

Annual Report 2015

Serving
Reliably



Reliance Insurance Company Limited



Contents

02	Company Information
03	Our Vision & Our Mission
04	Code of Conduct
05	Company Profile
06	Directors' Profile
13	Notice of the Thirty Fourth Annual General Meeting
16	Horizontal Analysis of Balance Sheet & Income Statement
17	Vertical Analysis of Balance Sheet & Income Statement
18	Key Financial Data
19	Shareholders' Information
21	Categories of Shareholding
22	Pattern of Shareholding
23	Directors' Report
29	Graphical Presentation
30	Statement of Compliance with the Code of Corporate Governance
32	Review Report to the Members on Statement of Compliance
33	Auditors' Report to the Members
34	Balance Sheet
36	Profit & Loss Account
37	Statement of Comprehensive Income
38	Statement of Changes in Equity
39	Statement of Cash Flows
41	Statement of Premiums
42	Statement of Claims
43	Statement of Expenses
44	Statement of Investment Income
45	Notes to the Financial Statements
79	Offices

Company Information

BOARD OF DIRECTORS

CHAIRMAN
ISMAIL H. ZAKARIA

DIRECTORS

MOHAMMED AMIN AHMED BAWANY
A. AZIZ AYOOB
IRFAN ZAKARIA BAWANY
MUHAMMAD OMER BAWANY
ZOHAIK ZAKARIA
AHMED ALI BAWANY
NOOR M. ZAKARIA
YASIN SIDDIK
ABDUL JABBAR

CHIEF EXECUTIVE & MANAGING DIRECTOR

A. RAZAK AHMED

CHIEF ACCOUNTANT AND COMPANY SECRETARY

HAROON A. SHAKOOR

AUDIT COMMITTEE

ABDUL JABBAR	CHAIRMAN
IRFAN ZAKARIA BAWANY	MEMBER
ZOHAIK ZAKARIA	MEMBER

INVESTMENT COMMITTEE

IRFAN ZAKARIA BAWANY	CHAIRMAN
ZOHAIK ZAKARIA	MEMBER
AHMED ALI BAWANY	MEMBER
A. RAZAK AHMED	MEMBER

HUMAN RESOURCE & REMUNERATION COMMITTEE

ZOHAIK ZAKARIA	CHAIRMAN
IRFAN ZAKARIA BAWANY	MEMBER
A. RAZAK AHMED	MEMBER

CREDIT RATING

A (SINGLE A) BY JCR-VIS
OUTLOOK "POSITIVE"

AUDITORS

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

LEGAL ADVISOR

ABDUL SATTAR PINGAR

BANKERS

HABIB BANK LIMITED
MCB BANK LIMITED
ALLIED BANK LIMITED
STANDARD CHARTERED BANK (PAKISTAN) LIMITED
BANK ALFALAH LIMITED
NATIONAL BANK OF PAKISTAN
UNITED BANK LIMITED
THE BANK OF PUNJAB
FAYSAL BANK LIMITED
HABIB METROPOLITAN BANK LIMITED
NIB BANK LIMITED
JS BANK LIMITED

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



Our 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.

Our 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 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, was incorporated in Pakistan in the year 1981 with a Share Capital of Rs. 5.0 Million by two Leading Industrial Houses of Pakistan, namely (i) Al-Noor Group and (ii) Amin Bawany Group. Al-Noor Group is headed by renowned industrialist Mr. Ismail H.Zakaria, who is also the Chairman of Reliance Insurance, while Amin Bawany Group is headed by Mr. Mohammed Amin Ahmed Bawany (now late), who is also the Director of Reliance Insurance. Both the groups having successfully implemented a number of projects are the reputed industrial groups of Pakistan.

RICL underwrites all classes of General Insurance and enjoys reputation second to none. Apart from the traditional covers such as Fire, Accident Motor, Marine (Import & Exports), Loss of Profits, Personal Accident, Group Hospitalization, Workmen's Compensation, Burglary, Cash-in-Safe or in Transit etc., it also transacts non-traditional covers such as Machinery Breakdown, Loss of Profits following Machinery Breakdown, Terrorism, Contractors All Risks, Erection All Risks, Bonds, Products liability, Director's and Officer's liability, Aviation and the like.

The Company's results have been consist-

ently improving yielding handsome results. The Present Authorised Capital of the Company is Rs. 750 Million while Paid-up Capital has increased to 463.98 million. General Reserve to Rs. 200 million & the Shareholders' equity to Rs.786.034 million.

Reliance is one of the leading General Insurance Company of Pakistan having a network of 25 Branches at all important places throughout Pakistan employing a full time work force of 198 persons.

Since its establishment Reliance has progressed smoothly and steadily. Its Gross Premium Income has increased from Rs. One Million in 1983 to Rs.1114.40 million at the end of the year 2015 and the Technical Reserves at Rs. 868.20 million.

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

JCR- VIS Credit Rating Company an affiliate of Japan Credit Rating Agency has assigned Insurers Financial Strength Rating (IFS) at A (Single A). Outlook on the assigned Rating is "Positive".

Directors' Profile



Ismail H. Zakaria Chairman

Mr. Ismail H. Zakaria is Chairman of the Board of Directors of Reliance Insurance Company Limited since its inception. He has diversified experience of over forty five years covering various industrial, commercial and financial sectors. He is also Chairman of First Al Noor Modaraba, Shahmurad Sugar Mills Limited, and Managing Director Al Noor Sugar Mills Limited. The depth of knowledge and breadth of experience of Mr. Ismail H. Zakaria is an invaluable asset and a guiding force to the Board of Reliance Insurance.



(Late)

Muhammad Amin Ahmed Bawany Director

Mr. Muhammad Amin Ahmed Bawany (now Late) is a non-executive Director of Reliance Insurance Company Limited since its inception. He obtained his secondary education from St. Patrick School, Karachi and acquired his professional education from Tokyo University, Yokohama, Japan. He has rich and diversified experience in trade and commerce including textile, sugar and financial sector. He is also Chairman of Faran Sugar Mills Limited.



A. Aziz Ayoob Director

Mr. A. Aziz Ayoob is a Non-Executive Director since 1995. Mr. A. Aziz Ayoob is a graduate having over 45 years of diversified industrial and commercial experience in various fields. He is also a Director on the Board of First Al Noor Modaraba, Al Noor Sugar Mills Limited and Shahmurad Sugar Mills Limited.



Irfan Zakaria Bawany Director

Mr. Irfan Zakaria Bawany is a Non-Executive Director of Reliance Insurance Company Limited since 1991. He is CEO of Anam Fabrics (Pvt.) Limited and Director of Faran Sugar Mills Limited. He has served on The Board of Pioneer Cables Limited from 1983 to 1991. He 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 a certified Director from Pakistan Institute of Corporate Governance (P.I.C.G.)

Directors' Profile

Mr. Zohair Zakaria is a Non-Executive Director of Reliance Insurance Company Limited since 1998 . He is also serving on the Board of Directors of Al-Noor Sugar Mills Limited, Shahmurad Sugar Mills Limited. Mr. Zohair Zakaria has diversified experience of working in senior management positions. He holds BBA Degree from Boston. He is a Certified Director from Pakistan Institute of Corporate Governance. (P.I.C.G)



Zohair Zakaria Director

Mr. Muhammad Omer Bawany is a Non-Executive Director of Reliance Insurance Company Limited, since 1995. He acquired his early education from Karachi American School and proceeded to American College, Switzerland and obtained an Associate Degree in Business Administration. He has extensive experience in textile, sugar and financial sectors. He is on the Board of Directors of Faran Sugar Mills Limited since 1984, and is currently its Vice chairman. He is also the Chief Executive of B.F. Modaraba.



Muhammad Omer Bawany Director

Mr. Ahmed Ali Bawany is a Non-Executive Director of Reliance Insurance Company Limited since 2001. He acquired his early education from CAS, Karachi and degree in business entrepreneurship from University of Southern California. His special field of interest includes finance, procurement and marketing. He is the Chief Executive of Faran Sugar Mills Limited and Chairman of B.F. Modaraba. He is a Certified Director from Pakistan Institute of Corporate Governance. (P.I.C.G)



Ahmed Ali Bawany Director

Mr. Noor Mohammed Zakaria is a Non-Executive Director since 2003. He has over 40 years of diversified industrial and commercial experience. He is B.A. (Hons) from University of Karachi. He is also on the Board of (Non-Executive Director) Al Noor Sugar Mills Limited. He is socially very well connected and active and is member of various Clubs of Karachi.



Noor Mohammed Zakaria Director

Directors' Profile



Yasin Siddik Director

Mr. Yasin Siddik is an independent Non-Executive Director since 2007. He belongs to a well reputed business family. After completion of his Master in International Marketing Research from IBA, Karachi, he commenced his practical carrier in Ship-Breaking. In 1987 Mr. Yasin entered into Textile Spinning Business under the title of Premium Textile Mills limited now having Four Units under production.

In addition to the above Mr. Yasin is also running business of Iron & Steel under the title of Y.S. (Pvt.) Limited and Zaid Traders.



Abdul Jabbar Director

Mr. Abdul Jabbar is an independent Non-Executive Director elected in the election held on 30th April 2013. He comes from a well reputed business family, having extensive and diversified experience in business and commerce. He is a leading importer of Metal ores for the last 25 years. He is a Graduate from University of Karachi. He is the Chairman of Audit committee.



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.



Reliance Insurance Company Limited underwrites all classes of General Insurance and enjoys reputation second to none. Apart from the traditional covers such as Fire and Allied perils, Accident, Motor, Marine (Import and Exports), Loss of Profits, personal Accident, Group Hospitalization, Workmen's Compensation, Burglary, Fidelity Guarantee, Public Liability, Products Liability, Cash-in-Safe or in Transit etc.

RICL also transact non-traditional covers such as Machinery Breakdown and Loss of Profits following Machinery Breakdown, Contractors All Risks, Erection All Risks, Bonds, Aviation Hull and Liabilities, Terrorism Insurance and the like.

Fire Insurance



The Standard Fire Policy covers loss and / or damage caused by fire and lightning. The basic fire policy can be extended to include a number of additional / extraneous risks known as 'special perils' or 'allied perils'. These include: riot and strike damage, malicious damage, atmospheric disturbance (including flood), earthquake fire and shock, explosion, impact damage, aircraft damage. The property insured normally includes residential / commercial buildings, factory / warehouse buildings, household goods, stock and stock in process, fixtures and fitting, plant and machinery etc.

Consequential Loss Due to Fire

RICL 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.

Cargo Insurance



Marine cargo insurance provides protection to Imports and Exports of goods by any mode of transport viz by Sea, by Air or by Road/Rail. Cargo is usually insured on a warehouse (of departure) to warehouse (of arrival) basis and usually covering all risks as per Institute Cargo Clauses "A". For lesser risk Institute Cargo Clauses "B" & "C" are available. Even cover on TLO (Total Loss only, due to total loss of the vessel/aircraft) basis is also available. Marine Inland Transit insurance policy provides adequate cover to protect goods in transit by any mode of transport within the territory of Pakistan.

Motor Insurance



The minimum requirement by law under Motor Vehicles Act 1939 is in respect of legal liability to pay damages arising out of bodily injury caused to any third party person. The following policies are available under this section: Act Liability only : provides cover in respect of liability incurred through death or injury to a third party person. This is minimum legal cover available under Motor Vehicles Act, 1939. Third Party: provides cover as above plus damage to third party property. Comprehensive Insurance: provides cover for third party liability plus protection against loss and/or damage to the car/vehicle itself as well as snatching/theft. The policy can be extended to include accidental personal injuries to and death of the Driver and Passengers.

Engineering Insurance



Engineering policies mainly cover damage to, or breakdown of specific items of plant and machinery, cost of repair of own/surrounding property, legal liability for damage to property of others, caused by the aforesaid damage or breakdown. Cover for loss of profits and standing charges following machinery breakdown is also available. Cover against Contractor's All Risks (CAR), Erection All Risks (EAR), Contractor's Plant and Machinery insurance, Boiler & Pressure vessel insurance, Electronic Equipment insurance etc. are also available.

Bond & Surety Insurance



Contractors undertaking the construction of public works like buildings, roads, bridges, dams, civil works etc., are usually required to furnish guarantees / bonds guaranteeing the fulfillment of their contractual obligations to the principals. Traditionally, Bid Bonds, Advance Payments/Mobilization Bonds, Performance Bonds, Supply Bonds, Maintenance Bonds & Customs and Excise Bonds are available.

Aviation Insurance



Reliance Insurance is amongst the few Pakistani insurance companies who offer aviation insurance plans to the commercial as well as private airlines. Our comprehensive aviation insurance plan protects the insured from probable risks. Reliance Insurance provides amongst others following aviation insurance products:

- Aviation Hull All Risks
- Aviation Legal Liabilities
- Aviation Hull War & Allied Perils
- Loss of License of Pilots
- Aircraft's Ferry Flight Insurance
- Crew Legal Liabilities
- Airline's Airport Booth Insurance

Miscellaneous Insurance

The wide range of products available under miscellaneous head includes, but not limited to, Personal Accident Insurance, House-breaking and Burglary Insurance, Travel Insurance, Cash-in-safe/Cash-in-transit Insurance, Public Liability and Products Liability Insurance General Third Party Liability, Fidelity Guarantee, Workmen's Compensation / Employer's Liability Insurance, Professional Indemnity, Director's & officer's liability, Group Hospitalization Insurance, Plate glass Insurance, Baggage Insurance etc.



Notice of the Thirty Fourth Annual General Meeting

Notice is hereby given that the 34th Annual General Meeting of the Shareholders of RELIANCE INSURANCE COMPANY LIMITED will be held on Saturday the 30th April, 2016 at 12.30 p.m. at the Head Office of the Company at RELIANCE INSURANCE HOUSE 181-A Sindhi Muslim Housing Society near Mehdi Tower, off: Sharah-e-Faisal, Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the Minutes of the 33rd Annual General Meeting of the company held on 29th April, 2015.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st December, 2015 together with Directors' and Auditors' Reports thereon.
3. To consider and approve cash dividend 5% for the year ended 31st December, 2015 as recommended by the Board of Directors.
4. To appoint auditors and fix their remuneration for the year ending December 31, 2016. The present auditors M/s. BDO Ebrahim & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.
5. To elect Nine (9) Directors in accordance with the provisions of Section 178 of the Companies Ordinance 1984, for a term of three years commencing from the date of holding of AGM i.e. April 30, 2016. As fixed by the Board of Directors the number of Directors to be elected will be Nine (9). The following are retiring directors and have offered themselves for re-election except Mr. Yasin Siddik:

Mr. Ismail H. Zakaria	Mr. A. Aziz Ayoob
Mr. Irfan Zakaria Bawany	Mr. Zohair Zakaria
Mr. Mohammad Omer Bawany	Mr. Noor M. Zakaria
Mr. Ahmed Ali Bawany	Mr. Hamza Omar Bawany
Mr. Yasin Siddik .	Mr. Abdul Jabbar

SPECIAL BUSINESS:

6. To consider and approve the issuance of bonus shares @ 10% i.e. 10 ordinary shares for every 100 ordinary shares held, out of the profit for the year ended December 31, 2015, as recommended by the Directors by passing the following Ordinary Resolution:

To consider and if though fit to pass with or without modification the following resolution:

Resolved:

"that a sum of Rs. 46,397,760 out of the Company's Profit be capitalized for issuing of 4,639,776 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 as at close of business on April 18, 2016 in the proportion of 10 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.

Further Resolved:

"that Bonus Shares forming part of such fraction holding which is not in exact multiple of 10:100 shares will be sold in the Stock Market and to pay the proceeds of sale when realized to a Charitable Institution.

That for the purpose of giving effect to the foregoing, the Chief Executive and Company Secretary be and 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 the sale proceeds of the fraction."

7. To enhance the Fee payable to Directors for attending Board of Directors meeting from Rs.10,000/- to Rs.25,000/-and pass the following Resolution:

Resolved:

"that the Fee payable to Director for attending Board Meeting be and is hereby increased from 10,000/-(Rupees Ten Thousand to Rs.25,000/-(Rupees Twenty Five Thousand)"

Further Resolved:

"that the figure Rs.10,000/- (Rupees Ten Thousand) appearing in Article 137 of Article of Association be and is hereby substituted by the figure Rs.25,000/- (Rupees Twenty Five Thousand)

8. To consider and approve remuneration of the Chief Executive of the Company for a further period of three years as approved by the Board of Directors.

The Statement Under Section 160(1) (b) of the Companies Ordinance, 1984, pertaining to the special business referred to above is being circulated to the members alongwith the Notice of the Meeting.

OTHER BUSINESS:

9. To transact any other business with the permission of the Chair.

The Share Transfer Books of the Company will remain closed from 19th April, 2016 to 30th April, 2016 (both days inclusive).

By order of the Board

HAROON A. SHAKOOR
Chief Accountant & Company Secretary

Karachi: 26th March, 2016

1. A member of the Company entitled to attend and vote may appoint any 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.
2. Any member desirous to contest the election of Directors shall file the following with Company Secretary of the Company at its Head Office located at 181-A, Sindhi Muslim Co-operative Housing Society Karachi, not later than 14 days before the date of the above said Annual General Meeting.
 - (a) His/Her intention to offer himself/herself for the election in terms of Section 178(3) of the Companies Ordinance 1984. He/She should also confirm that:
 - (i) He/She is not ineligible to become a director of the Company under any applicable laws and regulations (Including listing regulations of Stock Exchanges.)
 - (ii) Neither he/she nor his /her spouse is engaged in the business of brokerage or is a sponsor, director or officer of a corporate brokerage house.
 - (iii) He/She is not serving as a director in more than seven listed companies simultaneously. Provided that this limit shall not include the directorships in the listed subsidiaries of a listed holding company.
 - (iv) His/her name is borne in the register of national tax payers.
 - (b) Consent to act as Director on Form 28 under Section 184 of the Companies Ordinance, 1984. A copy of the relevant documents may be obtained from the office of the Company Secretary of the Company or may be Downloaded from the website of SECP.
 - (c) Detailed profile along with his / her office address as required under SRO 25(1) 2012 dated January 16, 2012 of the SECP.
 - (d) Signed declaration in respect of being compliant with the requirements of Code of Corporate Governance for Insurance, 2016 and the eligibility criteria as set out in the Companies Ordinance, 1984 to act as director of a listed companies.
 - (e) Information on Annexure A and affidavit on Annexure B required under the Insurance Companies (Sound and Prudent Management) Regulations 2012 notified by the SECP vide SRO 15(1)/2012 dated January 9, 2012. Annexure A and B are available at SECP website and can also be obtained from the Office of the Company Secretary of the Company.
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. Shareholders are requested to inform the Company of any change in their address, if any immediately.
 5. **SUBMISSION OF COPIES CNIC (MANDATORY)**
Securities and Exchange Commission of Pakistan (SECP) has directed vide Notification No.SRO.831(1)/2012 of July 5, 2012 in supersession of earlier Notification No.SRO.779(1)2911 of August 18, 2011 has directed all listed Companies to ensure that Dividend Warrants should bear the Computerized National Identity Card (CNIC) Numbers of the registered members. Members who have not yet provided attested copies of their valid CINs/NTNs (in case of corporate entities) are requested to send the same directly to the Registrar of the Company at the earliest. No dividend will be payable unless the CNIC number is printed on the dividend warrants, so please let us have your CNIC numbers, failing which we will not be responsible if we are not able to pay the dividend.
 6. **Dividend Mandate - Payment of Cash Dividend Electronically (Optional)**
In compliance with the SECP's Circular No 18 of 2012 dated June 6, 2012, the Company wishes to inform its shareholders, that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Shareholders, wishing to exercise this option, may submit their application to the Company's share registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank, CDC account holders should submit their request directly to their broker (participant) / CDC.
 7. **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 5 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.

