 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:

- a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest ("SPPI") on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
 - b) all other financial assets:
- b) Fair value of financial assets as at December 31, 2022 and change in fair value during the year

	Operator's Fund	Participant's Takaful Fund
December 31, 2022		
Rupees		
Financial assets that do not meet the SPPI criteria		
Equity Securities - Available for sale		
Opening fair value	62,693,704	21,307,277
Net addition during the year - net	22,630,770	2,451,076
(Decrease) in fair value	(527,117)	-
	84,797,357	23,758,353

Carrying value of all other financial assets approximates to their fair values since these either have short term maturity or are frequently repriced.

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

2.5 Accounting Standards, IFRIC interpretations and amendments that are not yet effective

The following new and amended standards, interpretations and amendments will become effective from the dates mentioned below against the respective standard, interpretation or amendment.

Standards, interpretations and / or amendments	Effective date (annual periods beginning on or after)
IFRS16 - Leases (Amendments)	April 1,2021
Interest rate Benchmark Reform which amended IFRS 9, IFRS 7, IFRS 4 and IFRS 16	January 1,2022
IAS 37- Provisions, Contingent liabilities and Contingent Assets (Amendments)	January 1,2022
Annual Improvements to IFRS Standards 2018-2020	
IAS 16 - Property Plant and Equipments (Amendments)	January 1,2022
IAS 1 - Presentation of Financial Statements (Amendments)	January 1,2024
IFRS 4- Insurance Contracts (Amendments)	January 1,2023

The management is in process of assessing the impacts of these standards and amendments of the financial statements of operation's fund.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

There are certain new standards, amendments and interpretations that are mandatory for the Company's accounting period beginning on or after January 01, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not discussed in these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 TAKAFUL CONTRACTS

Takaful contracts are based on the principle of wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the participant) by agreeing to compensate the participant if a specified uncertain future event (the takaful event) adversely affects the participant are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. 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 the period, unless all rights and obligations are extinguished or expired.

The operations underwrite non-life takaful contracts that can be categorized into following main categories:

a) Fire and property

Fire and property takaful contracts mainly compensate the participants for damage suffered to their properties or for the value of property lost. Participants 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. These contracts are generally one year contracts except some contracts that are of three months period.

b) Marine, aviation and transport

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

c) Motor

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

d) Miscellaneous

All other various types of takaful contracts are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, workmen compensation, travel and products of financial institutions etc. These contracts are normally one year takaful contracts except some engineering takaful contracts that are of more than one year period.

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

3.2 Deferred Commission expense / Acquisition cost

Commission expense incurred in obtaining and recording policies is deferred and recognised in statement of profit or loss as an expense in accordance with the pattern of recognition of contribution revenue.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

3.3 Reserve for unearned contribution

The portion of contribution written relating to the unexpired period of coverage is recognized as unearned contribution by the Company. The unearned portion of contribution income is recognized as a liability. The liability is calculated by applying 1/24 method as specified in the Insurance Accounting Regulations, 2017.

3.4 Contribution deficiency reserve

The Operator is required as per the General Takaful Accounting Regulations, 2019, 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 re-takaful recoveries from claims, and other supplementary expenses expected to be incurred after the reporting date 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 the adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned contribution. The liability of contribution deficiency in relation to accident and health takaful is calculated in accordance with the advice of the actuary. 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 re-takaful from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

3.5 Re-takaful contracts held

Re-takaful expense is recognised evenly in the period of indemnity. The portion of re-takaful contribution not recognised as an expense is shown as a prepayment which is calculated in the same manner as of unearned contribution.

Rebate from re-takaful operators is recognised at the time of issuance of the underlying takaful policy by the Operator. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the re-takaful contribution to which it relates. Receivable against claims from the re-takaful operators are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognised as a liability and are measured at the amount expected to be recovered after considering an impairment in relation thereto.

3.6 Receivables and payables related to takaful contracts

Receivables and payables relating to takaful contracts are recognized when due. These include contribution due but unpaid, contribution received in advance, contribution due and claims payable to takaful contract holders. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any.

Allowance for impairment in contribution receivables is estimated on a systematic basis after analyzing the receivables as per their ageing.

3.6.1 Takaful / Re-takaful receivables

Receivables under takaful 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 recognizes that impairment loss in the statement of profit or loss.

3.6.2 Re-takaful recoveries against outstanding claims

Claims' recoveries against outstanding claims from the re-takaful operator and salvage are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

3.7 Segment reporting

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, the Insurance accounting regulation, 2017 and the General Takaful Accounting Regulations, 2019. The reported operating segments are also consistent with the internal reporting process of the Operator 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.

Based on its classification of takaful contracts issued, the Operator has four primary business segments, namely, fire, marine, motor and miscellaneous. The nature and business activities of these segments are disclosed in note 3.1.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Assets and liabilities are allocated to particular segments on the basis of contribution earned. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Further, the management expenses are allocated to each segment on the basis disclosed in note 3.14.

3.8 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash at bank in current and saving accounts, cash and stamps in hand and bank deposits.