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

8. Deduction of Withholding Tax on the Amount of Dividend Pursuant to SECP directives vide Circular No. 19/2014 dated October 24, 2014, the SECP has directed all companies to inform shareholders about changes made in Section 150 of the Income Tax Ordinance 2001, we hereby advise shareholders as under:

The government of Pakistan through Finance Act, 2015 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- a. For filers of income tax returns 12.50%
 b. For non-filers of income tax returns 17.50%

To enable the Company to make tax deduction on the amount of cash dividend @12.50% instead of 17.50%, all the shareholders whose names are not entered into the Active Tax payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL for future payment of dividend if any. For any query / problem / information, the investors may contact our share registrar. In case of Joint account, each holder is to be treated individually as either a file or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder. In this regard shareholders are requested to provide shareholding proportions alongwith the CNIC Nos. of Principal shareholder and Joint shareholder(s) in respect of shares held by them to our Share Registrar in writing by April 18, 2016, or if no notification is received, each joint holder shall be assumed to have an equal number of shares. Individual and corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas non-CDC shareholders should send a copy of their NTN certificate to the Company or its share registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers.

Company Name	Folio/CDC Account #	Total Shares	Principal shareholder		Joint Shareholders		Signature
			Name and CNIC #	Proportion (No of Shares)	Name and CNIC #	Proportion (No of Shares)	

9. **Requirement of Valid Tax Exemption Certificate for Claiming from Withholding Tax.**

As per FBR Circulars C No.1(29) WHT/2006 dated June 30, 2010 and C No.1(43)DG (WHT) 2008-Vol-II-66417-R dated May 12, 2015 the valid exemption certificate is mandatory to claim exemption amount of withholding tax U/S 150 of the Income Tax Ordinance 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule Is available. The shareholder, who fall in the category mentioned in the above clause and want to avail exemption U/S 150 of the Ordinance, must provide Tax Exemption Certificate to our Share Registrar.

In case of those shareholders who are non-residents are requested to please provide their respective detail including residence status/country of residence with copy of their NICOP to our Share Registrar before book closure in case of non availability of status in their respective portfolio, the respective tax on dividends would be applicable.

**STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE 1984
 PERTAINING TO THE SPECIAL BUSINESS:**

The statement set out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on April 30, 2016.

ITEM NO. 6, 7 AND 8 OF THE AGENDA

“Further Resolved that the decision of the Board of Directors of the Company to issue 4,639,776 ordinary shares of Rs. 10 each by capitalizing Rs. 46,397,760 out of the Free Reserve of the Company and allotted as fully paid up bonus shares to the members of the company who were registered in the book of the company on 18th April, 2016 in the ratio of 10 shares such new shares for every 100 existing ordinary shares held ranking pari passu with the existing ordinary shares of the Company”.

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

A special Resolution to amend the sub-clause in the Articles of Association of the Company. Approval of the Shareholders of the Company will be sought for amendment of Article 137. The amendment seek to increase Fees payable to directors from existing limit of Rs.10,000/- to Rs.25,000/- for attending Board Meetings.

Shareholders' approval will be sought for the payment of remuneration and provision of certain facilities to the Chief Executive/Managing Director, as approved by the Board in their meeting held on 26th March, 2016. The Chief Executive is interested only in the remuneration payable to him. It is proposed to move the following resolution at the meeting.

Resolved that the Company hereby approve and authorize payment as remuneration to the Chief Executive/Managing Director as follows:

- i) Monthly Basic Salary Rs. 493,000/-. The Chairman be and is hereby authorized to determine annual increases.
 ii) All fringe benefits and other perquisites as are allowed to Senior Executives of the Company.

HORIZONTAL ANALYSIS OF BALANCE SHEET & INCOME STATEMENT

	Rupees '000						% Increase / (Decrease) over preceeding year					
	2015	2014	2013	2012	2011 Restated	2010 Restated	2015	2014	2013	2012	2011	2010
BALANCE SHEET												
Cash and Bank Deposit	133.930	104.499	103.079	68.760	79.824	57.542	28.16	1.37	49.91	(13.86)	38.72	(8.73)
Loan to Employees	1.418	1.534	1.517	1.566	0.921	0.756	(7.56)	1.12	(3.13)	70.03	21.82	(28.75)
Investment	653.669	584.858	500.322	436.862	406.541	348.699	11.76	16.90	14.53	7.46	16.59	23.35
Other Assets	896.803	823.391	780.381	1,062.035	558.414	495.898	8.91	5.51	(26.52)	90.19	12.61	(0.95)
Fixed Assets - Tengible and Intendible	80.742	81.651	71.281	63.801	63.234	64.658	(1.11)	14.55	11.72	0.89	(2.20)	(2.49)
Total Assets	1766.561	1595.944	1456.580	1,633.024	1,108.934	967.553	10.69	9.57	(10.80)	47.26	14.61	6.99
Total Equity	786.034	725.219	653.418	578.713	515.428	438.611	8.38	10.99	12.91	12.28	17.51	35.97
Underwriting Provisions	868.201	764.835	679.626	947.898	465.335	437.162	13.51	12.54	(28.30)	103.70	6.44	(11.39)
Creditors and Accruals	111.074	104.980	122.987	105.841	128.064	91.665	5.80	(14.64)	16.20	(17.35)	39.70	3.82
Other Liabilities	1.250	0.910	0.549	0.572	0.107	0.115	37.36	65.75	(4.02)	434.58	(6.95)	-
Total Equity and Liabilities	1766.561	1595.944	1456.580	1,633.024	1,108.934	967.553	10.69	9.57	(10.80)	47.28	14.61	6.99
PROFIT AND LOSS ACCOUNT												
Net Premium Revenue	316.412	295.757	260.758	240.703	238.706	267.920	6.99	13.42	8.33	0.84	(10.90)	(17.95)
Net Claims	89.862	94.300	87.893	83.096	86.322	96.430	(4.71)	7.29	5.77	(3.74)	(10.48)	(57.60)
Management Expenses	127.951	122.763	116.698	106.778	99.150	99.462	4.23	5.19	9.29	7.69	(0.31)	(6.70)
Net Commission	49.389	39.246	36.568	33.748	37.990	40.099	25.84	7.32	8.36	(11.17)	(5.26)	(9.85)
Underwriting Results	49.219	39.447	19.599	17.044	15.243	31.929	24.77	101.27	14.99	11.81	(52.26)	38.58
Invetment Income	86.693	96.216	97.437	110.252	94.858	118.954	(9.89)	(1.25)	(11.62)	16.23	20.26	1.85
Other Income	1.285	2.812	2.903	2.590	3.012	1.406	(54.30)	(3.13)	12.08	(14.01)	114.22	(10.89)
Financial Charges	0.203	0.464	0.088	0.625	0.453	0.193	(56.25)	427.27	(85.92)	37.96	134.71	(57.86)
General and Admin Expenses	46.206	41.888	38.646	35.357	29.342	31.319	10.31	8.39	9.30	20.50	(6.31)	(7.86)
Profit and Loss before Tax	90.788	96.540	81.205	93.905	83.317	116.028	5.96	18.88	(13.52)	12.71	28.19	83.69
Taxation Net	9.800	6.400	6.500	6.700	6.500	4.750	53.12	1.54	2.99	3.07	36.84	187.88
Profit and Loss after Tax	80.988	90.140	74.705	87.205	76.817	120.778	(10.15)	20.66	(14.33)	13.52	36.40	259.09

VERTICAL ANALYSIS OF BALANCE SHEET & INCOME STATEMENT

Rupees '000

	2015		2014		2013		2012		2011		2010	
	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees	%
BALANCE SHEET												
Cash and Bank Deposit	133.93	7.58	104.499	6.55	103.079	7.08	68.760	4.21	79.824	7.20	57.542	5.95
Loan to Employees	1.418	0.08	1.534	0.10	1.517	0.10	1.566	0.10	0.921	0.08	0.756	0.08
Investment	653.669	37.00	584.868	36.65	500.322	34.35	436.862	26.75	406.541	36.66	348.699	36.04
Other Assets	896.803	50.77	823.391	51.59	780.381	53.58	1,062.035	65.03	558.414	50.36	495.898	51.25
Fixed Assets - Tangible and Intendible	80.742	4.57	81.652	5.12	71.281	4.89	63.801	3.91	63.234	5.70	64.658	6.68
Total Assets	1766.561	100.00	1595.944	100.00	1456.580	100.00	1,633.024	100.00	1,108.934	100.00	967.553	100.00
Total Equity	786.034	44.50	725.219	45.44	653.418	44.86	578.713	35.44	515.428	46.48	438.611	45.33
Underwriting Provisions	868.201	49.15	764.835	47.92	679.626	46.66	947.898	58.05	465.335	41.96	437.162	45.18
Creditors and Accruals	111.074	6.29	104.980	6.58	122.987	8.44	105.841	6.48	128.064	11.55	91.665	9.47
Other Liabilities	1.250	0.07	0.910	0.06	0.549	0.04	0.572	0.04	0.107	0.01	0.115	0.01
Total Equity and Liabilities	1766.561	100.00	1595.944	100.00	1456.580	100.00	1,633.024	100.00	1,108.934	100.00	967.553	100.00
PROFIT AND LOSS ACCOUNT												
Net Premium Revenue	316.422	100.00	295.757	100.00	260.758	100.00	240.703	100.00	238.706	100.00	267.920	100.00
Net Claims	89.862	28.40	94.300	31.88	87.893	33.71	83.096	34.52	86.322	36.16	96.430	35.99
Management Expenses	127.951	40.44	122.763	41.51	116.698	44.75	106.778	44.36	99.150	41.54	99.462	37.12
Net Commission	49.389	15.61	39.246	13.27	36.568	14.02	33.784	14.04	37.990	15.91	40.099	14.97
Underwriting Results	49.219	15.55	39.447	13.34	19.599	7.52	17.044	7.08	15.243	6.39	31.929	11.92
Investment Income	86.693	27.40	96.216	32.53	97.437	37.37	110.252	45.80	94.085	39.41	54.860	20.48
Other Income	1.285	0.41	2.812	0.95	2.903	1.11	2.590	1.08	3.012	1.26	1.406	0.52
Financial Charges	0.203	0.06	0.464	0.16	0.088	0.03	0.624	0.26	0.453	0.19	0.193	0.07
General and Admin Expenses	46.206	14.60	41.888	14.16	38.646	14.82	35.357	14.69	29.342	12.29	31.319	11.69
Profit and Loss before Tax	90.788	28.69	96.540	32.64	81.205	31.14	93.905	39.01	82.544	34.58	56.934	21.25
Taxation Net	9.800	3.10	6.400	2.16	6.500	2.49	6.700	2.78	(6.500)	(2.72)	(4.750)	(1.77)
Profit and Loss after Tax	80.989	25.60	90.140	30.48	74.705	28.65	87.205	36.23	76.044	31.86	51.934	19.38

KEY FINANCIAL DATA

10 Years Growth At A Glance

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
PAID-UP CAPITAL	463.96	403.46	366.78	318.93	318.93	252.01	252.01	229.09	176.25	132.50
SHARE HOLDER'S EQUITY	786.03	725.22	653.42	578.71	450.56	374.52	322.58	355.23	314.72	243.97
GENERAL RESERVE	200.00	180.00	160.00	90	90.00	87.50	87.50	80	62.50	62.50
CASH AND BANK DEPOSIT	133.93	104.50	103.08	68.76	79.82	57.54	63.05	85.03	94.95	105.23
INVESTMENT	653.67	584.86	500.32	436.86	341.67	284.60	282.68	285.85	298.94	234.97
UNDERWRITING PROVISIONS	868.20	764.85	679.63	947.9	465.33	437.16	493.36	527.08	354.07	273.24
TOTAL ASSETS BOOK VALUE	1766.56	1595.94	1456.58	1633.02	1044.07	903.46	904.35	938.72	712.73	575.38
RETURN ON ASSETS	4.58%	5.65%	5.13%	5.34%	6.93%	11.99%	(3.61%)	4.31%	9.92%	10.14%
RETURN ON EQUITY	10.34%	12.43%	11.43%	15.07%	14.90%	13.86%	(10.11)%	11.40%	22.48%	23.90%
PAID-UP CAPITAL TO ASSETS	26.26%	25.28%	25.18%	19.53%	28.76%	26.04%	27.86%	24.40%	24.72%	23.03%
EQUITY / TOTAL ASSETS	44.50%	45.44%	44.86%	35.43%	46.48%	45.33%	35.67%	37.84%	44.17%	42.40%
GROSS PREMIUM	1114.40	1028.14	837.23	613.72	543.40	529.54	506.34	603.19	632.16	526.88
NET PREMIUM	316.42	295.76	260.76	240.7	238.7	267.92	326.55	445.54	395.81	315.02
RATIO TO GROSS PREMIUM	28.39%	28.77%	31.14%	39.22%	43.93%	50.59%	64.49%	73.86%	62.61%	59.79%
NET CLAIMS INCURRED	89.86	94.30	87.89	83.09	86.32	96.43	227.46	208.36	156.97	100.21
RATIO TO NET PREMIUM	28.40%	31.88%	33.71%	34.52%	36.16%	35.99%	69.65%	46.77%	39.66%	31.81%
EXPENSES	174.36	164.67	155.34	142.76	128.95	130.78	140.59	153.65	148.43	128.06
RATIO TO GROSS PREMIUM	15.65%	16.02%	18.55%	23.26%	23.73%	24.70%	27.77%	25.47%	23.48%	24.31%
RATIO TO NET PREMIUM	55.10%	55.68%	59.57%	59.31%	54.02%	48.81%	43.05%	34.49%	37.50%	40.65%
INVESTMENT INCOME	86.69	96.22	97.44	110.25	94.08	54.86	53.86	18.26	43.23	30.41
RETURN ON INVESTMENT	13.26%	16.45%	19.47%	25.24%	23.33%	15.73%	19.05%	6.39%	14.46%	12.94%
U/W PROFIT/(LOSS)	49.22	39.45	19.6	17.04	15.24	31.93	(51.98)	48.17	58.53	62.46
PRE TAX PROFIT	90.79	96.54	81.21	93.9	82.54	56.68	(30.99)	52.26	88.34	80.63
PERCENTAGE TO GROSS PREMIUM	8.15%	9.39%	8.92%	14.21%	14.00%	99.81%	(6.45)%	6.71%	11.19%	11.07%
PROFIT AFTER TAX	80.99	90.14	74.7	87.21	76.04	51.93	(32.64)	40.51	70.75	58.33
PERCENTAGE TO NET PREMIUM	25.60%	30.48%	28.65%	36.23%	31.85%	90.38%	(10.00)%	9.09%	17.87%	15.52%
EARNINGS PER SHARE	1.75	1.94	2.03	2.73	2.38	2.06	(1.30)	1.77	3.09	4.40
DIVIDEND /BONUS	10%(B)5%(C)	15%(B)5%(C)	10%(B)5%(C)	15%(B)	12.5%(B)7.5%(C)	12.5%(B)	NIL	10%(B)	30%(B)	33%(B)
BREAK UP VALUE PER SHARE	16.94	17.97	17.81	18.15	14.13	14.86	12.80	15.50	13.74	11.36
SUMMARY OF CASHFLOW										
NET CASH FLOW FROM OPERATING ACTIVITIES	40.013	23.354	16.692	(57.429)	(6.862)	(58.624)	(91.354)	(13.817)	29.875	78.501
NET CASH FLOW FROM INVESTING ACTIVITIES	9.450	3.908	17.237	70.445	29.606	53.313	75.606	(1.676)	(40.155)	(60.476)
NET CASH FLOW FROM FINANCING ACTIVITIES	(20.035)	(18.024)	(0.111)	(24.080)	(0.461)	(0.193)	(0.463)	(0.202)	-	(6.990)
INCREASE / DECREASE IN CASH EQUIVALANTS	29.428	1.420	34.318	(11.063)	22.282	(5.504)	(16.211)	(15.696)	(10.279)	18.018
CASH FLOW AND CASH EQUIVALENT (YEAR END)	133.927	104.499	103.078	68.760	79.824	57.541	63.045	79.257	94.953	105.230

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

Reliance Insurance Company Limited is listed on
Pakistan Stock Exchange [formerly Karachi Stock
Exchange (KSE) and Lahore Stock Exchange (LSE)].

Listing Fees

The annual listing fee for the financial year 2015-2016
has been paid to both the stock exchanges within the
prescribed time limit.

Stock Symbol

The stock symbol for Reliance Insurance Company
Limited at the Pakistan Stock Exchange is RICL.

Statutory Compliance

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

Book Closure Dates

The register of Member and share transfer books of the
Company will remain closed from 19th April 2016 to
30th April 2016, (both days inclusive).

34th Annual General Meeting

Date : 30th April, 2016
Time : 12:30 p.m
Venue : Reliance Insurance House,
181-A, SMCHS, Karachi

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 Exchanges on strategic events
are made as and when required.

CNIC Number

Securities and Exchange Commission of Pakistan
(SECP) has directed vide Notification
No.SRO.831(1)/2012 of July 5, 2012 in superses-
sion of earlier Notification No.SRO.779(1)2911 of
August 18, 2011 to issue dividend warrants only crossed
as "A/c Payee only" and should bear the valid Computer-
ized National Identity card (CNIC) number of the

registered members, who have not yet submitted photo-
copy of their valid CNIC are requested to send the same at
the earliest directly to the Company Share Registrar.

Dividend Mandate Option

As directed by SECP vide Circular No.18 of 2012
dated June 5, 2012 we give the shareholders the
opportunity to authorize the Company to directly credit
in their bank account with Cash dividend, if any,
declared by the Company in future. If they wish that
the cash dividend if declared by the Company be
directly credited into their bank account, instead of
issuing a dividend warrant, please provide the follow-
ing details to our Registrar M/s. C&K Management
Associates (Pvt.) Ltd.:

Title of Bank Account	Branch Name and address
Bank Account Number	Cell number of Shareholder
Bank's Name	Landline number of Shareholder, if any

Pursuant to the provisions of Finance Act 2015, the
rate of deduction of Income tax under section 150 of
the Income Tax Ordinance 2001 from dividend
payment have been revised as: for filers of Income Tax
return 12.5% and Non filer of Income Tax return
17.5%. In case of joint account, each holder is to be
treated individually as either a filer or non-filer and tax
will be deducted on the basis of shareholder of each
joint holder as may be notified by the shareholder, in
writing as follows, to our Share Registrars, or if no
notification, each joint holder shall be assumed to have
an equal number of shares.

Company Name

Folio /CDS Account No.

Total Shares

Principal Shareholder	Name & CNC No.
	Shareholding Proportion No. of Share

Joint Shareholder	Name & CNC No.
	Shareholding Proportion No. of Share

Tax @ 5% Payable on issue of 10% Bonus Share of Reliance Insurance Company Limited

By virtue of Income Tax changes introduced by the
Finance Act. 2014, issuance of Bonus Shares has
been made taxable under Final Tax Regime in the
hands of the shareholders. Companies issuing bonus
shares are required to with-hold 5% of the bonus
shares and, collect tax there-against from the share-
holders equal to 5% of the value of bonus shares deter-
mined on the basis of day-end price on the first day of
book closure.

If Company does not receive the tax due from the share-
holders, then the 5% Bonus Shares which are being
with-held shall be deposited by the Company with the
Central Depository Company in favor of Federal Board of
Revenue and the remaining 95% bonus shares would
credited or issued to the shareholders.

Change of Address

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

شیر ہولڈرز کی معلومات

رجسٹرڈ آفس

96-اے، سندھی مسلم کوآپریٹو ہاؤسنگ سوسائٹی، کراچی۔

ہیڈ آفس

ریلائنس انشورنس ہاؤس

181-اے، سندھی مسلم کوآپریٹو ہاؤسنگ سوسائٹی، کراچی۔

شیر رجسٹرار آفس

سی اینڈ کے مینجمنٹ ایسوسی ایٹس (پرائیویٹ) لمیٹڈ،

404-ٹریڈ ٹاور، عبداللہ ہارون روڈ

نزد ہوٹل میٹروپول، کراچی۔ 75530-ٹیلی فون نمبر: 53685930 & 35687839 (021)

اسٹاک ایکسچینجز میں لسٹنگ

آر آئی سی ایل ایکویٹی شیرز کراچی اسٹاک ایکسچینج (KSE) اور لاہور اسٹاک ایکسچینج (LSE) جو اب پاکستان اسٹاک ایکسچینج میں ضم ہو چکی ہیں، میں لسٹڈ ہیں۔

لسٹنگ فیس

مالی سال 2015-2016 کے لئے سالانہ لسٹنگ فیس مقررہ وقت کی حد کے اندر دونوں اسٹاک ایکسچینجز میں ادا کی جا چکی ہے۔

اسٹاک کوڈ

آر آئی سی کے ایکویٹی شیرز میں ڈیلنگ کے لئے اسٹاک کوڈ پی ایس ایکس (PSX) پر آر آئی سی ایل ہے۔

اسٹچوٹری کمپلائنس

سال کے دوران کمپنی نے تمام نافذ العمل شقوق پر عملدرآمد کیا، تمام گوشوارے/فارمز داخل کئے اور تمام متعلقہ معلومات فراہم کیں جو کمپنیز آرڈیننس 1984 اور متعلقہ قواعد و ضوابط، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) ریگولیشنز اور لسٹنگ ریگولیشنز کے تحت ضروری تھیں۔

کتاب کی بندش کی تاریخ

کمپنی کے ممبر کار رجسٹر اور شیر ٹرانسفر بکس 19 اپریل 2016 تا 30 اپریل 2016 (بشمول دونوں دن) بند رہیں گی۔

34 واں سالانہ اجلاس عام

تاریخ: 30 اپریل 2016

وقت: دوپہر 12:30 بجے

مقام: ریلائنس انشورنس ہاؤس، A-181 ایس ایم سی ایچ ایس، کراچی۔

کمپنی کی ویب سائٹ:

آپ کی کمپنی کی ایک ویب سائٹ حیار کی گئی ہے جس میں یوزرز کو کمپنی کے بارے میں معلومات یعنی اس کی مالیاتی صورتحال، تاریخ، کمپنی کے پاس دستیاب بیمہ کی اقسام اور رری انشوررز وغیرہ کی فہرست تک رسائی کی اجازت ہوتی ہے۔
کارکردگی میں بہتری لانے کے ضمن میں ایک آن لائن کمپلیٹ سسٹم بھی دستیاب ہے۔

ویب سائٹ: www.relianceins.com

کمپنی کے سالانہ، ششماہی اور سہ ماہی مالیاتی حسابات <http://relianceins.com> پر دستیاب ہیں۔
اسٹریٹیجک ایوٹس پر اسٹاک ایکسچینجز کے اعلانات سے جب اور جہاں ضروری ہو، آگاہ کر دیا جائے گا۔

سی این آئی سی نمبر

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) نے نوٹیفیکیشن نمبر SR.831(1)/2012 باہت 5 جولائی 2012 کے تحت اپنا پرانا نوٹیفیکیشن نمبر 2911(1)SRO.779 باہت 18 اگست 2011 کو منسوخ کرتے ہوئے ہدایت کی ہے کہ منافع منقسمہ کے وارنٹ کراسڈ بطور ”اکا نوٹ پے ای صرف“ (A/C Payee only) ہوں گے اور ان پر رجسٹرڈ ممبران کے کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) نمبر درج ہونے چاہئیں۔ جن ممبران نے ابھی تک اپنے کارآمد سی این آئی سی کی فوٹوکاپی جمع نہیں کرائی ان سے درخواست ہے کہ وہ فوری طور پر اسے براہ راست کمپنی شیئرز رجسٹرار کو جمع کرا دیں۔

منافع منقسمہ کے مینڈیٹ کا اختیار

جیسا کہ ایس ای سی پی کی جانب سے سرکلر نمبر 18 باہت 2012 مورخہ 5 جون 2012 کے تحت ہدایت کی گئی ہے، ہم شیئرز ہولڈرز کو موقع فراہم کرتے ہیں کہ وہ کمپنی کو یہ اختیار دیں کہ کمپنی مستقبل میں اعلان کردہ نقد منافع منقسمہ، اگر کوئی ہو، کو براہ راست ان کے بینک اکاؤنٹ میں جمع کرا دیں۔ اگر وہ اس امر کے خواہشمند ہوں کہ نقد منافع منقسمہ، اگر کمپنی کی جانب سے اعلان کیا گیا، کو منافع منقسمہ کے وارنٹ جاری کرنے کے بجائے براہ راست ان کے بینک اکاؤنٹ میں جمع کرا دیا جائے تو وہ برائے مہربانی درج ذیل تفصیلات ہمارے رجسٹرار میسرز سی اینڈ کے مینجمنٹ ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو جمع کرا دیں۔

بینک اکاؤنٹ کا نائل

برانچ کا نام اور پتہ

بینک اکاؤنٹ نمبر

شیئرز ہولڈرز کا موبائل فون نمبر

بینک کا نام

شیئرز ہولڈرز کا لینڈ لائن نمبر، اگر کوئی ہو۔

فنانس ایکٹ 2015 کی شقوں کے مطابق انکم ٹیکس آرڈیننس 2001 کی دفعہ 150 کے تحت منافع کی ادائیگی سے انکم ٹیکس کی کٹوتی کی شرح پر نظر ثانی کر دی گئی ہے جس کے مطابق انکم ٹیکس گوشواروں کے فائلرز کے لئے 12.5 فیصد اور انکم ٹیکس گوشواروں کے نان فائلرز کے لئے 17.5 فیصد شرح ہوگی۔ جو انٹ اکاؤنٹ کی صورت میں ہر ایک ہولڈر کو انفرادی طور پر فائلر یا نان فائلر کے طور پر تصور کیا جائے گا اور ٹیکس کی کٹوتی پر ایک جو انٹ شیئرز ہولڈر کی شیئرز ہولڈنگ کی بنیاد پر ہوگی جیسا کہ شیئرز ہولڈر کی جانب سے درج ذیل کے مطابق تحریری طور پر ہمارے شیئرز رجسٹرار کو مطلع کیا جائے گا۔ اگر کوئی اطلاع موصول نہ ہوئی تو ہر ایک جو انٹ ہولڈر کو شیئرز کی مساوی تعداد کا حامل تصور کیا جائے گا۔

جو انٹ شیئر ہولڈر	پرنسپل شیئر ہولڈر	مجموعی شیئر	فولیو/سی ڈی ایس اکاؤنٹ نمبر	کمپنی کا نام
شیئر کی تعداد پر شیئر ہولڈنگ کا تناسب	نام اور سی این آئی سی نمبر	شیئر کی تعداد پر شیئر ہولڈنگ کا تناسب	نام اور سی این آئی سی نمبر	

ریلائنس انشورنس کمپنی لمیٹڈ کے 10 فیصد بونس شیئر کے اجرا پر قابل ادا ٹیکس بشرح 5 فیصد

فنانس ایکٹ 2014 کے ذریعے انکم ٹیکس قوانین میں متعارف کرائی جانے والی ترامیم کے تحت بونس شیئر کا اجرا شیئر ہولڈرز کے پاس موجود حتمی ٹیکس رجیم کے تحت

قابل ادائیگی ہوگا۔ بونس شیئر جاری کرنے والی کمپنیوں کے لئے ضروری ہے کہ بونس شیئر کا 5 فیصد حصہ روک لیں اور شیئر ہولڈرز سے بونس شیئر کی مالیت کے 5 فیصد کے مساوی ٹیکس وصول کریں جس کا تعین روزانہ کے آخری بند ہونے والے نرخوں کی بنیاد پر کتاب کی بندش کے پہلے روز کیا جائے گا۔ اگر کمپنی شیئر ہولڈرز سے واجب الادا ٹیکس کی وصولی نہ کر پائے تو 5 فیصد بونس شیئر، جو کہ کمپنی نے روک رکھے تھے، انہیں سینٹرل ڈپازٹری کمپنی کے پاس فیڈرل بورو آف ریونیو کے نام پر جمع کر دیئے جائیں اور باقی ماندہ 95 فیصد بونس شیئر زحصص یافتگان کو جاری کر دیئے جائیں یا اس کے اکاؤنٹ میں جمع کر دیئے جائیں۔

پتہ میں تبدیلی

ممبران سے درخواست ہے کہ اپنے پتے میں کسی بھی تبدیلی سے فوری طور پر کمپنی کے رجسٹرار کو مطلع کر دیں۔

Financial Calendar

24th March, 2015

Meeting of the Board of Directors for approval of the audited financial statements for the year ended December 31, 2014. Directors recommended to pay 15% Bonus Share and 5% Cash Dividend subject to the approval of members in Annual General Meeting.

29th April, 2015

The Annual General Meeting of the Company was held at the Registered Office for approval of annual audited financial statements for the year ended December 31, 2014, appointment of auditors, approval of Bonus Shares Entitlement @ 15% for every 100 ordinary shares and Cash Dividend @ 5% .

29th April, 2015

Meeting of the Board of Directors for approval of the unaudited first quarter financial statements for the period ended March 31, 2015.

25th May, 2015

Issuance of Bonus Shares. advised Central Depository Company, to credit participant Account and dispatch of Cash Dividend Warrants.

25th May, 2015

Bonus Shares Certificates issued to Physical Share holders.

27th August, 2015

Meeting of the Board of directors for approval of the half yearly Unaudited financial statements for the period ended June 30, 2015.

28th October, 2015

Meeting of the Board of Directors for approval of the unaudited financial statements for the nine months, period ended September 30, 2015.

Categories of Shareholding

as at December 31, 2015

Information required under the Code of Corporate Governance

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	60,247	0.13
NIT / ICP/ IDBP			
Investment Corporation of Pakistan, IDBP ICP Units	6	617	0.00
DIRECTORS, CEO & OTHER SPOUSES AND MINOR CHILDREN			
The detail are as under:	17	11,730,250	25.28
MR. ISMAIL H. ZAKARIA	1	467,210	
MR. MOHD. AMIN AHMED BAWANY	1	53,897	
MR. A. AZIZ AYOOB	1	197,197	
MR. IRFAN ZAKARIA BAWANY	1	2,868,929	
MR. MOHD. OMER BAWANY	1	277,603	
MR. ZOHAIK ZAKARIA	1	210,503	
MR. AHMED ALI BAWANY	1	74,174	
MR. NOOR M. ZAKARIA	1	185,673	
MR. YASIN SIDDIK	1	5,848	
MR. ABDUL JABBAR	1	7,226	
MRS. ZARINA BAI ISMAIL	1	430,211	
MRS. ROSHANARA AMIN	1	866,631	
MRS. MEHRUNNISA A. AZIZ	1	218,996	
MRS. SHEHLA IRFAN	1	2,775,583	
MRS. RUKHSANA BAI OMER	1	996,678	
MRS. AMBREEN AHMED ALI	1	1,803,090	
MRS. SHAHNAZ NOOR MOHAMMAD	1	290,801	
EXECUTIVE			
	-	-	
PUBLIC SECTOR COMPANIES AND CORP.			
	-	-	
BANK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTION, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS			
	3	730	0.00
JOINT STOCK COMPANIES			
	24	8,116,233	17.49
GOVERNMENT DEPARTMENT			
Federal Board of Revenue	2	291,068	0.63
INDIVIDUALS			
	1,309	25,626,904	55.23
STOCK EXCHANGE			
Islamabad Stock Exchange Limited	1	1,689	0.00
WAKF ALAL AULAD			
Trustees Mohammad Amin WAKF	2	495,455	1.07
Trustees Saeeda Amin WAKF			
WELFARE SOCIETY			
Pakistan Memon Educational	1	44,873	0.10
CHARITABLE TRUSTS			
Trustees AAI-Bawany Foundation	1	28,132	0.06
TRADE			
Haral Sons (Pvt.) Limited	1	558	0.00
TOTAL:-	1,368	46,396,756	100.00
SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST .			
M/s.Irfan Ashfaq & Company (Pvt.) Ltd.,	1	6,135,543	13.22
Mr. Irfan Zakaria Bawany	1	2,868,929	6.18
Mrs.Shehla Irfan	1	2,775,583	5.98

Pattern of Shareholding

as at December 31, 2015

Number of Shareholders	Shareholdings		Total shares held
	From	To	
385	1	100	7,308
186	101	500	50,988
145	501	1000	112,668
301	1001	5000	751,147
109	5001	10000	789,294
44	10001	15000	562,380
34	15001	20000	604,818
22	20001	25000	493,048
13	25001	30000	372,366
14	30001	35000	450,228
5	35001	40000	194,900
5	40001	45000	215,197
7	45001	50000	338,581
6	50001	55000	317,280
5	55001	60000	292,549
5	60001	65000	309,920
6	65001	70000	409,508
2	70001	75000	149,101
1	75001	80000	79,489
1	85001	90000	89,424
1	90001	95000	91,602
5	95001	100000	491,553
1	100001	105000	104,206
2	105001	110000	218,290
1	110001	115000	114,250
1	115001	120000	118,945
1	120001	125000	121,918
1	125001	130000	128,468
1	130001	135000	133,486
1	135001	140000	135,942
1	145001	150000	150,000
1	155001	160000	158,000
3	165001	170000	499,717
2	170001	175000	343,837
1	180001	185000	181,056
2	185001	190000	374,517
2	190001	195000	388,763
3	195001	200000	592,933
3	200001	205000	602,651
1	205001	210000	205,756
2	210001	215000	425,503
2	215001	220000	438,659
2	275001	280000	554,361
2	290001	295000	581,394
1	310001	315000	312,181
1	330001	335000	334,500
3	345001	350000	1,040,828
1	385001	390000	388,291
1	400001	405000	400,177
1	410001	415000	413,191
1	430001	435000	430,211
1	460001	465000	463,831
1	465001	470000	467,210
1	505001	510000	508,902
1	530001	535000	532,879
1	565001	570000	569,214
1	620001	625000	620,495
1	655001	660000	658,029
1	660001	665000	662,512
1	700001	705000	703,776
1	865001	870000	866,631
1	940001	945000	943,673
1	1070001	1075000	1,072,465
1	1390001	1395000	1,391,586
1	1475001	1480000	1,477,343
1	1775001	1780000	1,775,767
1	1800001	1805000	1,803,090
1	1820001	1825000	1,822,033
1	1995001	2000000	1,999,922
1	2080001	2085000	2,083,340
1	2770001	2775000	2,774,135
1	6135001	6140000	6,135,543
<u>1368</u>			<u>46,397,756</u>

Sr. No.	Categories of share holders	Number of share holders	Total shares hold	Percentage %
1	INDIVIDUALS	1325	37,357,154	80.52
2	INVESTMENT COMPANIES	6	1,411	0
3	INSURANCE COMPANIES	1	541	0
4	JOINT STOCK COMPANIES	25	8,176,480	17.62
5	FINANCIAL INSTITUTIONS	2	394	0
6	STOCK EXCHANGE	1	1,689	0
7	WELFARE SOCIETY	1	44,873	0.10
8	CHARITABLE TRUSTS	1	28,132	0.06
9	MODARABA MANAGEMENT COMPANIES	1	1	0
10	WAKF ALAL AULAD	2	495,455	1.07
11	TRADE	1	558	0
12	GOVERNMENT DEPARTMENT	2	291,068	0.63
		<u>1368</u>	<u>46,397,756</u>	<u>100</u>

Directors' Report

Gross Premium Crossed
Billion Rupees Mark
at Rs. 1114.396

Your Directors take pleasure in presenting the Thirty Fourth Annual Report alongwith Audited Accounts of the Company for the year ended 31st December, 2015.

OVER VIEW

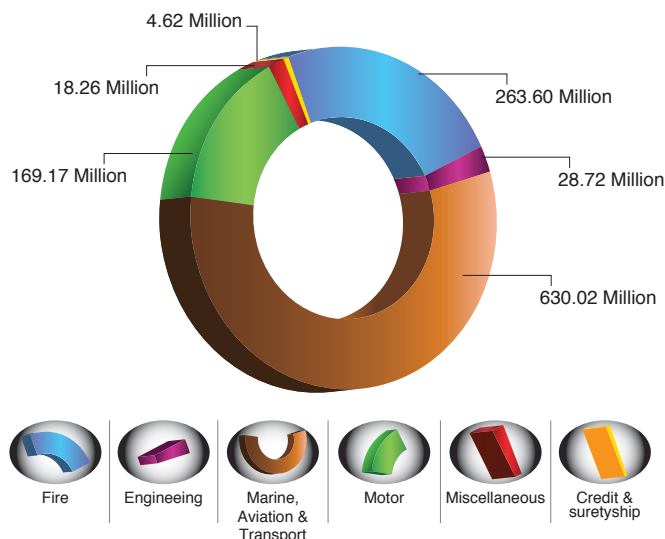
The exports particularly to European Union, where Pakistan enjoys the GSP plus status, failed to make desired headway and register growth but instead exports witnessed declining trend. The economies of other major advanced countries including EU, USA, China & Middle East have also been facing economic slowdown. The power and gas shortage have resulted in closing down of numerous industries throughout Pakistan. The decreasing production capacity of the industries is not only hampering creation of new jobs but to the contrary is creating joblessness. GDP growth rate slightly improving to 4.2% in 2014-2015 against 4.1% in 2013-14. The benchmark policy rate – Discount rate has been lowest in decades to 6% in view of marked decline in inflation. As had been stated in our last Report, substantial reduction in global oil prices have provided a golden opportunity to our economic managers for better strategy, planning and devising investment friendly policies. These measures would boost corporate earnings and enhance in Export. China Pakistan Economic Corridor (C.P.E.C.) materialization is expected to play a vital role to support the economy. Government seems to be committed to revive the economy and boost investment in the country but still the results are not encouraging. The Security Concerns, continued power and gas shortage and law and order situation, - all these factors compounding to below performance of economy to its potential. However despite these challenging and adversary environment, your Company managed to underwrite the Gross Premium of Rs.1114.395 - an increase of 8.39% over previous year.

OPERATIONAL RESULTS FOR THE YEAR 2015

The comparative financial highlights of your Company for the year ended 31st December, 2015 are as follows:

	2015	2014
	Rs. in Million	
Gross Premium	1114.395	1028.136
Net Premium	316.422	295.756
Net Incurred Claims (including IBNR)	89.862	94.300
Management Expenses	127.951	122.763
Underwriting Profit	49.219	39.447
Investment Income	86.693	96.216
Profit before Taxation	90.788	96.539
Profit after Taxation	80.988	90.139
Earnings per Share (EPS)	1.75	1.94

Gross Premium by Class of Business -2015

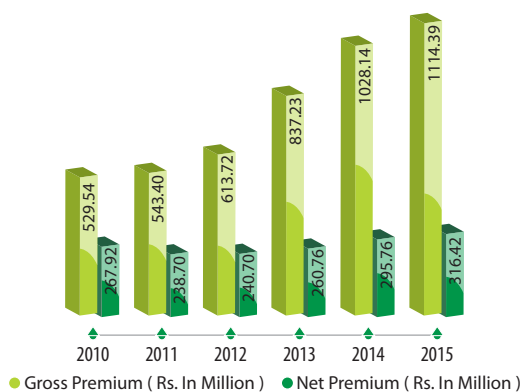


Your Company underwrote gross premium of Rs.1114.395 million against Rs.1028.136 million of the last year showing an increase of 8.39%. The net premium has marginally increased to Rs.316.422 from Rs.295.756 million, i.e. 6.99%.

Claims incurred during the year were Rs.89.862 million against Rs.94.300 million of the previous year, showing a decrease of 4.71%. However Management Expenses and General & Administration Expenses increased from Rs.164.698 million to Rs.174.362 - an increase of 5.87%.

Over the years, we have been constantly 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 / Organizations, thus depriving level playing field to all the market participants. This discriminatory scenario needs to be addressed seriously and immediately by the relevant quarters for the larger and best interest of the industry. However, IAP is seized with this issue and we do hope that this long outstanding matter would be amicably resolved.