3.9 Revenue recognition

a) Contribution

For all the takaful contracts, contributions including administrative surcharge received / receivable under a policy are recognized as written at the time of issuance of policy. Where contributions for a policy are payable in installments, full contribution for the duration of the policy is recognized as written at the inception of the policy and related assets set up for contributions receivable at a later date. Contributions are stated on gross basis and exclusive of taxes and duties levied on contributions.

Provision for Unearned Wakala fee

The Takaful operator manages the general takaful operations for the Participants and charges 40% of gross contribution written on all classes of business including administrative surcharge as Wakala Fee against the services given to Participant's Takaful Fund. Wakala fee under a policy is recognised on the same basis on which related revenue is recognized. Unexpired portion of Wakala fee is recognized as a liability of OPF and an asset of PTF.

Modarib Fee

The Takaful operator also manages the participants' investment as Modarib and charges 40% of the investment / deposit income earned by the Participants' Takaful Fund as Modarib's share.

b) Rebate from Re-takaful Operators

Rebate from re-takaful is recognized at the time of issuance of the underlying takaful policy. These are deferred and recognised as liability and recognised in the statement of profit or loss as revenue in accordance with the pattern of recognition of the re-takaful contributions.

c) Investment Income

Profit on bank accounts and deposits is recognised on accrual basis. Profit or loss on sale of investments is recognised at the time of sale.

d) Dividend Income

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

3.10 Investments

3.10.1 Initial Recognition

All investments are initially recognized at cost being the fair value of the consideration given and include transaction costs, except for investments at fair value through profit or loss in which case transaction costs are charged to the statement of profit or loss. These are recognized and classified as follows:

- In equity securities
- In debt securities
- In term deposits

3.10.2 Subsequent Measurement

3.10.2.1 In equity securities

a) Available for sale

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

Subsequent to initial measurement, these are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the statement of comprehensive income. On derecognition or impairment of available for sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to statement of profit or loss for period within statement of comprehensive income.

These are reviewed for impairment periodically and any losses arising from impairment, based on management estimates, in values are charged to the statement of profit or loss account.

b) Investments at fair value through profit and loss

Investments which are acquired principally for the purpose of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading. After initial recognition these are measured at fair values with any resulting gains and losses recognized directly in the profit or loss. Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with resulting gain or loss being included in net profit or loss for the year in which it arises.

3.10.2.2 Held for maturity

Investments in debt securities, deposits and instruments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity. Subsequently, these are measured at amortized cost less provision for impairment, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortised over the term of investment using the effective yield.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to profit or loss account.

3.10.2.3 In term deposits

Investment in term deposits with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

3.10.2.4 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Operator commits to purchase or sell the investment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

3.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.12 Provisions

Claims incurred but not reported (IBNR)

The provision for claims incurred but not reported (IBNR) is made at the statement of financial position date in accordance with SECP Circular no. 9 of 2016. The operator now takes actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level. In previous year, the provision for IBNR was accounted for on the basis whereby all claims incurred before the year end but reported subsequently were aggregated and the ratio of such claims to outstanding claims was applied to outstanding claims at the reporting date (except exceptional losses) to arrive at liability for IBNR. The analysis was carried out separately for each class of business.

3.13 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Operator's profit and loss account, except to the extent that it relates to items recognised directly in equity or in the statement of comprehensive income, in which case it is recognised in equity or in the statement of comprehensive income respectively.

Current tax

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 finalised during the current period for such years.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the reporting date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised 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 utilised.

3.14 Defined contribution plan

The Operator contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Operator and the employees to the fund at the rate of 8.33 percent of basic salary.

3.15 Impairment of assets

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

3.16 Management expenses

Expenses allocated to PTF represent directly attributable expenses and these are allocated to various revenue accounts on equitable basis. Expenses not directly allocable to PTF are charged to OPF.

3.16.1 Claims expense

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

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

3.17 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 future for the goods and / or services received, whether or not billed to the Operator.

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

3.18 Takaful surplus

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

3.19 Qard-e-Hasna

Qard-e-Hasna is provided by OPF to PTF in case of deficit or to fulfill cash flow requirements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires the Operator to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The 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.

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

	Notes
- Classification of Takaful Contracts	3.1
- Unearned contribution	3.3
- Contribution deficiency reserve	3.4
- Takaful / Re-takaful receivables	3.6.1
- Outstanding claims including IBNR and re-takaful recoveries there against.	3.6.2 & 3.11
- Segment reporting	3.7
- Provision for unearned wakala fee	3.9 a
- Classification of Investments	3.1
- Impairment	3.15
- Allocation of management expenses	3.16

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
		Rupees	
5.	INVESTMENTS - EQUITY SECURITIES		
	Available for sale:		
	Mutual funds - Operator's Fund	84,797,357	62,693,704
	Mutual funds - Participant Fund PTF	23,758,353	21,307,277
	Investments in mutual funds - available for sale	108,555,711	84,000,981

	2022			2021		
	Cost	Revaluation surplus	Market / Carrying Value	Cost	Revaluation Surplus	Market / Carrying Value
	Rupees					
Operator's Fund						
Al-Hamra Islamic Income Fund	-	-	-	11,295,390	527,116	11,822,506
Al-Hamra Daily Dividend Fund	7,086	-	7,086	20,120,815	-	20,120,815
Al-Hamra Islamic Money Market Fund	50,506,538	-	50,506,538	-	-	-
HBL Islamic Money Market Fund	34,266,148	17,586	34,283,734	30,732,797	17,586	30,750,383
	84,779,772	17,586	84,797,357	62,149,002	544,702	62,693,704
Participant's Takaful Fund						
ABL Islamic Cash Fund	23,758,353	-	23,758,353	21,307,277	-	21,307,277