Gross & Net Premium



INVESTMENT

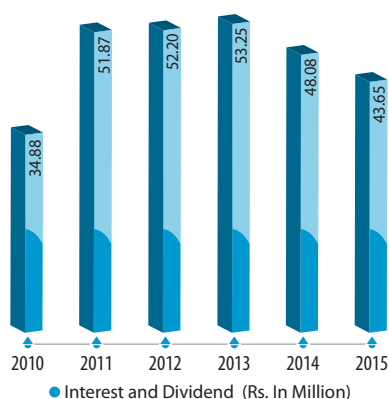
The investment policy of your company continues to be the same as had been in vogue - emphasizing preference to Shariah Complaint long term investment securing risk - free returns.

The shares portfolio of RICL is well spread and diversified amongst various sectors primarily focusing on blue chip scrips having high dividend yields, paying bonuses and future growth prospects. The portfolio remains under surveillance of the investment committee.

Dividend Income had stood at Rs.30.858 million in 2015 compared to previous year of Rs.32.765 million - a decrease of 5.82%. Your company has also realized capital gain of Rs.13.570 million against Rs.10.998 million of the previous year and booked unrealized gain for Rs.30.309 million compared to previous years Rs.37.062 million. The total investment income for 2015 was Rs.86.693 million against Rs.96.215 million in 2014.

Your company continues to endeavor generating a significant portion of its investment income from sustainable sources such as interest & dividends and capital gain thus generating healthy cash flow. The market value of Investment portfolio stood at Rs.664.153 million as at 31st December 2015 and investment in Bank Deposits Accounts stood at Rs.27.055 million.

Interest and Dividend



Investment Portfolio Surged
to Rs. 653.669 Million

Appropriation of Profit :

Amount brought forward from previous years	Rs. 41.068
Profit after tax for the year ended 31st December, 2015	Rs. 80.989
Un-appropriated amount available for appropriation	<u>Rs. 122.057</u>

Your Directors recommend that the profit be appropriated in the following manner.

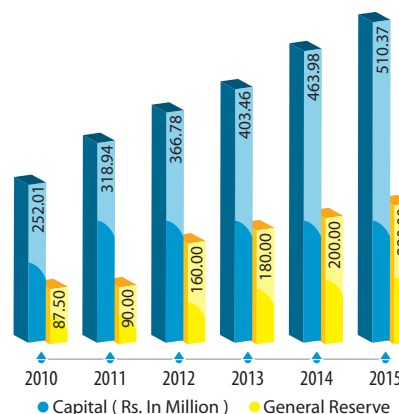
Appropriation:

Proposed Cash Dividend @ 5% (2014 : 5 %)	Rs. 23.199
Proposed Issue of Bonus Shares @ 10% (2014 : 15 %)	Rs. 46.398
Transfer to General Reserve	Rs. 20.000
Un-appropriated balance carried forward	<u>Rs. 32.460</u>
	Rs. 122.057

ENHANCED PAID-UP CAPITAL AND GENERAL RESERVES

Your Directors strongly 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.510.375 million thus achieving much earlier the minimum paid-up Capital requirement of Rs.500 million required to be achieved by 31st December, 2017 and General Reserve to Rs.220.000 million.

Capital & Reserves



Appropriation would increase
Paid up Capital **Rs. 510.375 Million**
and General Reserve to **Rs. 220.000 Million**

INFORMATION TECHNOLOGY

Your Company recognizes the extreme importance of Computerization & Information Technology in today's business environment by ensuring that we are update with the modern technology. Conscious of the challenges of modern technology your Company has developed a comprehensive strategy and implemented Oracle based integrated insurance management system i.e., iGIAS successfully meeting the challenges of this era and optimum quality services to our clients. iGIAS is on-line web-based system integrating insurance policies with claims, reinsurance & accounting and also monitoring premiums collection & receivables in time. The system has been fully implemented at branch level & online monitoring at Head Office of the Company. The Company is continuously enhancing its IT infrastructure with a view to improve routine operations and efficient and effective financial reporting and decision making.

The IT strategy is fully aligned with business requirements to offer IT enabled products and services for the highest level of customer satisfaction.

REINSURANCE

Your Company has successfully concluded the reinsurance arrangements for the year 2016. Swiss Re world's renowned Re-Insurer continues to be the leader of RIC's reinsurance programme for the year 2016. Underwriting capacity for all lines of business have suitably increased further in 2016, thus your Company would be able to underwrite larger risks. We are thankful to all our re-insurers for their unwavering confidence and continued support.

WINDOW TAKAFUL OPERATION

Your company, in line with other conventional insurance companies, have taken necessary measures to seek authorization\permission from Securities and Exchange Commission of Pakistan (SECP) to commence window Takaful operations. INSHALLAH Takaful operations would hopefully commence in the second quarter of 2016, subject to obtaining approval from the SECP.

JCR VIS CREDIT RATING

JCR VIS Credit Rating Company Limited – an affiliate of Japan Credit Rating Agency Limited has reaffirmed the Insurer Financial Strength (IFS) of Reliance Insurance Company Limited at A (single A). Outlook on the assigned Rating has been revised from stable to 'Positive'. The rating incorporates strong liquidity profile, adequate capitalization indicators and reinsurance program along with improved underwriting performance.

Related Party Transactions

All related party transactions are put up before the Audit Committee and the Board for their review and approval. These 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.

CORPORATE GOVERNANCE LEADERSHIP SKILL PROGRAM:

Following directors have already completed Corporate Governance Leadership skills (CGLS) program of Pakistan Institute of Corporate Governance (PICG).

1. Mr. Irfan Zakaria Bawany
2. Mr. Zohair Zakaria
3. Mr. Ahmed Ali Bawany

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 provision set out by the Securities and Exchange Commission of Pakistan and the listing rules of the Stock Exchanges of Karachi and Lahore. There has been no material departure from best practices of the Corporate Governance, as detailed in the listing regulation.

- 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 account 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 judgment.
- d) The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there-from 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, 2015 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 as detailed in the listing regulations.
- 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 2015, in respect of the Provident Fund Stands at Rs.47.399 million.

BOARD OF DIRECTORS

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

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

We deeply regret to report that our Founding and Sponsor Director Mr. Muhammad Amin Ahmed Bawany passed away on 12th January, 2016. May Allah Almighty rest his soul in peace in Janat-ul-Firdous, Ameen.

The Board highly values and appreciates the invaluable contributions made by (Late) Mr. Muhammad Amin Ahmed Bawany in the progress and prosperity of the Company since its inception – spanning over 34 years.

The Board would also like to place on record their profound appreciation for the enormous contributions made by the outgoing director, Mr. Yasin Siddik towards progress of the Company during his three terms period

BOARD COMMITTEES

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

The following are the members of Audit committee.

AUDIT COMMITTEE

- | | |
|-----------------------------|---|
| 1. Mr. Abdul Jabbar | Chairman (Independent Director) |
| 2. Mr. Irfan Zakaria Bawany | Member (Non Executive Director) |
| 3. Mr. Zohair Zakaria | Member (Non Executive Director) |
| 4. Mr. Muhammad Shuja Baig | Secretary to the committee.
Manager (Internal Audit) |

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

- i. Recommending to the Board of Directors the appointment of External Auditors and consider any questions of audit fee; the provision by the external auditors of any service in addition to the audit.
- 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. Review of adjustments resulting from audit.
- vi. Review of preliminary announcement of results prior to publication.
- vii. Review and recommend significant related party transactions.
- viii. Compliance with applicable accounting standards.
- ix. Compliance with listing regulations and other statutory and regulatory requirements.
- x. Monitoring compliance with the best practices of corporate governance and identification of any significant violations thereof
- xi. Focusing on the going concern assumption, and any changes in accounting policies and practices
- xii. Review of the scope and extent of internal audit.
- xiii. Consideration of major findings of internal investigation of activities characterized by fraud, corruption and abuse of power.
- xiv. Consideration of any other issue or matter as may be assigned by the board of directors.

INVESTMENT COMMITTEE

Investment Committee consists of four members including Chief Executive Office.

- | | |
|-----------------------------|-----------------------------------|
| 1. Mr. Irfan Zakaria Bawany | Chairman (Non Executive Director) |
| 2. Mr. Zohair Zakaria | Member (Non Executive Director) |
| 3. Mr. Ahmed Ali Bawany | Member (Non Executive Director) |
| 4. Mr. A. Razak Ahmed | Member (Executive Director) |

The terms of reference of this Committee shall include the following:-

- It review the Investment Portfolio every quarter
- The Committee recommends for the investments to be made in equities, mutual funds, fixed income securities Sariah compliant and Government (Sukkuk) Securities.
- Review purchase and sale of investment made during the quarter the income accruing from each sector
- Establish the benchmarks against which performance of the overall investment portfolio and its sectors are to be assessed.

HUMAN RESOURCE & REMUNERATION COMMITTEE

The committee comprises of three members including the Chairman of this committee and two Non Executive Directors, one Executive Director and Head of HR Department as Secretary to Chairman.

- | | |
|-----------------------------|-----------------------------------|
| 1. Mr. Zohair Zakaria | Chairman (Non Executive Director) |
| 2. Mr. Irfan Zakaria Bawany | Member (Non Executive Director) |
| 3. Mr. A. Razak Ahmed | Member (Executive Director) |
| 4. Mr. Masood Alam | Secretary |

The committee shall be responsible for:-

- a) Recommending human resource management policies to the board.
- b) Recommending to the board the selection and compensation (including retirement benefits) of CEO, CFO/Co. Secretary and Head of Internal Audit
- c) Periodic reviews of the amount and form of reimbursement for terminal benefits in case of retirement and death of any employee in relation to current norms.
- d) Consideration and approval on the recommendation of CEO on such matters for key management positions who report directly to CEO.
- e) Review recruitment policy and procedures for hiring of executives.
- f) Review and recommend annual appraisal and salary revision of Senior Executives of the company and staff members.
- g) Review and approve any changes required in perquisites and benefits of Senior Executives and employees.
- h) Approve termination and acceptance of resignations of Senior Executives
- i) Any other issue or matter as may be assigned by the Board of Directors.

Management Committees

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

Underwriting Committee

The functions of the 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 Committee consists of the following members:-

- | | |
|-----------------------------|----------|
| 1. Mr. A. Razak Ahmed | Chairman |
| 2. Mr. Rizwan Akhtar | Member |
| 3. Mr. Ishaqu Azeem | Member |
| 4. Mr. Muhammad Amin Bawany | Member |

Reinsurance & Co-Insurance Committee

The functions of the 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. Rizwan Akhtar | Member |
| 3. Mr. Ishaqu Azeem | Member |
| 4. Mr. Abdul Rahim | Member |

Claims Committee

The functions of the Committee includes:-

- It review 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. Rizwan Akhtar | Member |
| 3. Mr. Haroon A. Shakoor | Member |
| 4. Mr. Sadruddin Hussain | Member |

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:

Name of Directors Attendance	No. of meetings attended
1. Mr. Ismail H. Zakaria	3
2. Mr. Mohammad Amin Ahmed Bawany	3
3. Mr. A. Aziz Ayoob	3
4. Mr. Irfan Zakaria Bawany	4
5. Mr. Mohammad Omer Bawany	4
6. Mr. Zohair Zakaria	1
7. Mr. Ahmed Ali Bawany	4
8. Mr. Noor M. Zakaria	2
9. Mr. Yasin Siddik	3
10. Mr. Abdul Jabbar	4

Leave of absence was granted to the Directors who could not attend some of the Board meetings due to their busy schedules/prior engagements.

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.

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.

AUDITORS

Our present 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 2016, at a fee to be mutually agreed. The Audit Committee has recommended and the Board has endorsed the reappointment of M/s. BDO Ebrahim & Co., Chartered Accountants as auditors for the year ending 31st December 2016.

Karachi: 26 March, 2016

FUTURE OUTLOOK

The present Government is taking necessary measures to avert energy crises to boost Pakistan's depressed economy and is eyeing 5.5% GDP growth rate for the year 2015-2016. We are however optimistic about the improvement in economic scenario of the country in view of the government's resolve for tackling the energy crises and improving the Law and Order situation. Your Company will focus on long-term profitable growth through consolidation, improvement in systems and quality management information systems facilitating prudent and real time decisions. Additionally, Takaful operations (subject to approval by SECP) will create new avenues and opportunities to further increase 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 wish to 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



A. Razak Ahmed
Chief Executive & Managing Director

ڈائریکٹرز کی رپورٹ:

آپ کے ڈائریکٹرز بہ مسرت 31 دسمبر 2015 کو ختم ہونے والے سال کے لئے 34 ویں سالانہ رپورٹ بشمول آڈٹ شدہ حسابات پیش کر رہے ہیں۔

طاثرانہ نظر:

برآمدات بالخصوص یورپی یونین کے لئے جہاں پاکستان جی ایس پی پلس اسٹیٹس کا حامل ہے، مطلوبہ پیشرفت اور ترقی کے حصول میں ناکامی رہی جبکہ برآمدات میں کمی کا رجحان دیکھنے میں آیا۔ دیگر اہم ترقی یافتہ ممالک بشمول یورپی یونین، امریکہ، چین اور مشرق وسطیٰ کو بھی اقتصادی سست روی کا سامنا رہا۔ بحلی اور گیس کے بحران کے نتیجے میں پاکستان بھر میں متعدد اہم صنعتوں کو بند کر دیا گیا۔ صنعتوں کی کم پیداواری گنجائش کے باعث نہ صرف نئی ملازمتوں کا سلسلہ بند ہوا بلکہ بے روزگاری کی شرح بھی بڑھنے لگی۔ جی ڈی پی میں اضافے کی شرح معمولی بہتری کے ساتھ 2014-2015 میں 4.2 فیصد رہی جبکہ 2013-14 میں یہ 4.1 فیصد تھی۔ پینج مارک پالیسی ریٹ۔ ڈسکاونٹ ریٹ افراط زر میں نمایاں کمی کے پیش نظر کئی دہائیوں کے بعد 6 فیصد کی کم ترین سطح پر آئے۔ جیسا کہ ہماری گزشتہ رپورٹ میں بیان کیا گیا تھا کہ عالمی سطح پر تیل کے نرخوں میں نمایاں کمی نے ہمارے اقتصادی منتظمین کو بہتر حکمت عملی، منصوبہ بندی اور سرمایہ کار دوست پالیسیاں وضع کرنے کا سنہری موقع فراہم کیا۔ یہ اقدامات کارپوریٹ آمدنیوں میں اضافے اور برآمدات میں اضافے کا باعث ہوں گے۔ چنانچہ پاکستان اقتصادی راہداری (CPEC) منصوبہ موقع طور پر معیشت کے استحکام میں ایک نمایاں کردار ادا کرے گا۔ حکومت نے معیشت کی بحالی اور ملک میں سرمایہ کاری کو فروغ دینے کا عزم کر رکھا ہے تاہم ابھی تک نتائج حوصلہ افزا نہیں رہے ہیں۔ سیکورٹی خدشات، بحلی اور گیس کی مسلسل قلت اور امن وامان کی صورتحال..... یہ وہ تمام عناصر ہیں جو اقتصادی کارکردگی کو اس کی گنجائش کے مقابلے میں بحلی سطح پر رکھنے کے موجب ہیں۔ تاہم اس چیلنجنگ اور متاثرہ صورتحال کے باوجود آپ کی کمپنی نے 1114.395 ملین روپے کا مجموعی پریمیم حاصل کیا جو گزشتہ سال کے مقابلے میں 8.39 فیصد زائد ہے۔

سال 2015 کے لئے آپریشنل نتائج:

سال ختمہ 31 دسمبر 2015 کے لئے آپ کی کمپنی کے مسابقتی چیدہ چیدہ مالیاتی نکات درج ذیل کے مطابق ہیں۔

2014	2015	
		روپے ملین میں
1028.136	1114.395	مجموعی پریمیم
295.756	316.422	خالص پریمیم
94.300	89.862	خالص حاصل کردہ کلیمز (بشمول IBNR)
122.763	127.951	انتظامی اخراجات
39.447	49.219	انڈر رائٹنگ منافع
96.216	86.693	سرمایہ کار آمدنی
96.539	90.788	منافع قبل از ٹیکس
90.139	80.988	منافع بعد از ٹیکس
1.94	1.75	آمدنی فی شیئر (EPS)

آپ کی کمپنی نے 1114.395 ملین روپے کا مجموعی پریمیم ظاہر کیا ہے اس کے برخلاف گزشتہ سال کا حجم 1028.136 ملین روپے تھا جس سے 8.39 فیصد اضافہ واضح ہوتا ہے۔ خالص پریمیم معمولی اضافے کے ساتھ 295.756 ملین روپے سے بڑھ کر 316.422 ملین روپے ہو گیا یعنی 6.99 فیصد اضافہ ہوا۔ سال کے دوران کلیمز پر 89.862 ملین روپے صرف کئے گئے جبکہ گزشتہ سال 94.300 ملین روپے صرف کئے گئے تھے جو 4.71 فیصد کمی کا اظہار ہیں۔

تاہم اختتامیہ کے اخراجات اور عمومی و اختتامی اخراجات 164.698 ملین روپے سے بڑھ کر 174.362 ملین روپے ہو گئے اور 5.87 فیصد اضافہ ہوا۔ گزشتہ کئی سالوں سے ہم نام نہاد ”پینک حدود“ کی یکطرفہ اور صوابدیدی فلسفہ اور کچھ پینلوں، ڈی ایف آئیز، مالیاتی اداروں اور مختلف اتھارٹیوں/اداروں کی جانب سے ڈی لسٹنگ/نان لسٹنگ/پری کوالیفائنگ عمل پر مستقل روشنی ڈالتے آئے ہیں جس سے مارکیٹ میں موجود تمام اداروں کو مشکلات کا سامنا رہا ہے۔ یہ امتیازی صورتحال اس امر کی متقاضی ہے کہ صنعت کے وسیع تر اور بہتر متن مفاد کے لئے متعلقہ حلقوں کی جانب سے فوری طور پر سنجیدہ اقدامات کئے جائیں تاہم آئی اے نے اس معاملے کو منجمد کر دیا ہے اور ہم امید کرتے ہیں کہ اس طویل حل طلب معاملے سے جلد ہی بہتر انداز میں نمٹ لیا جائے گا۔

سرماہی کاری:

آپ کی کمپنی کی سرماہی کارپالیسی اسی انداز میں جاری ہے جیسا کہ اس کی ضرورت رہی ہے اور شریعہ کمپلائٹ طویل مدتی سرماہی کاری کے خطرات سے تحفظ..... آزاد منافع جات پر ترجیحی توجہ دی گئی۔

آر آئی سی ایل کا شیئرز پورٹ فولیو خوب اچھی طرح پھیلا ہوا اور مختلف شعبوں میں تقسیم شدہ ہے اور بنیادی طور پر بلیو چپ اسکرپس پر توجہ رکھی گئی ہے جو بہترین منافع منقسمہ کے حصول، یوٹس کی ادائیگیوں اور مستقبل میں ترقی کے امکانات کی حامل ہے۔ پورٹ فولیو سرماہی کار کمپنی کی زیر نگرانی رہتا ہے۔ منافع منقسمہ کی آمدنی 2015 میں 30.858 ملین روپے تھی جبکہ گزشتہ سال یہ رقم 32.765 ملین روپے تھی اور اس سال 5.82 فیصد کمی دیکھنے میں آئی۔ آپ کی کمپنی نے گزشتہ سال کے 10.998 ملین روپے کے مقابلے میں 13.570 ملین روپے کا کپٹل گین حاصل کیا اور گزشتہ سال کے 37.062 ملین روپے کے مقابلے میں 30.309 ملین روپے کے لئے غیر تسلیم شدہ فائدہ کا اندراج کیا۔ 2015 کے لئے مجموعی سرماہی کاری کی رقم 86.693 ملین روپے کے برخلاف 2014 میں یہ رقم 96.215 ملین روپے تھی۔