6. TAKAFUL RE-TAKAFUL RECEIVABLES

	Operator's Fund		Participant's Takaful Fund	
	2022	2021	2022	2021
	Rupees			
Due from takaful participant holders	-	-	55,131,362	33,467,190
Due from other takaful / re-takaful operators	-	-	38,861,694	23,980,558
	-	-	93,993,056	57,447,748

7. RECEIVABLE / PAYABLE

Wakala fee	22,914,821	8,775,472	(22,914,821)	(8,775,472)
Modarib fee	739,609	205,451	(739,609)	(205,451)
	23,654,430	8,980,923	(23,654,430)	(8,980,923)

8. DEFERRED TAXATION

Surpluses/(defecit) on revaluation of available for sale investment	5,100	(17,827)	-	-
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8.1 Reconciliation of deferred taxation

Opening balance	(17,827)	-	-	-
Credit to other comprehensive income	22,927	(17,827)	-	-
	5,100	(17,827)	-	-

9. PREPAYMENTS

Prepaid re-takaful contribution ceded	-	-	15,622,451	19,825,358
Prepaid miscellaneous expenses	-	423,750	-	-
	-	423,750	15,622,451	19,825,358

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Operator's Fund		Participant's Takaful Fund	
	2022	2021	2022	2021
	Rupees			
10. CASH AND BANK				
Cash and cash equivalents				
Policy, revenue stamps and bond papers	-	-	45,036	22,270
Cash at bank				
Saving accounts	12,146,627	29,621,735	33,988,635	28,892,184
	12,146,627	29,621,735	34,033,671	28,914,454

10.1 The above also represent cash and cash equivalent for the purpose of cash flow statement.

11. RE-TAKAFUL OPERATORS PAYABLE - Participant's Takaful Fund

Due to takaful participants / re-takaful payable	-	-	20,937,436	3,650,991
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12. OTHER CREDITORS AND ACCRUALS

Agents commission payable	9,087,906	5,690,602	-	-
Federal excise duty / sales tax	8,608	-	2,366,948	1,437,531
Federal insurance fee	-	-	-	-
Accrued expenses	616,500	100,000	-	-
Other tax payables	1,800	10,487	-	-
	9,714,814	5,801,089	2,366,948	1,437,531

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2022.

	Note	Participant's Takaful Fund	
		2022	2021
		Rupees	
14. NET CONTRIBUTION			
Written Gross Contributions		96,025,503	75,236,364
Less: Wakala Fee	17	(37,570,926)	(25,457,322)
Contribution Net of Wakala fee		58,454,577	49,779,042
Add : Unearned contributions reserve opening		36,754,165	25,161,104
Less: Unearned contributions reserve closing		(38,852,349)	(36,754,165)
Contributions earned		56,356,393	38,185,981
Less:			
Re-takaful contribution ceded		47,146,437	42,869,602
Prepaid retakaful contribution ceded - (opening)		19,825,358	11,177,581
Prepaid retakaful contribution ceded - (closing)		(15,622,451)	(19,825,358)
Retakaful expense		51,349,344	34,221,825
Net contribution		5,007,049	3,964,156

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Participant's Takaful Fund	
2022	2021

Rupees

15. RE-TAKAFUL REBATE

Retakaful rebate / commission received	9,426,587	8,808,488
Add: Unearned re-takaful rebate / commission opening	3,927,661	2,207,592
Less: Unearned re-takaful rebate / commission / closing	(3,190,441)	(3,927,661)
	10,163,807	7,088,419

16. TAKAFUL BENEFITS/ CLAIMS EXPENSE

Benefits / Claims Paid	16,131,681	36,840,725
Add : Outstanding benefits / claims including IBNR closing	18,033,223	11,834,075
Less: Outstanding benefits / claims including IBNR opening	(11,834,075)	(38,799,678)
Claims expense	22,330,829	9,875,122
Less: Re-takaful and other recoveries received	5,598,353	18,892,095
Add : Re-takaful and other recoveries in respect of outstanding claims closing	11,755,378	6,951,053
Less: Re-takaful and other recoveries in respect of outstanding claims opening	(6,951,053)	(22,797,076)
Re-takaful and other recoveries revenue	10,402,678	3,046,072
Net claims expense	11,928,151	6,829,050

16.1 Benefits / claim development

Accident year	2018	2019	2020	2021	2022	Total
	Rupees in '000'					
Estimate of ultimate claims cost:						
At the end of accident year	4,295	7,588	18,565	3,608	16,556	50,612
One year later	1,018	4,305	3,624	652	-	9,599
Two years later	3,887	522	178	-	-	4,587
Three years later	235	541	-	-	-	776
Four years later	126	-	-	-	-	126
Current estimate of cumulative claims	207	521	2,047	7,588	23,791	34,154
Cumulative payment to date	(81)	(10)	(1,869)	(6,936)	(7,235)	(16,131)
Liability recognised in the financial position	126	511	178	652	16,556	18,023
Liability in respect of prior years						10
Total liability recognised in balance sheet						18,033

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Participant's Fund	
	2022	2021
17. WAKALA EXPENSE	Rupees	
Gross wakala fee	38,410,201	30,094,546
Deferred wakala expense - (opening)	14,701,665	10,064,441
Deferred wakala expense - (closing)	(15,540,940)	(14,701,665)
Deferred wakala expense	<u>37,570,926</u>	<u>25,457,322</u>

- 17.1** The Operators' manage the general takaful operations for the participants and charges 40% for motor, fire and property damage and others etc. of the gross contribution written net off administrative surcharge on co-takaful inward as wakala fee against the services.

	Operator's Fund	
	2022	2021
18. COMMISSION EXPENSE	Rupees	
Commission paid or payable	15,595,317	12,959,280
Deferred commission expense - (opening)	6,275,780	3,781,962
Deferred commission expense - (closing)	(6,218,649)	(6,275,780)
	<u>15,652,448</u>	<u>10,465,462</u>

	Participant's Fund	
	2022	2021
19. OTHER DIRECT EXPENSES	Rupees	
Fire and property damage	445,962	141,591
Marine, Aviation and Transport	120,143	50,271
Motor	374,310	217,801
Miscellaneous	1,237	2,059
	<u>941,653</u>	<u>411,722</u>

- 19.1** These expenses represent bank and service charges directly incurred in Participant's Fund.

	Operator's Fund		Participant's Fund	
	2022	2021	2022	2021
20. INVESTMENT INCOME	Rupees			
Income form mutual funds available sale	7,859,217	1,741,843	2,871,811	824,430
Profit on bank deposits	2,318,167	3,734,187	2,016,891	3,243,284
Capital gain on redemption of mutual funds	926,897	-	-	-
Less: Modarib share	-	-	(1,955,481)	(1,627,086)
Total investment income	<u>11,104,281</u>	5,476,030	<u>2,933,221</u>	2,440,628

21. MODARIB'S FEE

The Operators' manage the participants' investments as a Modarib and charge 40% Modarib's share of the investment income earned by PTF.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	Operator's Fund	
		2022	2021
Rupees			
22. GENERAL, ADMINISTRATIVE AND MANAGEMENT EXPENSES			
Employee benefit cost	22.1	5,301,006	5,062,752
Printing and stationery		153,268	15,050
Vehicle running expenses		300,000	331,040
Computer software maintenance		1,779,750	1,695,000
Legal and professional charges		-	194,400
Bank charges		8,500	8,529
Other		6,724,579	3,094,503
		14,267,103	10,401,274
22.1 Employee benefit cost			
Salaries, allowances and other benefits		5,265,750	5,029,500
Charges for post employment benefit		35,256	33,252
		5,301,006	5,062,752
23. DIRECT EXPENSES			
Employee benefit cost		1,225,000	900,000
Auditor's remuneration	23.1	162,000	112,000
		1,387,000	1,012,000
23.1 Annual audit fee		150,000	100,000
Sind sales tax		12,000	12,000
		162,000	112,000
24. TAXATION			
Current	24.1	5,604,000	3,097,694
		5,604,000	3,097,694
24.1 Relationship between tax expense and accounting profit			
		Effective tax rate %	
		2022	2021
Profit before taxation		19,324,137	10,681,702
Tax at the applicable rate		29.00	29.00
Total average effective tax rate		29.00	29.00

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

25. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Director		Executives	
	2022	2021	2022	2021	2022	2021
	Rupees					
Managerial remuneration	-	-	-	-	2,250,000	2,085,000
	-	-	-	-	2,250,000	2,085,000
Number of person					1	1

26. RELATED PARTY TRANSACTIONS

Related parties comprise companies having common directorship, group companies, directors, key management personnel and retirement benefit funds. Remuneration to the key management personnel are included in note 26 to these financial statements and are determined in accordance with the terms of their appointment.

Relation with the Company		Nature of transaction		Note	2022	2021
Rupees						
Transactions during the year						
Associated companies / undertakings	PTF	Contribution underwritten			32,965,005	16,319,298
	PTF	Contribution collected			20,665,557	15,184,529
Key management personnel	OPF	Remuneration and other benefits	25		2,250,000	2,085,000
Other staff retirement benefits	OPF	Contribution to provident fund			35,256	33,252
Balances as at the year end						
Associated companies / undertakings	PTF	Contribution due but unpaid			39,854,135	17,680,609