آپ کی کمپنی پائیدار ذرائع مثلاً شرح سود اور منافع منقسمہ اور کپٹل گین سے اس کی سرماہی کار آمدنی کا ایک بڑا حصہ حاصل کرنے کی کوششوں کو جاری رکھے ہوئے ہے تاکہ مناسب کیش حصول کا ذریعہ پیدا کیا جائے۔ سرماہی کاری کے پورٹ فولیو کی مارکیٹ ویلیو 31 دسمبر 2015 کو 664.133 ملین روپے پر برقرار تھی اور پینک ڈپازٹس اکاؤنٹس میں سرماہی کاری کی سطح 27.055 ملین روپے تھی۔

منافع جات کا محاسب:

گزشتہ سال سے آگے بڑھائی جانے والی رقم	41.068 روپے
سال ختمہ 31 دسمبر 2015 کے لئے منافع بعد از ٹیکس	80.989 روپے
محاسب کے لئے دستیاب غیر محاسب رقم	122.057 روپے
آپ کے ڈائریکٹرز نے سفارش کی ہے کہ منافع جات کو درج ذیل طریقہ کار میں موزوں شدہ بنایا جائے۔	

محاسب:

مجوزہ نقد منافع منقسمہ	
بشرح 5 فیصد (2014: 5 فیصد)	23.199 روپے
یوٹس شیئرز کا مجوزہ اجرا	
بشرح 10 فیصد (2014: 15 فیصد)	46.398 روپے
ٹرانسفر برائے جنرل ریذرو	20.000 روپے
غیر محاسب شدہ بقایا جات جو آگے منتقل کئے گئے	32.460 روپے
	122.057 روپے

اضافہ شدہ ادا کیا جانے والا سرمایہ اور عمومی اثاثہ جات

آپ کے ڈائریکٹر کمپنی کی ترقی اور مستقبل کے امکانات کے ساتھ سرمائے کی بنیاد اور اثاثہ جات کو مضبوط بنانے پر کامل یقین رکھتے ہیں۔ اس حکمت عملی کے تحت بورڈ آف ڈائریکٹرز نے مذکورہ بالا محاسب کو منظور کرتے ہوئے ادا شدہ سرمائے میں 510.375 ملین روپے کا اضافہ کیا۔ جس سے کم از کم ادا شدہ سرمائے کی ضرورت جلد از جلد 500 ملین روپے اور 31 دسمبر 2017 تک 220.00 ملین کے جنرل ریور حاصل ہو جائیں۔

انفارمیشن ٹیکنالوجی

آپ کی کمپنی آج کے مسابقتی کاروباری ماحول میں کمپیوٹرائزیشن اور انفارمیشن ٹیکنالوجی کی بڑھتی ہوئی اہمیت کو تسلیم کرتی ہے اور اسے یقینی بنانے کے لئے ہم جدید ٹیکنالوجی سے پوری طرح ہم آہنگ ہیں۔ جدید ٹیکنالوجی کے چیلنجوں کو سمجھتے ہوئے آپ کی کمپنی نے ایک جامع حکمت عملی ترتیب دی ہے اور اوریکل پر مبنی ایک مربوط انشورنس مینجمنٹ سسٹم یعنی iGIAS کامیابی سے اس دور کے چیلنجوں سے نمٹنے کے ساتھ ہمارے کلائنٹس کو بھرپور معیاری سروس فراہم کر رہا ہے۔ iGIAS آن لائن ویب پر مبنی سسٹم ہے جو انشورنس پالیسیز کو کلیمز، ری انشورنس اور اکاؤنٹنگ کے ساتھ جوڑے رکھنے کے ساتھ بروقت پری میجز کو جمع کرنے اور محاصل کی نگرانی بھی کرتا ہے۔ یہ سسٹم برانچ کی سطح پر مکمل کام کرنے سمیت کمپنی کے ہیڈ آفس میں آن لائن مانیٹرنگ پر نافذ العمل ہے۔ کمپنی مستقل طور پر اپنے آئی ٹی انفراسٹرکچر کو توسیع دے رہی ہے تاکہ معمول کے آپریشنز کو بہتر اور متحد بنانے کے ساتھ موثر مالیاتی رپورٹنگ اور فیصلہ سازی ممکن ہو۔

آئی ٹی اسٹریٹیجی مکمل طور پر کاروباری ضروریات کے عین مطابق ہے تاکہ صارف کے مکمل اطمینان کے لئے پروڈکٹس اور سروسز کے سلسلے میں آئی ٹی ٹیکنالوجی اس کے مطابق ہو۔

ری انشورنس

آپ کی کمپنی سال 2016 کے لئے ری انشورنس کے انتظامات کامیابی کے ساتھ مکمل کر چکی ہے۔ دنیا کے معروف ترین ری انشورنس ری (Swiss Re) سال 2016 کے لئے آئی سی کے ری انشورنس پروگرام کے لیڈر بننے کا عمل جاری رکھے ہوئے ہے۔ کاروبار کے تمام مراحل کے لئے انڈر رائٹنگ گنجائش درست طور پر سال 2016 میں مزید بڑھائی جائے گی تاکہ آپ کی کمپنی بڑے خطرات کو انڈر رائٹ کرنے کی صلاحیت حاصل کر سکے۔ ہم غیر متزلزل اعتماد اور مستقل سپورٹ و تعاون کے لئے اپنے تمام ری انشوررز کے انتہائی ممنون و مشکور ہیں۔

ونڈو تکافل آپریشن:

آپ کی کمپنی دیگر روایتی انشورنس کمپنیوں کے ساتھ ساتھ ونڈو تکافل آپریشنز کا آغاز کرنے کے لئے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) سے اختیار/اجازت حاصل کرنے کے لئے ضروری اقدامات کر رہی ہے۔ انشاء اللہ تکافل آپریشنز کا ممکنہ طور پر 2016 کی دوسری سہ ماہی میں آغاز کر دیا جائے گا جو ایس ای سی پی سے اجازت کے حصول سے مشروط ہے۔

جے سی آروی آئی ایس (JCR VIS) کریڈٹ ریٹنگ:

جے سی آروی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ۔ جو کہ جاپان کریڈٹ ریٹنگ ایجنسی لمیٹڈ سے منسلک ہے، نے ریلائنس انشورنس کمپنی لمیٹڈ کی انشورر فنانشل اسٹریٹیجی (IFS) کی اے (سنگل اے) پر دوبارہ توثیق کی ہے۔ تفویض شدہ ریٹنگ پر نگاہ ڈالنے ہوئے اس پر نظر ثانی کرتے ہوئے مستحکم کر کے ”مثبت“ کر دیا گیا۔ ریٹنگ میں مستحکم لیکویڈیٹی پر فائل، موزوں و مناسب سرمایہ کار اشاریے اور ری انشورنس پروگرام سمیت بہتر ہوتی ہوئی انڈر رائٹنگ کارکردگی شامل ہے۔

متعلقہ پارٹی ٹرانزیکشنز:

تمام متعلقہ پارٹی ٹرانزیکشنز کو آڈٹ کمیٹی اور بورڈ کے روبرو ان کے جانچے اور منظوری کے لئے رکھا جا رہا ہے۔ ان ٹرانزیکشنز کا جائزہ / سفارش آڈٹ کمیٹی کی جانب سے لیا گیا اور بورڈ آف ڈائریکٹرز کی جانب سے ان کے متعلقہ اجلاسوں میں ان کی منظوری دی گئی۔ تمام ٹرانزیکشنز متعلقہ پارٹیوں کے ساتھ ان کی ضرورت کی بنیاد پر تکمیل دی گئیں۔

کارپوریٹ گورننس لیڈرشپ مہارت پروگرام:

درج ذیل ڈائریکٹرز پہلے ہی پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کے کارپوریٹ گورننس لیڈرشپ اسکول (CGLS) پروگرام کو مکمل کر چکے ہیں۔

1- جناب عرفان ذکریا باوانی

2- جناب زوہیر ذکریا

3- جناب احمد علی باوانی

کوڈ آف کارپوریٹ گورننس پر عملدرآمد کا سٹیٹمنٹ:

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

کارپوریٹ اور فنانشل رپورٹنگ کافریم ورک

کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے طے کردہ شیڈول اور کراچی و لاہور کے اسٹاک ایکسچینجز 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 کر دیئے گئے ہیں۔

بی۔ کمپنی کے کھاتوں کی باقاعدہ بکس تیار کی گئی ہیں۔

سی۔ درست و موزوں اکاؤنٹنگ پالیسیاں مستقل طور پر مالیاتی گوشواروں اور اکاؤنٹنگ کے کھاتوں کی تیاری میں لاگو کی جارہی ہیں جو موزوں اور مستحکم فیصلوں پر منحصر ہوتی ہیں۔

ڈی۔ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) جیسا کہ پاکستان میں نافذ العمل ہیں، مالیاتی گوشواروں کی تیاری میں لاگو کئے جاتے ہیں اور ان سے انحراف کو مناسب انداز میں واضح کر دیا جاتا ہے۔

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

ایف۔ 31 دسمبر 2015 کے مطابق کمپنی میں شیڈولنگ کا طریقہ کار 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 انحراف کا کوئی جواز نہیں جیسا کہ لسٹنگ ریگولیشنز میں درج ہے۔

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

ہے۔ 31 دسمبر 2015 کے مطابق پراویڈنٹ فنڈ کی رقومات کے سلسلے میں غیر آڈٹ شدہ اکاؤنٹس پر منحصر سرمایہ کاریوں کی ویلیو 47.399 کروڑ روپے پر قرار ہے۔

بورڈ آف ڈائریکٹرز

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 میمورنڈم اور آرٹیکل آف ایسوسی ایشن کے تحت انجام دیئے گئے اور ان سب کے بنیادی مقاصد حصص یافتگان کے مفادات کا تحفظ کرنا، کمپنی کے منافع جات میں اضافہ کرنا تھا اور بنیادی ہدف شیئر ہولڈرز کے اثاثہ جات میں اضافہ اور مارکیٹ میں اعتماد کو فروغ دینا تھا۔

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 مہارتوں 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 کے اہل ہیں۔ وہ اپنے تجربے اور عملی مشاورت کے ضمن میں بھی بھرپور شراکت رکھتے ہیں۔

ہم انتہائی دکھ اور افسوس کے ساتھ یہ اطلاع بھی دیتے ہیں کہ ہمارے بانی اور اسپانسر ڈائریکٹر جناب محمد امین احمد باوانی 12 جنوری 2016 کو انتقال کر گئے۔ اللہ تعالیٰ انہیں جنت الفردوس میں جگہ عطا فرمائے۔ آمین

بورڈ مرحوم جناب محمد امین احمد باوانی کی جانب سے کمپنی کی ترقی اور استحکام کے ضمن میں اس کے قیام سے یعنی 34 سالوں سے زائد عرصے تک انجام دی جانے والی قابل قدر خدمات اور بھرپور شراکت پر انہیں خراج تحسین پیش کرتا ہے۔

بورڈ سبکدوش ہونے والے ڈائریکٹر جناب یاسین صدیق کی جانب سے ان کی تین سالہ مدت کے دوران کمپنی کی ترقی کے ضمن میں کی جانے والی شاندار خدمات پر بھی ان کے لئے خراج تحسین ریکارڈ کرنا چاہتا ہے۔

بورڈ کی کمیٹیاں

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

آڈٹ کمیٹی کے ممبران درج ذیل ہیں:

آڈٹ کمیٹی

- | | | |
|----|-------------------------|------------------------------|
| 1- | جناب عبدالجبار | چیئرمین (انڈیپنڈنٹ ڈائریکٹر) |
| 2- | جناب عرفان ذکریا باوانی | ممبر (نان-ایگزیکٹو ڈائریکٹر) |
| 3- | جناب زوہیر ذکریا | ممبر (نان-ایگزیکٹو ڈائریکٹر) |
| 4- | جناب محمد شجاع بیگ | سیکرٹری برائے کمیٹی |
- منیجر (انٹرنل آڈٹ)

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

- بورڈ آف ڈائریکٹرز کو بیرونی آڈیٹرز کے تفریحی 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۔
- بیرونی آڈیٹرز کے استغنیے یا برطرفی سے متعلق سوالات پر غور و خوض۔
- کمپنی کے اثاثہ جات کو محفوظ رکھنے کے لئے مناسب و موزوں اقدامات کا تعین۔
- بورڈ آف ڈائریکٹرز کی منظوری سے قبل کمپنی کے سہ ماہی، ششماہی اور سالانہ مالیاتی گوشواروں کا جائزہ۔

- (v) آڈٹ سے حاصل نتائج پر ایڈجسٹمنٹس کا جائزہ۔
- (vi) اشاعت سے قبل نتائج کے ابتدائی اعلان کا جائزہ۔
- (vii) اہم متعلقہ پارٹی ٹرانزیکشنز کا جائزہ اور سفارش۔
- (viii) نافذ العمل اکاؤنٹنگ اسٹینڈرڈز پر عمل درآمد۔
- (ix) لسٹنگ ریگولیشنز اور دیگر بنیادی اور ریگولیٹری شرائط پر عمل درآمد۔
- (x) کارپوریٹ گورننس کے بہترین طریقہ کار پر عمل درآمد کی نگرانی اور کسی نمایاں خلاف ورزی کی شناخت اور وضاحت۔
- (xi) متوقع امور پر توجہ دینا اور اکاؤنٹنگ پالیسیوں اور طریقہ کار میں تبدیلیاں۔
- (xii) اندرونی آڈٹ کے اسکوپ اور توسیع کا جائزہ۔
- (xiii) فراڈ، بدعنوانی اور اختیارات کے ناجائز استعمال کے ذریعے سامنے آنے والی سرگرمیوں کی بنیادی چھان بین اور اندرونی تحقیقات پر غور و خوض۔

(xiv) کسی دیگر مسئلے یا امور پر غور و خوض جو کہ بورڈ آف ڈائریکٹرز کی جانب سے پیش کیا جائے۔

انویسٹمنٹ کمیٹی

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

- 1- جناب عرفان ذکریا باوانی چیئرمین (نان ایگزیکٹو ڈائریکٹر)
- 2- جناب زوہیر ذکریا ممبر (نان ایگزیکٹو ڈائریکٹر)
- 3- جناب احمد علی باوانی ممبر (نان ایگزیکٹو ڈائریکٹر)
- 4- جناب اے رزاق احمد ممبر (ایگزیکٹو ڈائریکٹر)

اس کمیٹی کے ٹرمز آف ریفرنس میں درج ذیل امور شامل ہوں گے۔

0 یہ ہر سہ ماہی پر سرمایہ کاری کے پورٹ فولیو کا جائزہ لے گی۔

0 کمیٹی ایکویٹیز، میوچل فنڈز، فلکسڈ انکم سیکیورٹیز، شریعہ کمپلیٹ اور سرکاری (سکوک) سیکیورٹیز میں کی جانے والی سرمایہ کاریوں کی سفارش کرتی ہے۔

0 سہ ماہی کے دوران ہر ایک شعبے میں حاصل ہونے والی آمدنی سے کی جانے والی سرمایہ کاریوں کی خریداری اور فروخت کا جائزہ۔

0 اہداف کا تعین کرنا جس کے تحت مجموعی سرمایہ کاری کے پورٹ فولیو اور اس کے سیکٹرز کی کارکردگی کا جائزہ لیتے ہیں۔

ہیومن ریسورس و ری میونریشن کمیٹی

کمیٹی تین ممبران بشمول اس کمیٹی کے چیئرمین اور دو نان ایگزیکٹو ڈائریکٹرز، ایک ایگزیکٹو ڈائریکٹر اور ہیڈ ایچ آر ڈپارٹمنٹ بطور سیکریٹری برائے چیئرمین پر مشتمل ہے۔

- 1- جناب زوہیر ذکریا چیئرمین (نان ایگزیکٹو ڈائریکٹر)
- 2- جناب عرفان ذکریا باوانی ممبر (نان ایگزیکٹو ڈائریکٹر)
- 3- جناب اے رزاق احمد ممبر (ایگزیکٹو ڈائریکٹر)
- 4- جناب مسعود عالم سیکریٹری (سیکرٹری برائے کمیٹی)

کمٹی درج ذیل امور کی ذمہ دار ہوگی۔

(اے) بورڈ کو ہیومن ریسورس مینجمنٹ کی پالیسیوں کی سفارش کرنا۔

(بی) بورڈ کو سی ای او، سی ایف او/ معاون سیکریٹری اور انٹرنل آڈٹ کے ہیڈ کے انتخاب اور معاوضے (بشمول ریٹائرمنٹ کے فوائد) کی سفارش کرنا۔

(سی) کسی ملازم کی سبکدوشی اور دوران ملازمت انتقال ہونے کی صورت میں ٹرمینل فوائد کے لئے زرتلافی کی رقم اور اس کی شکل کا باقاعدگی سے جائزہ لینا۔

(ڈی) اہم انتظامی پوزیشنز کے لئے ایسے معاملات جہاں پر براہ راست سی ای او کو رپورٹ کرنی ہو، ان پر سی ای او کی سفارشات پر غور و خوض اور منظوری دینا۔

(ای) ایگزیکٹوز کی خدمات حاصل کرنے کے لئے ریکروٹمنٹ پالیسی اور طریقہ کار کا جائزہ لینا۔

(ایف) کمپنی کے سینئر ایگزیکٹوز اور اسٹاف ممبرز کی سالانہ ترقی اور تنخواہوں پر نظر ثانی کا جائزہ لینا اور سفارشات دینا۔

(جی) سینئر ایگزیکٹوز اور ملازمین کی مراعات اور فوائد کے سلسلے میں درکار تبدیلیوں کا جائزہ لینا اور منظوری۔

(ایچ) سینئر ایگزیکٹوز کی برطرف اور استعفوں کی منظوری۔

(آئی) کوئی بھی ایسا دیگر امور جو بورڈ آف ڈائریکٹرز کی جانب سے تفویض کیا گیا ہو۔

مینجمنٹ کمیٹیاں

بورڈ نے تین انتظامی کمیٹیاں بنام انڈر رائٹنگ، کلیمز، ری انشورنس اور کو۔ انشورنس 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۔

انڈر رائٹنگ کمیٹی

کمیٹی کے فرائض میں شامل ہے:

0 انڈر رائٹنگ کمیٹی کمپنی کی انڈر رائٹنگ پالیسی تشکیل دیتی ہے۔

0 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۔

0 یہ باقاعدگی کے ساتھ کمپنی کی انڈر رائٹنگ اور پریمیم پالیسیوں کا جائزہ لینے کے ساتھ متعلقہ عناصر مثلاً بزنس پورٹ فولیو اور مارکیٹ کی صورتحال پر بھی نگاہ رکھتی ہے۔

کمیٹی درج ذیل ممبران پر مشتمل ہے:

1-	جناب اے رزاق احمد	چیئرمین
2-	جناب رضوان اختر	ممبر
3-	جناب اسحاق عظیم	ممبر
4-	جناب محمد امین بادانی	ممبر

ری انشورنس اور کوانشورنس کمیٹی

کمیٹی کے فرائض میں شامل ہے:

- 0 یہ کمیٹی کمپنی کے کاروبار کے لئے کئے جانے والے موزوں ری انشورنس انتظامات کو یقینی بناتی ہے۔
- 0 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۔
- 0 کمیٹی مستقبل کے حوالے کے لئے ری انشورنس پروگرام کے موثر ہونے کا جائزہ بھی لیتی ہے۔
- 0 کمیٹی درج ذیل ممبران پر مشتمل ہے۔

1-	جناب اے رزاق احمد	چیئر مین
2-	جناب رضوان اختر	ممبر
3-	جناب اسحاق عظیم	ممبر
4-	جناب عبدالرحیم	ممبر

کلیمز کمیٹی

کمیٹی کے فرائض میں شامل ہے:

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

کمیٹی درج ذیل ممبران پر مشتمل ہے:

1-	جناب اے رزاق احمد	چیئر مین
2-	جناب رضوان اختر	ممبر
3-	جناب ہارون اے شکور	ممبر
4-	صدر الدین حسین	ممبر

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۔

ڈائریکٹر کے نام	اجلاس میں حاضری
1- جناب اسماعیل ایچ ذکریا	3
2- جناب محمد امین احمد باوانی	3
3- جناب اے عزیز ایوب	3
4- جناب عرفان ذکریا باوانی	4
5- جناب محمد عمر باوانی	4
6- جناب زوہیر ذکریا	1
7- جناب احمد علی باوانی	4
8- جناب نور ایم ذکریا	2
9- جناب یاسین صدیق	3
10- جناب عبدالجبار	4

ان ڈائریکٹرز کو غیر حاضری کے لئے چھٹی منظور کر دی گئی تھی جو اپنے مصروف شیڈول/پیشگی مصروفیات کے باعث بورڈ کے کچھ اجلاسوں میں شرکت نہیں کر سکے تھے۔

کمپنی کے شیئرز کی ٹریڈنگ

کمپنی کے شیئرز میں 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۔

ضابطہ اخلاق اور کاروباری طریقہ کار کا اسٹیٹمنٹ

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

آڈیٹرز

ہمارے موجودہ آڈیٹرز میسرز بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس سالانہ اجلاس عام کے اختتام پر سبکدوش ہو رہے ہیں اور اہل ہونے کی بنا پر انہوں نے 31 دسمبر 2016 کو ختم ہونے والے مالی سال کے لئے باہمی رضامندی سے طے شدہ ایک فیس پر خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ آڈٹ کمیٹی نے 31 دسمبر 2016 کو ختم ہونے والے سال کے لئے میسرز بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس کی بحیثیت آڈیٹرز دوبارہ تقرری کی سفارش کی ہے اور بورڈ نے اس کی توثیق کر دی ہے۔

مستقبل پر ایک نگاہ

موجودہ حکومت توانائی بحران پر قابو پانے کے لئے ضروری اقدامات کر رہی ہے تاکہ پاکستان کی لوکھڑاتی معیشت کو ترقی کی راہ پر گامزن کیا جاسکے اور سال 2015-2016 کے لئے 5.5% جی ڈی پی گروتھ ریت پر نگاہ ہے۔ ہم حکومت کی جانب سے توانائی بحرانوں پر قابو پانے اور امن و امان کی صورتحال کو بہتر بنانے کے ضمن میں کئے جانے والے اقدامات کے پیش نظر ملک میں اقتصادی صورت حال کی بہتری کے لئے پرعزم ہیں۔ آپ کی کمپنی مجموعی کوششوں،

سسٹم میں بہتری اور محتاط و بروقت فیصلوں پر عملدرآمد کے سلسلے میں کوالٹی میجمنٹ انفارمیشن سسسٹم کے ذریعے طویل مدتی منافع بخش ترقی پر نگاہ رکھے ہوئے ہے مزید برآں تکافل آپریشنز (ایس ای سی پی کی منظوری سے مشروط) آپ کی کمپنی کے کاروبار کو مزید فروغ دینے کے لئے نئی راہیں اور نئے مواقع پیدا کرے گا۔

اکنالجمنٹ

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، دیاننداری کو بھی خراج تحسین پیش کرتے ہیں۔ آپ کے ڈائریکٹرز اعتماد، تعاون اور بھروسے کے لئے فیکس ہولڈرز کے بھی مشکور ہیں۔

حسب الحکم بورڈ

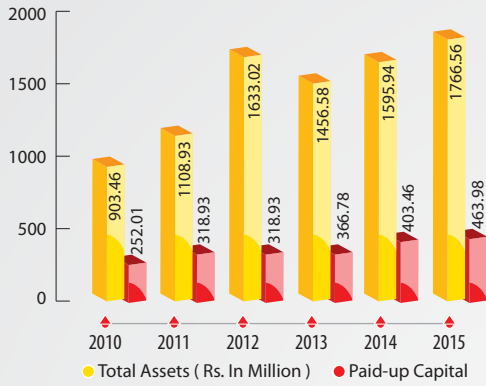
اے رزاق احمد

چیف ایگزیکٹو و مینجنگ ڈائریکٹر

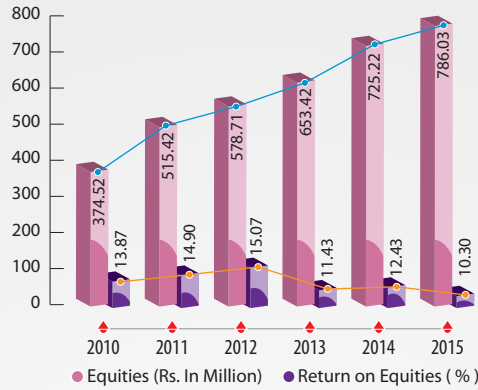
کراچی 26 مارچ 2016

Graphical Presentation

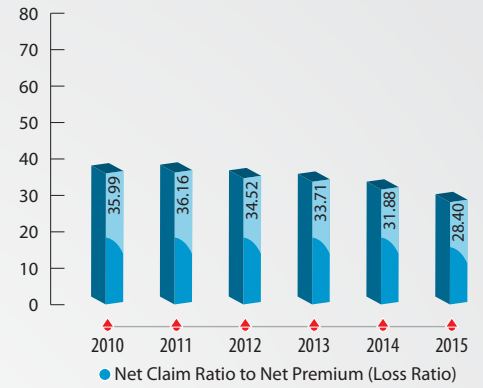
Total Assets & Paid-up Capital
(Rs. In Million)



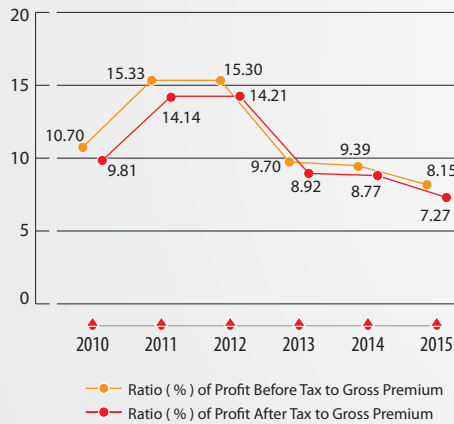
Equities & Return on Equities



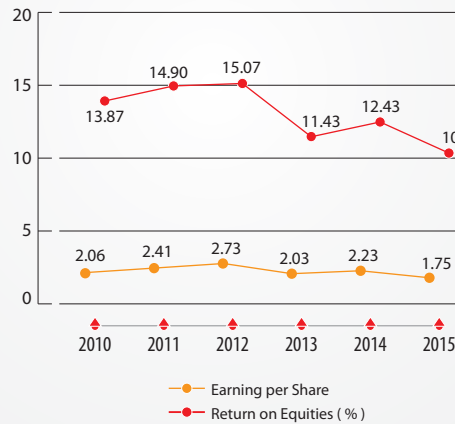
Net Claim Ratio to Net Premium
(Loss Ratio)



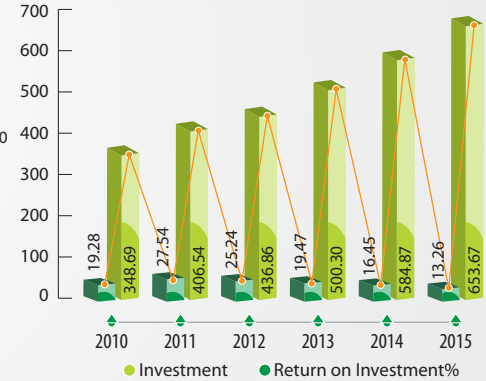
Ratio of Profit Before & After Tax to
Gross Premium



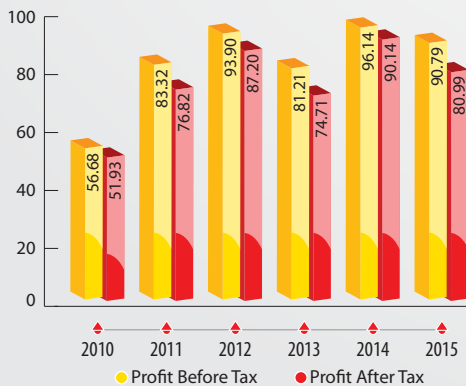
Return on Equity & Earning
per Share



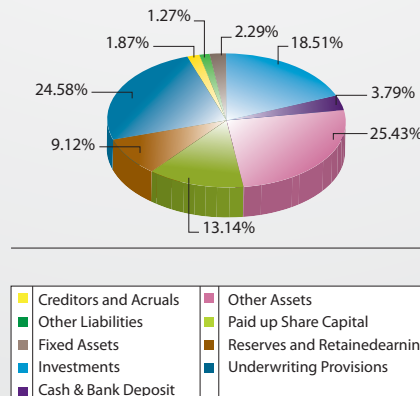
Return on Investment



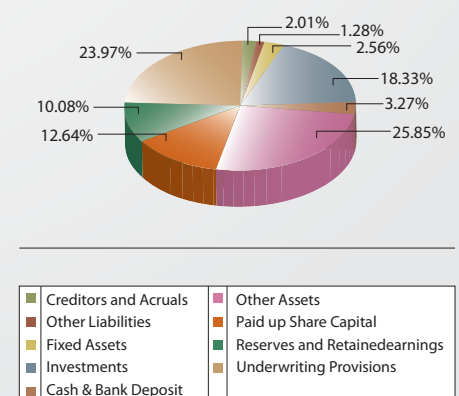
Profit Before Tax & After Tax



Assets, Liabilities & Equities -
2015



Assets, Liabilities & Equities -
2014



Statement of Compliance with the Code of Corporate Governance

for the financial year ended 31st December 2015

This statement is being presented to comply with the Code of Corporate Governance, contained in the rule book of the Pakistan Stock Exchange Ltd., for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes 8 non-executive directors and two independent non executive directors representing minority shareholders and one Executive Director.

Sr. No	Directors		Sr. No	Directors	
1	Mr. Ismail H. Zakaria	Non-Executive	7	Mr. Ahmed Ali Bawany	Non-Executive
2	Mr. Mohammad Amin Ahmed Bawany	Non-Executive	8	Mr. Noor M. Zakaria	Non-Executive
3	Mr. A. Aziz Ayoob	Non-Executive	9	Mr. Yasin Siddik	Independent
4	Mr. Irfan Zakaria Bawany	Non-Executive	10	Mr. Abdul Jabbar	Independent
5	Mr. Mohammad Omer Bawany	Non-Executive	11	Mr. A. Razak Ahmed	Executive
6	Mr. Zohair Zakaria	Non-Executive			

The independent directors meet the criteria of independence under clause I (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered taxpayer and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy arose in the Board during the year under consideration.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company alongwith its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board has been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and nonexecutive directors, have been taken by the Board.
8. 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 and the board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has been provided information and presentation on the Code of Corporate Governance 2012. Three directors have successfully completed Corporate Governance Leadership Skills (CGLS) program of the Pakistan Institute of Corporate Governance (PIGC). Six directors meet the criteria of exemption under Clause (xi) of the Code and are accordingly exempted from Directors' Training Program (DTP)
10. The board has approved appointments of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. No new appointment of CFO, Company Secretary & Head of Internal Audit was made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of (2) two non-executive directors and one Independent Director who is the Chairman of the Committee.
16. The underwriting claims settlement and reinsurance and coinsurance committees have been formed and meeting were held atleast ones every quarter.
17. The meetings of the Audit Committee were held atleast once every quarter prior to approval of interim and final results of the Company and as required by the Code the terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has formed a Human Resource & Remuneration Committee. It comprises of three members of whom two are non-executive directors including the Chairman of the Committee.
19. The Board has set-up an effective internal audit function, manned by experienced and qualified staff who are fully conversant with the policies and procedures of the Company.
20. The statutory auditors of the Company have confirmed that they have been given satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
23. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
24. We confirm that all other material principles contained in the Code have been complied with.



ISMAIL H. ZAKRIA
Chairman



A. RAZAK AHMED
Chief Executive & Managing Director

Karachi: 26 March, 2016

Review Report to the Members on Statement of Compliance

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Reliance Insurance Company Limited for the year ended December 31, 2015 to comply with the requirements of Listing Regulations of Karachi Stock Exchange and Lahore Stock Exchange Limited (which have subsequently merged into Pakistan Stock Exchange Limited) where the Company is listed.

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

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 Code requires 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 Code as applicable to the Company for the year ended December 31, 2015.

Karachi: 26 March, 2016



BDO. Ebrahim & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

Auditor's Report to the Members

We have audited the annexed financial statements comprising of:

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

of RELIANCE INSURANCE COMPANY LIMITED ("the Company") as at December 31, 2015 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved International Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980(XVIII of 1980), was deducted by the Company and deposited in the central Zakat Fund established under Section 7 of that Ordinance.

Without modifying our opinion, we draw attention to note 9.1 (b) to the financial statements disclosing a contingent liability relating to an aviation claim reported on November 3, 2015.

Karachi: 26 March, 2016



BDO. Ebrahim & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

Balance Sheet

As at December 31, 2015

	Note	December 31, 2015	December 31, 2014
Rupees			
SHARE CAPITAL AND RESERVES			
Authorised share capital (75,000,000 ordinary shares of Rs. 10/- each)		750,000,000	500,000,000
Issued, subscribed and paid-up capital	6	463,977,560	403,458,750
Retained earnings		122,057,137	141,760,248
Reserves	7	200,000,000	180,000,000
		786,034,697	725,218,998
UNDERWRITING PROVISIONS			
Provision for outstanding claims (including IBNR)		339,587,215	273,401,444
Provision for unearned premium		497,328,528	461,012,732
Commission income unearned		31,285,884	30,420,729
Total underwriting provision		868,201,627	764,834,905
CREDITORS AND ACCRUALS			
Amounts due to other insurers/reinsurers		39,017,810	37,994,635
Accrued expenses		3,512,989	2,851,602
Taxation - provision less payments		2,376,372	-
Other creditors and accruals		66,167,601	64,133,847
		111,074,772	104,980,084
SHORT TERM BORROWINGS			
Running finance	8	-	-
OTHER LIABILITIES			
Unclaimed dividend		1,250,296	909,995
CONTINGENCIES AND COMMITMENTS			
	9		
TOTAL EQUITY AND LIABILITIES		1,766,561,392	1,595,943,982

The annexed notes from 1 to 32 form an integral part of these financial statements.

	Note	December 31, 2015	December 31, 2014
Rupees			
CASH AND BANK DEPOSITS			
Cash and other equivalent		366,753	145,274
Current and other accounts		106,504,735	78,369,734
Deposit maturing within 12 months		27,055,673	25,984,164
	10	<u>133,927,161</u>	<u>104,499,172</u>
LOANS			
To employees	11	1,418,155	1,534,110
INVESTMENTS			
	12	653,669,592	584,867,636
CURRENT ASSETS-OTHERS			
Premium due but unpaid	14	190,636,360	174,899,743
Amounts due from other insurers/reinsurers		10,057,564	27,209,800
Accrued investment income		1,772,710	3,234,955
Reinsurance recoveries against outstanding claims		287,126,238	230,576,451
Deferred commission expense		57,701,546	54,078,582
Prepaid reinsurance premium ceded		347,277,795	332,117,483
Taxation - provision less payments		-	129,804
Trade deposits and prepayments		1,804,259	701,819
Sundry receivables		427,173	442,509
	15.1	<u>896,803,645</u>	<u>823,391,146</u>
FIXED ASSETS			
Tangible			
Land and buildings		9,215,595	10,239,550
Furniture, fixtures and office equipment		5,736,929	6,028,890
Motor vehicles		65,790,315	65,383,478
		<u>80,742,839</u>	<u>81,651,918</u>
Intangible			
Computer software	15.3	-	-
TOTAL ASSETS			
		<u>1,766,561,392</u>	<u>1,595,943,982</u>



Ismail H. Zakaria
Chairman



Mohammad Omer Bawany
Director



Zohair Zakaria
Director



A. Razak Ahmed
Chief Executive & Managing Director

Karachi 26 March, 2016

Profit & Loss Account

for the year ended December 31, 2015

FORM GB

	Note	Fire & Property	Marine Aviation & Transport	Motor	Miscellaneous	2015 Aggregate	2014 Aggregate
Rupees							
Revenue Account							
Net premium revenue		105,033,558	57,872,395	141,613,217	11,903,632	316,422,802	295,756,678
Net claims		(23,502,810)	(11,178,139)	(54,699,328)	(482,060)	(89,862,337)	(94,300,350)
Management expenses	16	(42,472,276)	(23,401,781)	(57,263,942)	(4,813,455)	(127,951,454)	(122,763,536)
Net commission		(28,098,787)	(5,582,921)	(14,974,979)	(732,644)	(49,389,331)	(39,245,643)
Underwriting result		10,959,685	17,709,554	14,674,968	5,875,473	49,219,680	39,447,149
Investment income						86,693,094	96,215,683
Other income	17					1,285,085	2,811,964
Financial charges						(203,074)	(46,429)
General and administration expenses	18					(46,206,148)	(41,888,543)
Profit before tax						90,788,637	96,539,824
Provision for taxation							
Current	19					(9,800,000)	(6,400,000)
Profit after tax						80,988,637	90,139,824
Profit and loss appropriation account							
Balance at commencement of the year						141,760,248	126,637,528
Profit after tax for the year						80,988,637	90,139,824
Cash dividend for the year 2014: 5%						(20,172,938)	(18,339,034)
Transfers to general reserve						(20,000,000)	(20,000,000)
Bonus shares for the year 2014: 15%						(60,518,810)	(36,678,070)
Balance accumulated at the end of the period						122,057,137	141,760,248
Earnings per share - basic and diluted	20					1.75	1.94

The annexed notes from 1 to 32 form an integral part of these financial statements.



Ismail H. Zakaria
Chairman



Mohammad Omer Bawany
Director



Zohair Zakaria
Director



A. Razak Ahmed
Chief Executive & Managing Director

Karachi 26 March, 2016

Statement of Comprehensive Income

for the year ended December 31, 2015

	December 31, 2015	December 31, 2014
	Rupees	
Profit after tax	80,988,637	90,139,824
Other comprehensive income	-	-
Total comprehensive income for the year	80,988,637	90,139,824

The annexed notes from 1 to 32 form an integral part of these financial statements.



Ismail H. Zakaria
Chairman



Mohammad Omer Bawany
Director



Zohair Zakaria
Director



A. Razak Ahmed
Chief Executive & Managing Director

Karachi 26 March, 2016

Statement of Changes in Equity

for the year ended December 31, 2015

	Share capital	General reserves	Unappropriated profit	Total
	Rupees			
Balance as at January 01, 2014	366,780,680	160,000,000	126,637,528	653,418,208
Profit after tax	-	-	90,139,824	90,139,824
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	90,139,824	90,139,824
Transfer to general reserve	-	20,000,000	(20,000,000)	-
Transactions with owners				
Issuance of bonus shares	36,678,070	-	(36,678,070)	-
Cash dividend	-	-	(18,339,034)	(18,339,034)
	36,678,070	-	(55,017,104)	(18,339,034)
Balance as at December 31, 2014	403,458,750	180,000,000	141,760,248	725,218,998
Profit after tax	-	-	80,988,637	80,988,637
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	80,988,637	80,988,637
Transfer to general reserve	-	20,000,000	(20,000,000)	-
Transactions with owners				
Issuance of bonus shares	60,518,810	-	(60,518,810)	-
Cash dividend	-	-	(20,172,938)	(20,172,938)
	60,518,810	-	(80,691,748)	(20,172,938)
Balance as at December 31, 2015	463,977,560	200,000,000	122,057,137	786,034,697

The annexed notes from 1 to 32 form an integral part of these financial statements.