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

28. SEGMENT INFORMATION

Participant's Takaful Fund

	2022				
	Fire & property damage	Marine aviation & transport	Motor	Miscellaneous	Total
	Rupees				
Gross written Contributions (inclusive of Administrative surcharge)	56,649,944	15,822,546	21,878,915	1,674,098	96,025,503
Wakala fees	(22,406,170)	(6,753,227)	(8,151,603)	(259,926)	(37,570,926)
Takaful contributions earned	56,015,426	16,883,069	20,379,008	649,816	93,927,319
Takaful contributions ceded to re-takaful	(35,850,130)	(11,452,548)	(3,451,938)	(594,727)	(51,349,344)
Net takaful contribution	(2,240,874)	(1,322,707)	8,775,467	(204,837)	5,007,049
Retakaful Rebate	7,598,472	2,545,528	(112,117)	131,924	10,163,807
Net underwriting income	5,357,598	1,222,821	8,663,350	(72,913)	15,170,856
Takaful claims	(15,277,047)	(561,816)	(6,534,642)	42,676	(22,330,829)
Takaful claims recovered from re-takaful	12,664,833	282,826	(2,537,608)	(7,373)	10,402,678
Net claims	(2,612,214)	(278,990)	(9,072,250)	35,303	(11,928,151)
Other direct expense	(445,962)	(120,143)	(374,310)	(1,237)	(941,653)
Surplus before investment income	2,299,422	823,688	(783,211)	(38,847)	2,301,052
Net Investment income					2,933,221
Surplus transferred to accumulated surplus					5,234,273
Corporate segment assets	64,842,621	17,462,138	54,429,926	163,450	136,898,133
Corporate unallocated assets					58,087,416
Total Assets					194,985,550
Corporate segment liabilities	49,221,325	13,255,318	41,317,162	124,073	103,917,877
Corporate unallocated liabilities					3,116,950
Total Liabilities					107,034,827

Operator's Fund

	2022				
	Fire & property damage	Marine aviation & transport	Motor	Miscellaneous	Total
	Rupees				
Wakala fee	22,406,170	6,753,227	8,151,603	259,926	37,570,926
Commission expenses	(10,566,921)	(3,083,549)	(1,923,864)	(78,115)	(15,652,448)
Management expenses	(6,757,023)	(1,819,668)	(5,671,952)	(18,459)	(14,267,103)
	5,082,227	1,850,010	555,787	163,352	7,651,375
Mudarib share of PTF Investment Income					1,955,481
Investment income					11,104,281
Direct expenses					(1,387,000)
Profit before tax					19,324,137
Taxation					(5,604,000)
Profit after tax					13,720,137
Corporate segment assets	13,800,278	3,716,419	11,584,172	34,787	29,135,656
Corporate unallocated assets					97,859,206
Total Assets					126,994,862
Corporate segment liabilities	11,909,016	3,207,102	9,996,617	30,019	25,142,753
Corporate unallocated liabilities					1,714,685
Total liabilities					26,857,438

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Participant's Takaful Fund	2021				
	Fire & property damage	Marine aviation & transport	Motor	Miscellaneous	Total
	Rupees				
Gross written Contributions (inclusive of Administrative surcharge)	44,132,217	14,801,427	15,835,408	467,312	75,236,364
Wakala fees	10,206,926	605,700	3,768,565	120,474	14,701,665
Takaful contributions earned	29,420,722	15,396,918	18,429,627	396,036	63,643,303
Takaful contributions ceded to re-takaful	(19,303,445)	(11,805,901)	(2,867,097)	(245,382)	(34,221,825)
Net takaful contributions	20,324,203	4,196,717	19,331,095	271,128	44,123,143
Re-takaful Rebate	4,320,306	2,715,357	-	52,756	7,088,419
Net underwriting Income	24,644,509	6,912,074	19,331,095	323,884	51,211,562
Takaful claims	(11,444,158)	(772,541)	2,413,764	(72,187)	(9,875,122)
Takaful claims recovered from re-takaful	9,342,411	698,900	(7,054,167)	58,928	3,046,072
Net claims	(2,101,747)	(73,641)	(4,640,403)	(13,259)	(6,829,050)
Other Direct expense	(141,591)	(50,271)	(217,801)	(2,059)	(411,722)
Surplus/ (Deficit) before investment income	22,401,171	6,788,162	14,472,891	308,566	43,970,790
Net Investment income					2,440,628
Surplus transferred to accumulated surplus					46,411,418
Corporate segment assets	34,018,004	12,074,319	52,326,946	496,662	98,915,931
Corporate unallocated assets					50,385,865
Total Assets					149,301,796
Corporate segment liabilities	22,331,981	7,926,493	34,351,350	326,046	64,935,870
Corporate unallocated liabilities					1,649,476
Total Liabilities					66,585,346

Operator's Fund	2021				
	Fire & property damage	Marine aviation & transport	Motor	Miscellaneous	Total
	Rupees				
Wakala fee	11,768,289	6,158,767	7,371,851	158,415	25,457,322
Commission expenses	(5,654,103)	(2,963,753)	(1,800,230)	(47,376)	(10,465,462)
Management expenses	(3,576,998)	(1,269,996)	(5,502,274)	(52,006)	(10,401,274)
	2,537,188	1,925,018	69,347	59,033	4,590,586
Mudarib share of PTF Investment Income					1,627,086
Investment income					5,476,030
Direct expenses					(1,012,000)
Profit before tax					10,681,702
Taxation					(3,097,694)
Profit after tax					7,584,008
Corporate segment assets	5,175,732	1,837,070	7,961,380	75,565	15,049,747
Corporate unallocated assets					93,144,517
Total Assets					108,194,264
Corporate segment liabilities	7,018,498	2,491,139	10,795,946	102,470	20,408,053
Corporate unallocated liabilities					864,734
Total Liabilities					21,272,787

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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28. MOVEMENT IN INVESTMENTS

	Available for sale	
	Operator's Fund	Participant's Takaful Fund
	Rupees	
As at 1st January, 2021	21,193,201	10,606,512
Additions	41,439,031	10,700,765
Fair value net gains/loss (excluding net realised gains)	61,472	-
As at 31 December 2021	62,693,704	21,307,277
Additions	22,630,771	2,451,076
Fair value net gains/loss (excluding net realised gains)	(527,118)	-
As at 31 December 2022	84,797,357	23,758,353

29. MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

29.1 Takaful risk

The risk under any takaful contract is the possibility that the covered event occurs and the uncertainty in the amount of compensation to the participant. Generally, most takaful contracts carry the takaful risk for a period of one year (refer note 3).