Ismail H. Zakaria
Chairman



Mohammad Omer Bawany
Director



Zohair Zakaria
Director



A. Razak Ahmed
Chief Executive & Managing Director

Karachi 26 March, 2016

Statement of Cash Flow

for the year ended December 31, 2015

FORM GC
January to December

	December 31, 2015	December 31, 2014
	Rupees	
Operating cash flow		
a) Underwriting activities		
Premium received	1,098,310,759	1,041,846,836
Reinsurance premium paid	(758,641,861)	(739,631,568)
Claims paid	(277,774,729)	(249,017,859)
Reinsurance and other recoveries received	197,548,376	165,667,327
Commission paid	(123,488,642)	(114,135,119)
Commission received	71,689,684	73,455,131
Net cash generated from underwriting activities	207,643,587	178,184,748
b) Other operating activities		
Income tax paid	(7,293,824)	(6,303,611)
General management expenses paid	(127,951,454)	(122,763,536)
Other operating payments	(34,109,130)	(30,138,238)
Repayment received / (Loans advanced)	115,955	(17,271)
Other creditors and accruals	2,695,141	4,267,911
Other (payments) / receipts in respect of operating assets	(1,087,104)	124,022
Net cash used in other operating activities	(167,630,416)	(154,830,723)
Net cash generated from operating activities	40,013,171	23,354,025
Investment activities		
Interest / dividend received	45,083,073	51,763,911
Payments for investments	(199,730,436)	(156,675,656)
Proceeds from disposal of investments	174,000,746	120,311,956
Fixed capital expenditures	(14,786,854)	(25,300,630)
Proceeds from disposal of fixed assets	4,884,000	5,991,500
Net cash generated from / (used in) investing activities	9,450,529	(3,908,919)
Financing activities		
Dividend paid	(19,832,637)	(17,978,434)
Financial charges	(203,074)	(46,429)
Net cash used in financing activities	(20,035,711)	(18,024,863)
Net increase in cash and cash equivalent	29,427,989	1,420,243
Cash and cash equivalent at the beginning of the period	104,499,172	103,078,929
Cash and cash equivalent at the end of the period	133,927,161	104,499,172

Statement of Cash Flow

for the year ended December 31, 2015

FORM GC
January to December

	December 31, 2015	December 31, 2014
	Rupees	
Reconciliation to profit and loss account		
Operating cash flow	40,013,171	23,354,025
Depreciation	(12,097,018)	(11,750,305)
Financial charges	(203,074)	(46,429)
Gain on disposal of fixed assets	1,285,085	2,811,964
Increase in assets other than cash	74,758,789	46,757,305
Increase in liabilities other than running finance	(109,461,410)	(67,202,419)
Investment income	86,693,094	96,215,683
Profit after taxation	80,988,637	90,139,824
Definition of cash		
Cash in hand and at banks, stamps in hand and short term placements with banks		
Cash for the purposes of the statement of cash flows consists of:		
Cash and equivalents	366,753	145,274
Current and other accounts	106,504,735	78,369,734
Deposits maturing within 12 months	27,055,673	25,984,164
	133,927,161	104,499,172

The annexed notes from 1 to 32 form an integral part of these financial statements.

Ismail H. Zakaria
Chairman

Mohammad Omer Bawany
Director

Zohair Zakaria
Director

A. Razak Ahmed
Chief Executive & Managing Director

Karachi 26 March, 2016

Statement of Premiums

for the year ended December 31, 2015

Business underwritten inside Pakistan.

FORM GD

Class	Premium written	Unearned Premium		Premium earned	Reinsurance ceded	Prepaid Reins Premium		Reinsurance expenses	2015 Net Premium revenue	2014 Net Premium revenue
		Opening	Closing			Opening	Closing			
Rupees										
Direct and facultative										
Fire and property damage	292,321,391	147,937,526	157,048,423	283,210,494	187,869,453	92,733,909	102,426,426	178,176,936	105,033,558	106,322,417
Marine, aviation and transport	630,017,054	239,764,467	244,618,344	625,163,177	571,660,793	231,369,006	235,739,017	567,290,782	57,872,395	62,539,319
Motor	169,173,505	59,541,406	83,763,620	144,951,291	3,310,516	1,703,010	1,675,452	3,338,074	141,613,217	109,327,920
Miscellaneous	22,883,608	13,769,333	11,898,141	24,754,800	13,976,510	6,311,558	7,436,900	12,851,168	11,903,632	17,567,022
Grand total	1,114,395,558	461,012,732	497,328,528	1,078,079,762	776,817,272	332,117,483	347,277,795	761,656,960	316,422,802	295,756,678

The annexed notes from 1 to 32 form an integral part of these financial statements.



Ismail H. Zakaria
Chairman



Mohammad Omer Bawany
Director



Zohair Zakaria
Director



A. Razak Ahmed
Chief Executive & Managing Director

Karachi 26 March, 2016

Statement of Claims

for the year ended December 31, 2015

Business underwritten inside Pakistan.

FORM GE

Class	Claims paid	Outstanding claims		Claims expenses	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	2015 Net Claims expenses	2014 Net Claims expenses
		Opening	Closing			Opening	Closing			
Rupees										
Direct and facultative										
Fire and property damage	146,796,277	126,591,434	157,715,174	177,920,017	128,401,052	108,691,496	134,707,651	154,417,207	23,502,810	16,806,765
Marine, aviation and transport	79,505,224	134,984,940	163,584,229	108,104,513	66,611,459	119,377,124	149,692,039	96,926,374	11,178,139	17,988,392
Motor	49,353,217	8,930,661	15,042,091	55,464,647	769,445	405,514	401,388	765,319	54,699,328	55,464,605
Miscellaneous	2,120,011	2,894,409	3,245,721	2,471,323	1,766,420	2,102,317	2,325,160	1,989,263	482,060	4,040,588
Grand Total	277,774,729	273,401,444	339,587,215	343,960,500	197,548,376	230,576,451	287,126,238	254,098,163	89,862,337	94,300,350

The annexed notes from 1 to 32 form an integral part of these financial statements.



Ismail H. Zakaria
Chairman



Mohammad Omer Bawany
Director



Zohair Zakaria
Director



A. Razak Ahmed
Chief Executive & Managing Director

Karachi 26 March, 2016

Statement of Expenses

for the year ended December 31, 2015

Business underwritten inside Pakistan.

FORM GF

Class	Commissions paid or payable	Opening Deferred commission	Closing Deferred commission	Net commission Expense	Other Management Expenses	Underwriting Expenses	Commission from reinsurers	2015 Net underwriting expense	2014 Net underwriting expense
Direct and facultative									
Fire and property damage	74,795,862	38,678,939	40,958,881	72,515,920	42,472,276	114,988,196	44,417,133	70,571,063	66,856,816
Marine, aviation and transport	28,482,035	3,796,614	4,167,225	28,111,424	23,401,781	51,513,205	22,528,503	28,984,702	30,376,161
Motor	16,552,178	8,931,211	10,470,452	15,012,937	57,263,942	72,276,879	37,958	72,238,921	55,850,998
Miscellaneous	4,006,749	2,671,818	2,104,988	4,573,579	4,813,455	9,387,034	3,840,935	5,546,099	8,925,204
Grand Total	123,836,824	54,078,582	57,701,546	120,213,860	127,951,454	248,165,314	70,824,529	177,340,785	162,009,179

The annexed notes from 1 to 32 form an integral part of these financial statements.



Ismail H. Zakaria
Chairman



Mohammad Omer Bawany
Director



Zohair Zakaria
Director



A. Razak Ahmed
Chief Executive & Managing Director

Karachi 26 March, 2016

Statement of Investment Income

for the year ended December 31, 2015

FORM GG

	December 31, 2015	December 31, 2014
	Rupees	
Income from non-trading investments		
Held to maturity		
Return on Government securities	7,832,216	8,306,201
Return on other fixed income, securities and deposits	4,617,593	6,565,336
Amortization of premium - net	336,664	439,204
	12,786,473	15,310,741
Available for sale		
Dividend income	615,360	544,393
Gain on sale of available for sale investments	9,862,188	4,599,136
(Impairment) / impairment reversal	(807,886)	121,288
	9,669,662	5,264,817
Income from trading investments		
Held for trading		
Dividend income	30,243,355	32,220,983
Gain on sale of investments	3,708,519	6,399,632
Unrealized gain on held for trading investments	30,309,445	37,061,558
	64,261,319	75,682,173
Less: Investment related expenses	(24,360)	(42,048)
	86,693,094	96,215,683
Net investment income transferred to profit and loss account	86,693,094	96,215,683

The annexed notes from 1 to 32 form an integral part of these financial statements.



Ismail H. Zakaria
Chairman



Mohammad Omer Bawany
Director



Zohair Zakaria
Director



A. Razak Ahmed
Chief Executive & Managing Director

Karachi 26 March, 2016

Notes to the Financial Statements

for the year ended December 31, 2015

1. STATUS AND NATURE OF BUSINESS

Reliance Insurance Company Limited (the Company) was incorporated in Pakistan as a public limited company on November 4, 1981. The Company is engaged in general insurance business. The shares of the Company are listed on Stock Exchanges of Karachi and Lahore, which have now been merged into Pakistan Stock Exchange. The registered office of the Company is situated at 96-A, Sindhi Muslim Co-operative Housing Society, Karachi. JCR-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 'Positive'.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Insurance Ordinance, 2000 and the formats prescribed under Insurance Rules vide SRO 938(1) dated December 12, 2002.

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, and approved accounting standards as applicable to insurance companies in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by IASB as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Insurance Ordinance, 2000, the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Insurance Ordinance, 2000, Companies Ordinance, 1984 or the requirements of the said directives shall take precedence.

The SECP has allowed the insurance companies to defer the application of International Accounting Standard – 39 (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of "available for sale investments". Accordingly, the requirements of IAS-39, to the extent allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except certain investments which have been measured at fair value. No adjustment for the effect of inflation has been accounted for in the financial statements.

2.3 Functional and presentation currency

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

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards or interpretations that are effective in current year but not relevant to the Company

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB) which have been adopted locally by the Securities and Exchange Commission of Pakistan vide SRO 633(I)/2014 dated July 10, 2014 with effect from following dates. The Company has adopted these accounting standards and interpretations which do not have significant impact on the Company's financial statements other than certain disclosure requirement about fair value of financial instruments as per IFRS 13 "Fair Value Measurement".

		Effective date (annual periods beginning on or after)
IFRS 10	Consolidated Financial Statements	January 1, 2015
IFRS 11	Joint Arrangements	January 1, 2015
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13	Fair Value Measurement	January 1, 2015
IAS 27	Separate Financial Statements (Revised 2011)	January 1, 2015
IAS 28	Investments in Associates and Joint Ventures (Revised 2011)	January 1, 2015

Notes to the Financial Statements

for the year ended December 31, 2015

3.2 Amendments that are effective in current year but not relevant to the Company

The Company has adopted the amendments to the following accounting standards which became effective during the year:

IAS 19	Employee Benefits - Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service	July 1, 2014
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The Annual Improvements to IFRSs that are effective for annual periods beginning on or after 1 January 2015 are as follows:

Annual Improvements to IFRSs (2010 – 2012) Cycle:

IFRS 2	Share - based payments
IFRS 3	Business Combinations
IFRS 8	Operating Segments
IFRS 13	Fair Value Measurement
IAS 16	Property Plant and Equipment
IAS 24	Related Party Disclosures
IAS 38	Intangible Assets

Annual Improvements to IFRSs (2011 – 2013 Cycle):

IFRS 3	Business Combinations
IFRS 13	Fair Value Measurement
IAS 40	Investment Property

3.3 Amendments not yet effective

The following 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:

		Effective date (annual periods beginning on or after)
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture and application of the consolidation exception	January 01, 2016
IFRS 11	Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative	January 01, 2016
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 27	Separate Financial Statements (as amended in 2011) - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	January 01, 2016
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture and the application of the consolidation exception	January 01, 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	January 01, 2016
IAS 41	Agriculture - Amendments bringing bearer plants into the scope of IAS 16	January 01, 2016

Notes to the Financial Statements

for the year ended December 31, 2015

The Annual Improvements to IFRSs that are effective for annual periods beginning on or after 1 January 2016 are as follows:

Annual Improvements to IFRSs (2012 – 2014) Cycle:

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 34	Interim Financial Reporting

3.4 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers

The effects of IFRS 15 - Revenues from Contracts with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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 assumptions and estimates were exercised in application of accounting policies relate to:

4.1 Classification of investments

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

In classifying investments as held for trading, the Company has determined securities, which are acquired with the intention to trade and taking advantage of short-term market / interest rate movements.

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 the initial recognition at cost, quoted investments are stated at the lower of cost or market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirements of SRO 938 issued by the SECP on December 12, 2002.

4.2 Income tax

In making the estimates for income taxes currently payable by the Company, the management looks at 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.

Notes to the Financial Statements

for the year ended December 31, 2015

4.3 Fixed assets and depreciation

In making estimates of the depreciation method, the management uses the method which reflects pattern in which economic benefits are expected to be consumed by the Company. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern. Such change is accounted for as change in accounting estimate in accordance with International Accounting Standard 8 "Accounting Policies, Changes in accounting Estimates and Errors".

4.4 Impairment in available for sale investments

The Company determines that available for sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged, requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

4.5 Premium deficiency reserve

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.

4.6 Outstanding claims including incurred but not reported (IBNR)

The Company estimates the liability for claims, which include amounts relating to unpaid, reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the management's best estimate which takes into account the past trends, expected future pattern of reporting of claims and the claims actually reported subsequent to the balance sheet date.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 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.

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).

5.1.1 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.

Provision for 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 1/24 method as specified in the Securities and Exchange Commission (Insurance) Rules, 2002.

Administration surcharge

Premium income includes administrative surcharge that 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.

Notes to the Financial Statements

for the year ended December 31, 2015

Premiums due but unpaid

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.

5.1.2 Reinsurance ceded

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same 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 are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against expenses or income from related insurance assets.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired. The Company assesses its reinsurance assets for impairment on balance sheet 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.

5.1.3 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 balance sheet date, which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in 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 balance sheet date.

5.1.4 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.

5.1.5 Commission

Commission and other acquisition costs incurred in obtaining and recording on direct, facultative and reinsurance cessions has been deferred and recognized as asset and liability as under:

a) Commission income

Commission income is being taken to profit and loss account on a time proportion basis in accordance with the pattern of recognition of reinsurance premium to comply with the requirements of SRO 938 issued by the SECP in 2002.

b) Commission expense

Commission expenses are deferred and recognized as an asset in correlation with unearned premium that will be recognized in the subsequent reporting period to comply with the requirements of SRO 938 issued by the SECP in 2002 and recognised in profit and loss account as an expense in accordance with the pattern of recognition of premium.

Notes to the Financial Statements

for the year ended December 31, 2015

5.1.6 Premium deficiency reserve

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 balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is 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 balance sheet date in respect of policies in those classes of business in force at the balance sheet date. Hence, no reserve for the same has been made in these financial statements.

5.2 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 balance sheet date and adjusted to reflect the current best estimates.

5.3 Cash and bank balances

Cash and bank balances are defined as cash in hand and at banks, stamps in hand and short-term placements with banks and are carried in the balance sheet at nominal amount.

5.4 Taxation

5.4.1 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.

5.4.2 Deferred

Deferred tax, if any, is provided, using the liability method, on all temporary differences at the balance sheet 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 balance sheet 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.

5.5 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 profit and loss account.

5.6 Investments

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:

5.6.1 Held to maturity

Investments 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.

Notes to the Financial Statements

for the year ended December 31, 2015

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

5.6.2 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.

Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirements of the Securities and Exchange Commission (Insurance) Rules, 2002 vide SRO 938 dated December 12, 2002. The Company uses stock exchange quotations at the balance sheet date to determine the market value.

Unquoted

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

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

Investments which are acquired principally for the purposes 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. These are measured at fair value through profit or loss upon initial recognition.

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on investments on remeasurement of these investments are recognised in profit and loss account.

5.7 Operating fixed assets

a) Tangible

These are stated at cost less accumulated depreciation computed on the reducing balance method on yearly basis applying the rates as mentioned in note 15.

Depreciation on addition to fixed assets 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 fixed assets is taken to profit and loss account.

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

b) Intangible

Computer software license 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.

c) Capital work in progress

Capital work-in-progress are stated at cost and consist of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

5.8 Revenue recognition

Premium including administrative surcharge under a policy are recognised as revenue at the time of issuance of insurance policy.

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

Notes to the Financial Statements

for the year ended December 31, 2015

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.

Gains and losses on sale of investments is charged to profit and loss account for the year at the time of disposal / sale.

Income on bank deposits and Defence Saving Certificates is recognized on accrual basis.

Income on held to maturity investments is recognized on time proportion basis using effective interest method.

5.9 Management expenses

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

5.10 Dividend, bonus shares and reserves appropriation

Dividend to shareholders is recognized as liability in the period in which it is declared. Similarly, reserve for issue of bonus share is recognized in the year in which such issue is declared. Reserve appropriations are recognized when approved.

5.11 Segment reporting

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

The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Securities and Exchange Commission (Insurance) Rules, 2002. 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.

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.

5.12 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet 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.

Notes to the Financial Statements

for the year ended December 31, 2015

5.13 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.

5.14 Impairment

A financial asset is assessed at each balance sheet 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 at each balance sheet date 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 balance sheet date and adjusted to reflect the current best estimates.

5.15 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 profit and loss account.

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

5.16 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 under the Listing Regulations.

5.17 Foreign currency translations

Transactions in foreign currency, if any, are converted into Rupees at the rate of exchange prevailing on the date of transaction.

5.18 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal amount. For the purposes of the cash flow statement, cash and cash equivalents comprises of cash and stamps in hand, cash at bank in current and saving accounts, bank deposits and other short term highly liquid investments in the balance sheet.

5.19 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.

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	2015	2014
		Rupees	

6. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2015	2014		2015	2014
	(Number of shares)			Rupees	
	1,156,680	1,156,680	Ordinary shares of Rs. 10 each issued as fully paid in cash	11,566,800	11,566,800
	45,241,076	39,189,195	Ordinary shares of Rs.10 each issued as fully paid bonus shares	452,410,760	391,891,950
	46,397,756	40,345,875		463,977,560	403,458,750

6.1 60,247 (2014: 101,360) ordinary shares of Rs. 10 each are held by associates amounting to Rs. 0.602 million (2014: Rs. 1.013 million).

7. RESERVES

General reserve	7.1	200,000,000	180,000,000
7.1 The movement of general reserve is as follows:			
Balance as at January 01		180,000,000	160,000,000
Transfer from unappropriated profit		20,000,000	20,000,000
Balance as at December 31		200,000,000	180,000,000

8. SHORT TERM BORROWINGS

Secured			
From banking companies (Running finances)	8.1	-	-

8.1 These facilities are secured against lien marking / pledge of advantage account with 9.9% margin and lien over PIB/GOP Ijarah Sukuk amounting to Rs. 10 million with a margin of 10% over and above the mark to market value of PIB/GOP Ijarah Sukuk. The facilities carry markup at rates of 2% over from the profit rate to be paid on the advantage account and 3 months KIBOR plus 175bps. Total sanctioned limit of the facilities amounts to Rs. 20.00 million (2014: Rs. 20.00 million).

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

- The Additional Commissioner of Inland Revenue (FBR) have issued show cause notices and orders under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) related to preceding tax year, by initiating the concept of single/one basket income to insurance industry, i.e., clubbing all other sources of income (e.g. dividend and rental income) into business income for charging the business rate of tax under Fourth Schedule of the Ordinance. Currently, the case is before Commissioner Appeal (FBR) for hearing. The Company has not made provision in this regard with consultation of tax advisor as it is confident that the case will be decided in the Company's favor.
- An aviation claim has been reported on November 3, 2015. Investigations are underway and loss adjustors have not yet established liability. Should this loss be considered payable at any later stage, a maximum gross reserve of Rs. 550.000 million would arise. The impact on the Company's net account would be Rs. 2.500 million and the rest would be recoverable under fronting arrangements as per agreed terms.

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	2015	2014
		Rupees	

9.2 Commitments

There are no commitments as at the balance sheet date.