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

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

29.1.1 Frequency and severity of claims

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

The Operator class wise major risk exposure is as follows:

- Fire and property
- Marine, aviation and transport
- Motor
- Miscellaneous

The re-takaful arrangements against major risk exposure include excess of loss, quota share arrangements, facultative arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on operation's net retentions. As the major re-takaful arrangements are on excess of loss basis, therefore the re-takaful coverage against PTF's risk exposures is not quantifiable.

29.1.2 Sources of uncertainty in the estimation of future claims payment

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

An estimated amount of the claim is recorded immediately on the intimation to the operations. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The operations takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount.

29.1.3 Process used to decide on assumptions

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

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

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Operator, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of re-takaful recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The details of estimation of outstanding claims (including IBNR) are given under note 16.1

29.1.4 Sensitivity analysis

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

The claim liabilities are sensitive to the incidence of covered events and severity / size of claims. As the Operator enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit of PTF net of re-takaful;

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

10% increase in loss

Net

	Underwriting results		Participants' takaful fund	
	2022	2021	2022	2021
	Rupees			
Fire & property damage	(214,626)	(53,364)	(214,626)	(53,364)
Marine	(37,174)	(43,651)	(37,174)	(43,651)
Motor	(374,995)	(386,767)	(374,995)	(386,767)
Miscellaneous	(989)	(4,520)	(989)	(4,520)
Total	(627,785)	(488,302)	(627,785)	(488,302)

10% decrease in loss

Net

	Underwriting results		Participants' takaful fund	
	2022	2021	2022	2021
	Rupees			
Fire & property damage	214,626	53,364	214,626	53,364
Marine	37,174	43,651	37,174	43,651
Motor	374,995	386,767	374,995	386,767
Miscellaneous	989	4,520	989	4,520
Total	627,785	488,302	627,785	488,302

29.1.5 Concentration of risk

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

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

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

Re-takaful ceded does not relieve the Operator from its obligation towards participants and, as a result the Operator remains liable for the portion of outstanding claims covered through re-takaful to the extent that re-takaful operator fails to meet the obligation under the re-takaful agreements.

The Operator minimises its exposure to significant losses by obtaining re-takaful arrangements from a number of re-takaful operators, who are dispersed over several geographical regions.

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

	Gross sum covered		Re-takaful		Net	
	2022	2021	2022	2021	2022	2021
	Rupees in '000'					
Fire and property	56,678,572	35,021,495	34,286,311	25,537,019	22,392,260	9,484,476
Marine, aviation and transport	22,429,958	18,798,709	16,435,608	15,011,961	5,994,351	3,786,748
Motor	1,309,738	905,906	-	-	1,309,738	905,906
Miscellaneous	95,171	20,415	70,472	15,311	24,700	5,104
	80,513,440	54,746,525	50,792,390	40,564,291	29,721,049	14,182,234

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

29.2 Financial risk

The operations has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk

29.2.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, foreign currency risk and other price risk. The objective of market risk management is to manage and control market risk exposures within an acceptable parameters

29.2.1.1 Foreign Currency risk

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

29.2.1.2 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Operations at present, are not materially exposed to other price risk.

29.2.1.3 Financial instruments

Maturity profile of financial assets and liabilities of Operators fund and Participants takaful fund

Operators fund & Participants fund	2022						Total
	Profit / mark-up bearing			Non-Profit / mark-up bearing			
	Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	
	Rupees						
Financial assets							
Investment equity securities	-	-	-	108,555,710	-	108,555,710	108,555,710
Takaful / Re-takaful receivables	-	-	-	93,993,056	-	93,993,056	93,993,056
Receivable from PTF	-	-	-	23,654,430	-	23,654,430	23,654,430
Accrued Investment Income	-	-	-	454,400	-	454,400	454,400
Re-takaful recoveries against outstanding claims	-	-	-	11,755,378	-	11,755,378	11,755,378
Cash and bank deposits	46,180,298	-	46,180,298	-	-	-	46,180,298
	46,180,298	-	46,180,298	238,412,974	-	238,412,974	284,593,272
Financial liabilities							
Provision for outstanding claims (including IBNR)	-	-	-	18,033,223	-	18,033,223	18,033,223
Takaful / Re-takaful Payables	-	-	-	20,937,436	-	20,937,436	20,937,436
Other Creditors and Accruals	-	-	-	12,081,762	-	12,081,762	12,081,762
Payable to OPF	-	-	-	23,654,430	-	23,654,430	23,654,430
	-	-	-	74,706,851	-	74,706,851	74,706,851
On-balance sheet sensitivity gap total							
yield/mark-up rate risk	46,180,298	-	46,180,298	163,706,123			
Sensitivity gap	46,180,298	-	46,180,298	163,706,123			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Operators fund & Participants fund

Financial assets

	2021						
	Profit / mark-up bearing			Non-Profit / mark-up bearing			Total
	Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	
	Rupees						
Investment equity securities	-	-	-	84,000,981	-	84,000,981	84,000,981
Takaful / Re-takaful receivables	-	-	-	57,447,748	-	57,447,748	57,447,748
Receivable from PTF	-	-	-	8,980,923	-	8,980,923	8,980,923
Accrued Investment Income	-	-	-	352,613	-	352,613	352,613
Re-takaful recoveries against outstanding claims	-	-	-	6,951,053	-	6,951,053	6,951,053
Cash and bank deposits	58,536,189	-	58,536,189	-	-	-	58,536,189
	58,536,189	-	58,536,189	157,733,318	-	157,733,318	216,269,507

Financial liabilities

Provision for outstanding claims (including IBNR)	-	-	-	11,834,075	-	11,834,075	11,834,075
Takaful / Re-takaful Payables	-	-	-	3,650,991	-	3,650,991	3,650,991
Other Creditors and Accruals	-	-	-	7,238,620	-	7,238,620	7,238,620
Payable to OPF	-	-	-	8,980,923	-	8,980,923	8,980,923
	-	-	-	31,704,609	-	31,704,609	31,704,609

On-balance sheet sensitivity gap total

yield/mark-up rate risk	58,536,189	-	58,536,189	126,028,709
Sensitivity gap	58,536,189	-	58,536,189	126,028,709

a. Sensitivity analysis - profit rate risk

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to change in the market profit rate. The profit based assets as on the statement of financial position date aggregates to Rs. 46.180 million (2021: Rs.58.536 million) as disclosed in note 30.2.1.3 above. There are no fixed rate financial instruments as on the balance sheet date. An increase or decrease in profit rates by 100 basis points has the effect of Rs. 0.46 million (2021: Rs.0.58 million) on profit before tax.

29.2.2 Liquidity risk

Liquidity risk is the risk that the Operations will not be able to meet its financial obligations as they fall due. The Operations' approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the operation's reputation. The following are the contractual maturities of financial liabilities based on the remaining period at the reporting date.

	2022			
	Within one year	Over one year to five years	Over five years	Total
	Rupees			
Financial liabilities				
Outstanding claims including IBNR	18,033,223	-	-	18,033,223
Takaful / retakaful payable	20,937,436	-	-	20,937,436
Other creditors and accruals	12,081,762	-	-	12,081,762
	51,052,421	-	-	51,052,421

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2021			Total
	Within one year	Over one year to five years	Over five years	
Rupees				
Financial liabilities				
Outstanding claims including IBNR	11,834,075	-	-	11,834,075
Takaful / retakaful payable	3,650,991	-	-	3,650,991
Other creditors and accruals	7,238,620	-	-	7,238,620
	<u>22,723,686</u>	<u>-</u>	<u>-</u>	<u>22,723,686</u>

29.2.3 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 operations attempt to control credit risk by monitoring credit exposures by 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

The bank balances and investment in mutual fund represents low credit risk as they are placed with reputed financial institutions with strong credit ratings.

The management monitors exposure to credit risk in contribution receivable from participants and amount due from co-takaful operators and re-takaful operators through regular review of credit exposure. The amount due from co-takaful and re-takaful operators represents low credit risk as they have strong credit ratings and have sound financial stability.

Exposure to credit risk

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

	2022	2021
Rupees		
Receivable from PTF	23,654,430	8,980,923
Accrued Investment Income	454,400	352,613
Takaful / Re-takaful receivable	93,993,056	57,447,748
Re-takaful recoveries against outstanding claims	11,755,378	6,951,053
Cash & Bank	46,180,298	58,536,189
	<u>176,037,562</u>	<u>132,268,526</u>

The credit quality of Operators bank balances can be assessed with reference to external credit ratings as follows:

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

29.2.3.1 Re-takaful Risk

Re-takaful ceded does not relieve the Participants' Takaful Fund from its obligation towards participants and, as a result, the Participants' Takaful Fund remains liable for the portion of outstanding claims covered through re-takaful to the extent that re-takaful operators fails to meet the obligation under the re-takaful agreements.

To minimise its exposure to significant losses from re-takaful companies insolvencies, the Operator obtains re-takaful Companies ratings from a number of re-takaful operators, who are dispersed over several geographical regions.

An analysis of all re-takaful assets recognised by the rating of the entity from which it is due are as follows:

Rating	Takaful / Re-takaful receivables	Re-takaful recoveries against outstanding claims	Prepaid re-takaful contribution ceded	2022	2021
Rupees					
A or above	38,861,694	11,258,027	14,532,425	46,452,146	49,396,956
BBB	-	497,351	1,090,026	1,587,377	1,360,013
	<u>38,861,694</u>	<u>11,755,378</u>	<u>15,622,451</u>	<u>66,239,523</u>	<u>50,756,969</u>

29.3 Fund management

The operator's objectives when managing capital or to safeguard operator's ability to continue as going concern in order to provide returns for operator or participants and to offer benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the amount of return paid to operators or to participants may be adjusted.

29.4 Fair value of financial instruments

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 transaction. Consequently, differences may arise between the carrying values and the fair value 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:** 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 DECEMBER 31, 2022

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

As at December 31, 2022	Level 1	Level 2	Level 3
-------------------------	---------	---------	---------

Rupees

Financial assets measured at fair value

Available for sale investments	108,555,710	108,555,710	-	-
	108,555,710	108,555,710	-	-

As at December 31, 2021	Level 1	Level 2	Level 3
-------------------------	---------	---------	---------

Rupees

Financial assets measured at fair value

Available for sale investments	84,000,981	84,000,981	-	-
	84,000,981	84,000,981	-	-

30. DATE OF AUTHORIZATION FOR ISSUE

These financial statement have been authorized for issue on 30th March, 2023 by the Board of Directors of the Operator.

31. GENERAL

Figures have been rounded off to the nearest rupee.



Irfan Zakaria Bawany
Chairman



Mohammad Omar Bawany
Director



Noor M. Zakaria
Director



Haroon A. Shakoore
Chief Financial Officer



A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 30th March, 2023

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Senior Vice President (Company Secretary & Compliance Officer)

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Chief Manager (Reinsurance)

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Mr. Muhammad Saleem Memon
Chief Manager (Investment/shares)

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Mr. Muhammad Masood Ali
Chief Manager (I.T. Deptt.)

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Mr. Muhammad Masood Alam
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Mr. Muhammad Naveed Jan
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Resident Representative

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0335-7714728

مختار نامہ (پراکسی فارم)

میں / ہم _____ برائے _____ (نام) _____ (پتہ)

تحقیق شراکت دار ریلائنس انشورنس کمپنی لمیٹڈ موجودہ حصص

آرڈری حصص بطور ضمیر و تقرری کرتا / کرتی ہوں / کرتے ہیں۔ برائے _____ (نام) _____ (پتہ)

میری / ہماری پراکسی کے طور پر میری / ہماری جانب سے کمپنی کے سالانہ اجلاس میں شرکت کرنے، بولنے اور ووٹ دینے کی، جو بروز جمعرات، مورخہ 27 اپریل 2023 کو منعقد ہوگی۔ اس میں کوئی تبدیلی لائی جائے۔

میرے / ہمارے طرف سے گواہان برطانیہ _____ مورخہ _____ 2023

(ریونیٹنگ چسپاں کر کے
اس پر دستخط کریں)

گواہ کے دستخط - ۲

گواہ کے دستخط

گواہ کا نام

گواہ کا نام

شناختی کارڈ نمبر

شناختی کارڈ نمبر

پتہ

پتہ

شراکت دار کا نام

جلی حروف میں نام

فولیو نمبر:

اہم نکات:

- ۱- شراکت داروں سے التماس ہے کہ:
(ا) اوپر بتائی جگہ پر ریونیٹنگ چسپاں کریں
(ب) کمپنی میں رجسٹرڈ کرائے ہوئے دستخط استعمال کریں
(ج) اپنا فولیو نمبر درج کریں
- ۲- میٹنگ سے ۳۸ گھنٹے قبل پراکسی کا یہ فارم جو ہر لحاظ سے مکمل اور دستخط شدہ ہو کمپنی کے ہیڈ آفس بمقام 181/A ریلائنس انشورنس ہاؤس سندھی مسلم کو اوپر بیٹھا سنگ سوسائٹی کراچی میں جمع کر دیا جائے۔
- ۳- کوائف میں کسی بھی قسم کی ترمیم کی صورت میں شراکت دار کے دستخط لازمی ہیں۔
- ۴- یہ فارم ممبر یا اس کے انارنی کی جانب سے جسے تحریری طور پر اقتدار انزڈ کیا گیا ہو، کی جانب سے دستخط کیا جائے، اگر ممبر کوئی کارپوریشن ہے تو اس کی عام ممبر موجود ہونی چاہیے۔
- ۵- ایسا ممبر جو میٹنگ میں شمولیت اور ووٹ دینے کا اہل ہے وہ کسی دوسرے ممبر کو اپنے اپنی پراکسی کے طور پر میٹنگ میں شمولیت اور ووٹ دینے کیلئے نامزد کر سکتا ہے۔ علاوہ ازیں کارپوریشن ایسے شخص کو نامزد کر سکتی ہے جو ممبر نہ ہو۔

برائے CDC اکاؤنٹ ہولڈرز / کارپوریٹ ادارے:

مزید براں درج ذیل شرائط کو پورا کیا جائے:

- (i) پراکسی کیلئے وہ لوگوں نے گواہی دی ہو جن کے نام، پتہ اور شناختی کارڈ یا پاسپورٹ نمبر فارم پر درج ہوں۔
- (ii) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل بھی دی جائے۔
- (iii) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔

کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع دستخط کے نمونے پراکسی فارم کے ہمراہ (اگر پہلے جمع نہ کرایا ہو) کمپنی میں جمع کرانی ہوگی۔



Reliance Insurance Company Limited

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