10. CASH AND BANK DEPOSITS

Cash and other equivalents			
Policy stamps and bond paper in hand		366,753	145,274
Current and other accounts			
Current accounts		36,537,702	26,180,642
PLS saving accounts	10.1	69,967,033	52,189,092
		106,504,735	78,369,734
Deposit maturing within 12 months	10.2	27,055,673	25,984,164
		133,927,161	104,499,172

10.1 Profit on PLS saving accounts carry mark-up at rates range from 4.50% to 6.50% per annum (2014: 6.50% to 7% per annum).

10.2 The rate of return on term deposit certificates issued by various banks range from 4.40% to 7.25% per annum (2014: 6.90% to 9.38% per annum) due on maturity. These deposits include an advantage account amounting to Rs. 11.10 million (2014: Rs. 11.10 million) which is pledged against the running finance facility availed from a commercial bank.

11. LOANS

(Secured - considered good)			
To employees	11.1	1,418,155	1,534,110

11.1 These represents interest free loans to employees in accordance with the terms of their employment secured against their retirement benefits and are recoverable in monthly installments.

12. INVESTMENTS

Held to maturity			
Government securities	12.1	86,104,626	80,801,294
		86,104,626	80,801,294
Available for sale			
Related parties	12.2	6,558,148	6,558,148
Others	12.3	171,805,881	142,348,424
Provision for impairment - net of reversal	12.4	(3,403,562)	(2,595,676)
		174,960,467	146,310,896
Investments at fair value through profit or loss - held for trading (Quoted shares)		392,604,499	357,755,446
		653,669,592	584,867,636

Notes to the Financial Statements

for the year ended December 31, 2015

Note	2015	2014
	Rupees	

12.1 Government securities

Pakistan Investment Bonds	12.1.1	14,437,960	31,101,296
WAPDA Sukuk Bonds	12.1.2	1,666,666	2,499,998
GOP Ijara Sukuk Bonds	12.1.3	70,000,000	47,200,000
		<u>86,104,626</u>	<u>80,801,294</u>

12.1.1 Pakistan Investment Bonds

Particular	Face Value Rupees	Coupon rate %	Maturity date	2015	2014
				Rupees	
Pakistan Investment Bond - 5 years	5,000,000	11.50	22/07/2015	-	4,927,890
Pakistan Investment Bond - 5 years	11,000,000	11.50	22/07/2015	-	10,802,807
Pakistan Investment Bond - 5 years	1,000,000	11.50	22/07/2015	-	984,870
Pakistan Investment Bond - 10 years	15,000,000	12.00	19/07/2022	14,437,960	14,385,729
				<u>14,437,960</u>	<u>31,101,296</u>

The market value of Pakistan Investment Bonds amounted to Rs. 17.242 million (2014: Rs. 33.137 million). The profit on PIB's is received on semi annual basis.

12.1.2 WAPDA Sukuk Bonds

Particular	Value per certificate Rupees	Profit rate %	Maturity date	2015	2014
				Rupees	
WAPDA Second Sukuk Certificates - 7 years	5,000	6 months KIBOR minus 25bp	13/7/2016	1,666,666	2,499,998
				<u>1,666,666</u>	<u>2,499,998</u>

The market value of WAPDA Sukuk Bonds amounted to Rs. 1.619 million (2014: Rs. 2.495 million). The profit on WAPDA Sukuk Bonds is received on semi annual basis.

12.1.3 GOP Ijara Sukuk Bonds

Particular	Value per Certificate Rupees	Profit rate %	Profit payment	Maturity date	2015	2014
					Rupees	
GOP Ijara Sukuk Bond - 3 years (GIS-9)	100,000	9.494	Semi annually	21/11/2015	-	5,000,000
GOP Ijara Sukuk Bond - 3 years (GIS-10)	100,000	9.9791	Semi annually	21/11/2015	-	7,200,000
GOP Ijara Sukuk Bond - 3 years (GIS-10)	100,000	9.9791	Semi annually	21/11/2015	-	10,000,000

Notes to the Financial Statements

for the year ended December 31, 2015

12.1.3 GOP Ijara Sukuk Bonds

Particular	Value per Certificate Rupees	Profit rate %	Profit payment	Maturity date	2015	2014
					Rupees	
GOP Ijara Sukuk Bond - 3 years (GIS-10)	100,000	9.9791	Semi annually	21/11/2015	-	10,000,000
GOP Ijara Sukuk Bond - 3 years (GIS-13)	100,000	9.7291	Semi annually	21/11/2015	-	10,000,000
GOP Ijara Sukuk Bond - 3 years (GIS-13)	100,000	9.7291	Semi annually	21/11/2015	-	5,000,000
GOP Ijara Sukuk Bond - 3 years (GIS-16)	100,000	5.8946	Semi annually	18/12/2018	25,000,000	-
GOP Ijara Sukuk Bond - 3 years (GIS-15)	100,000	4.7496	Semi annually	25/06/2017	25,000,000	-
GOP Ijara Sukuk Bond - 3 years (GIS-15)	100,000	4.7496	Semi annually	25/06/2017	20,000,000	-
					<u>70,000,000</u>	<u>47,200,000</u>

The market value of GOP Ijara Sukuk amounted to Rs. 70.282 million (2014: Rs. 48.598 million).

12.1.4 Pakistan Investment Bonds with market value to Rs. 16.908 million (2014: Rs. 15.629 million) and GOP Ijara Sukuk Bonds with market value to Rs. 34.764 million (2014: Rs. 25.569 million) are placed with State Bank of Pakistan under section 29 of Insurance Ordinance, 2000.

12.2 Related parties

Investment in associated companies

2015	2014	Face value per certificates (Rupees)	Name of investee	2015	2014
Number of share / certificates				Book Value (Rupees)	
521,220	521,220	10	AI -Noor Modaraba	5,212,200	5,212,200
115,724	115,724	10	B.F. Modaraba	512,566	512,566
18,329	18,329	10	Faran Sugar Mills Limited	369,220	369,220
23,551	23,551	10	Shahmurad Sugar Mills Limited	464,162	464,162
<u>678,824</u>	<u>678,824</u>			<u>6,558,148</u>	<u>6,558,148</u>

Market value of these shares / certificates amounted to Rs. 5.756 million (2014: Rs. 5.279 million).

Notes to the Financial Statements

for the year ended December 31, 2015

12.3 Others

2015	2014	Face value per certificates (Rupees)	Name of investee	2015	2014
Number of shares / units				Book Value (Rupees)	
378,007	351,175	10	Meezan Balanced Funds	5,500,000	3,000,000
69,763	69,763	10	PICIC Investment Fund*	825,469	825,469
15,831	15,756	100	JS-Growth Fund	1,435,847	1,423,853
-	973,447	50	Meezan Sovereign Fund	-	49,620,846
694,465	652,557	100	MCB Islamic Income Fund	69,500,000	66,009,162
57,936	54,911	100	JS-Islamic Gov.Sec Fund	5,800,000	5,469,094
168,946	157,962	100	Al Ameen (UBL) Islamic Sovereign Fund	17,000,000	16,000,000
1,046,744	-	50	Meezan Cash Fund	52,400,000	-
72,496	-	100	Askari Islamic Income Fund	7,500,000	-
22,500	-	10	Nimir Industrial Chemicals	502,725	-
70,000	-	10	Fauji Fertilizer Company Limited	8,416,145	-
51,500	-	10	Nishat Chunian Power Limited	2,925,695	-
<u>2,648,188</u>	<u>2,275,571</u>			<u>171,805,881</u>	<u>142,348,424</u>

* This represents units in closed end mutual fund.

Market value of these shares / units amounted to Rs. 176.650 million (2014: Rs. 147.765 million).

Note	2015	2014
	Rupees	

12.4 Provision for impairment

Opening balance	2,595,676	2,716,964
Provision during the year	807,886	-
Reversal during the year	-	(121,288)
	<u>3,403,562</u>	<u>2,595,676</u>

13. DEFERRED TAXATION

Deferred tax arising due to timing differences calculated at current rate of taxation amounts to Rs. 4.289 million debit (2014: Rs. 18.581 million debit). Deferred tax asset has not been recognized in these financial statements as in the opinion of the management there is no certainty regarding realizability of the amount.

14. PREMIUMS DUE BUT UNPAID

Unsecured		190,636,360	174,899,743
Considered good		10,000,000	10,000,000
Considered doubtful		200,636,360	184,899,743
	14.1	<u>(10,000,000)</u>	<u>(10,000,000)</u>
Provision for doubtful balances		<u>190,636,360</u>	<u>174,899,743</u>

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	2015 Rupees	2014
14.1 Provision for doubtful balances			
Opening balance		10,000,000	10,000,000
Provision made during the year		<u>-</u>	<u>-</u>
		<u>10,000,000</u>	<u>10,000,000</u>
14.2 Age analysis of premium due but unpaid			
The age analysis of premiums due but unpaid is as follows:			
Upto one year	14.2.1	158,063,996	151,272,334
More than one year	14.2.2	32,572,364	23,627,409
		<u>190,636,360</u>	<u>174,899,743</u>
14.2.1 Upto one year			
Related parties		45,980,881	32,039,939
Others		112,083,115	119,232,395
		<u>158,063,996</u>	<u>151,272,334</u>
14.2.2 More than one year			
Related parties		9,175,115	8,979,085
Others		23,397,249	14,648,324
		<u>32,572,364</u>	<u>23,627,409</u>

Notes to the Financial Statements

for the year ended December 31, 2015

15. FIXED ASSETS

15.1 Tangible assets

Land and buildings	Furniture and fixtures	Motor vehicles	Office equipments	Office computers	Total
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Rupees

Net carrying value basis as at December 31, 2015

Opening net book value (NBV)	10,239,550	2,114,179	65,383,478	2,978,316	936,395	81,651,918
Additions (at cost)	-	43,368	13,950,903	723,583	69,000	14,786,854
Disposal	-	-	(3,598,915)	-	-	(3,598,915)
Depreciation	(1,023,955)	(318,213)	(9,945,151)	(518,952)	(290,747)	(12,097,018)
Closing net book value	<u>9,215,595</u>	<u>1,839,334</u>	<u>65,790,315</u>	<u>3,182,947</u>	<u>714,648</u>	<u>80,742,839</u>

Gross carrying value basis as at December 31, 2015

Cost	30,218,901	11,304,495	109,636,522	13,371,788	6,854,350	171,386,056
Accumulated depreciation	(21,003,306)	(9,465,161)	(43,846,207)	(10,188,841)	(6,139,702)	(90,643,217)
Net book value	<u>9,215,595</u>	<u>1,839,334</u>	<u>65,790,315</u>	<u>3,182,947</u>	<u>714,648</u>	<u>80,742,839</u>
Depreciation rate per annum	10%	15%	15%	15%	30%	

Net carrying value basis as at December 31, 2014

Opening net book value (NBV)	11,377,277	2,487,270	52,781,220	3,297,654	1,337,708	71,281,129
Additions (at cost)	-	-	25,107,547	193,083	-	25,300,630
Disposal	-	-	(3,179,536)	-	-	(3,179,536)
Depreciation	(1,137,727)	(373,091)	(9,325,753)	(512,421)	(401,313)	(11,750,305)
Closing net book value	<u>10,239,550</u>	<u>2,114,179</u>	<u>65,383,478</u>	<u>2,978,316</u>	<u>936,395</u>	<u>81,651,918</u>

Gross carrying value basis as at December 31, 2014

Cost	30,218,901	11,261,127	109,107,909	12,648,205	6,785,350	170,021,492
Accumulated depreciation	(19,979,351)	(9,146,948)	(43,724,431)	(9,669,889)	(5,848,955)	(88,369,574)
Net book value	<u>10,239,550</u>	<u>2,114,179</u>	<u>65,383,478</u>	<u>2,978,316</u>	<u>936,395</u>	<u>81,651,918</u>
Depreciation rate per annum	10%	15%	15%	15%	30%	

Notes to the Financial Statements

for the year ended December 31, 2015

15.2 Disposal of assets - by negotiation

Serial Number	Particulars	Original cost	Accumulated depreciation	Written down value	Sale proceed	Gain / (loss)	Sold to
Rupees							
Motor cars							
1	Honda Civic LEC-4262	1,583,500	889,676	693,824	1,250,000	556,176	Mrs. Farzana W/O Fawad
2	Suzuki Cultus ANC-635	632,000	463,163	168,837	450,000	281,163	Mr. Muhammad Amin Baloch S/O Qadir Baksh
3	Suzuki Mehran ANQ-248	420,370	308,069	112,301	250,000	137,699	Mr. Mehtab Ahmed S/O Aftab Ahmed
4	Toyota Corolla LED-8227	1,966,000	634,342	1,331,658	1,450,000	118,342	Mr. Farukh Ilyas S/O Muhammad Ilyas Zahid
5	Honda Civic LEH-167	1,438,843	1,008,333	430,510	600,000	169,490	Mr. Ehsan Ejaz S/O Ejaz
6	Suzuki Alto AEP-681	513,200	458,168	55,032	165,000	109,968	Mr. Shan Ali S/O Syed Rafiq
7	Mitsubishi Mini LEF-8743	867,000	166,898	700,102	615,000	(85,102)	Mr. Babar Ali S/O Allah Ditta
Motor cycles							
1	Honda LEK-1669	68,000	15,980	52,020	50,000	(2,020)	Claim theft
2	Honda FDM-3750	88,500	40,944	47,556	44,000	(3,556)	Mr. Bashrat Ali S/O Abdul Ghafoor
3	Honda RNN-6490	68,500	61,425	7,075	10,000	2,925	Mr. Usman Bilal S/O Muhammad Bilal
Total - Rupees 2015		<u>7,645,913</u>	<u>4,046,998</u>	<u>3,598,915</u>	<u>4,884,000</u>	<u>1,285,085</u>	
Total - Rupees 2014		<u>8,955,913</u>	<u>5,776,377</u>	<u>3,179,536</u>	<u>5,991,500</u>	<u>2,811,964</u>	

Notes to the Financial Statements

for the year ended December 31, 2015

15.3 Intangible assets

2015		2014	
Computer software	Total	Computer software	Total
Rupees		Rupees	

Net carrying value basis as at December 31

Opening net book value (NBV)	-	-	-	-
Additions (at cost)	-	-	-	-
Amortization	-	-	-	-
Closing net book value	-	-	-	-

Gross carrying value basis as at December 31

Cost	3,477,823	3,477,823	3,477,823	3,477,823
Accumulated amortization	(3,477,823)	(3,477,823)	(3,477,823)	(3,477,823)
Net book value	-	-	-	-
Amortization rate per annum	33%		33%	

	Note	2015	2014
		Rupees	

16. MANAGEMENT EXPENSES

Salaries, wages and other benefits	16.1	71,419,358	71,560,768
Rent, taxes, electricity, gas etc.		8,106,257	8,076,908
Communication		3,673,685	3,589,132
Printing and stationery		2,695,726	2,275,353
Travelling and entertainment		5,685,071	4,757,489
Repairs and maintenance		4,569,718	3,044,899
Advertisement and sales promotion		4,525,135	5,074,033
Fees and subscription		2,044,710	1,544,028
Gifts and donation		229,550	81,466
Vehicle running and maintenance		20,455,583	17,287,517
Others		4,371,796	5,204,457
Books and periodicals		174,865	267,486
		<u>127,951,454</u>	<u>122,763,536</u>

16.1 This includes salaries, wages and benefits amounting to Rs. 2.458 million (2014: Rs. 2.312 million) in respect of provident fund contribution paid by the Company.

17. OTHER INCOME

Gain on sale of tangible fixed assets	<u>1,285,085</u>	<u>2,811,964</u>
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Notes to the Financial Statements

for the year ended December 31, 2015

	Note	2015	2014
		Rupees	
18. GENERAL AND ADMINISTRATION EXPENSES			
Salaries, wages and other benefits		19,152,048	17,818,792
Depreciation	15.1	12,097,018	11,750,305
Auditor's remuneration	18.1	450,000	450,000
Fees and subscription		3,831,634	2,593,949
Workers' Welfare Fund		1,852,829	1,970,162
Directors' fee		220,000	170,000
Bonus to staff		7,137,657	6,677,791
Legal and professional expense		1,438,000	366,700
Miscellaneous expenses		26,962	90,844
		<u>46,206,148</u>	<u>41,888,543</u>
18.1 Auditor's remuneration			
Audit fee		375,000	375,000
Interim review		75,000	75,000
		<u>450,000</u>	<u>450,000</u>
19. PROVISION FOR TAXATION			
Current		<u>9,800,000</u>	<u>6,400,000</u>
		<u>9,800,000</u>	<u>6,400,000</u>
Income tax assessment of the Company has been finalized up to the Tax Year 2015.			
19.1 Relationship between tax expense and accounting profit			
Profit before taxation		<u>90,788,637</u>	<u>96,539,824</u>
Tax at the applicable rate of 32% (2014: 33%)		29,052,364	31,858,142
Tax effect of the business losses carried forward		-	(5,067,774)
Tax effect of expenses that are not allowable in determining taxable income		62,292	88,034
Tax effect of capital gains exempt from tax		(12,860,142)	(15,899,933)
Tax effect of income subject to lower rates		(6,454,514)	(7,536,036)
Others - minimum tax		-	2,957,567
		<u>9,800,000</u>	<u>6,400,000</u>

Notes to the Financial Statements

for the year ended December 31, 2015

Note	2015	2014
	Rupees	

20. EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares as at the year end as follows:

Profit after tax for the year	80,988,637	90,139,824
	Number of shares	Number of shares
Weighted average number of shares of Rs. 10 each	46,397,756	46,397,756
Basic earning per share of Rs. 10 each	1.75	1.94

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.

21. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	Rupees							
Fees	-	-	220,000	170,000	-	-	220,000	170,000
Managerial remuneration	5,316,000	4,800,000	-	-	5,523,000	5,106,000	10,839,000	9,906,000
Bonus	1,200,000	1,089,900	-	-	1,283,400	1,017,960	2,483,400	2,107,860
House rent allowance	2,392,200	2,160,000	-	-	2,486,400	2,319,600	4,878,600	4,479,600
Others	331,800	240,000	-	-	3,076,644	2,691,144	3,408,444	2,931,144
	9,240,000	8,289,900	220,000	170,000	12,369,444	11,134,704	21,829,444	19,594,604
Number of persons	1	1	10	10	5	5	16	16

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

22. TRANSACTIONS WITH RELATED PARTIES

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 21 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:

Notes to the Financial Statements

for the year ended December 31, 2015

Relation with the Company	Nature of transaction	Note	2015 Rupees	2014
Transactions during the year				
Associated companies	Premium underwritten		57,486,881	54,446,861
	Premium collected		62,810,109	58,516,107
	Claims paid		31,511,831	48,014,337
	Dividend received		620,262	438,017
	Dividend paid		29,430	80,164
Key management personnel	Remuneration and other benefits	21	21,829,444	19,594,604
Staff retirement benefits	Contribution to provident fund		2,457,886	2,312,556
Balances as at the year end				
Associated companies	Premium due but unpaid		55,155,996	41,019,024
	Provision for outstanding claims		19,537,348	29,114,405

23. MANAGEMENT OF FINANCIAL AND INSURANCE RISK

23.1 Financial risk management objectives and policies

The Company is exposed to a variety of financial risks: 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 minimise 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.

23.2 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 currency risk. However, the Company is exposed to interest rate risk and other price risk.

The Company is exposed to market risk with respect to its investments. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity market. The market risks associated with the Company's business activities are interest rate risk and price risk. The Company is not exposed to material currency risk.

23.3 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:

Notes to the Financial Statements

for the year ended December 31, 2015

	2015 Effective interest rate%	2014 Effective interest rate%	2015 Rupees	2014 Rupees
Fixed rate instruments				
Government securities	4.74 to 12.00	9.49 to 12.00	86,104,626	80,801,294
Term deposits	4.40 to 7.25	6.90 to 9.38	27,055,673	25,984,164
Variable rate instruments				
PLS accounts	4.50 to 6.50	6.50 to 7.00	69,967,033	52,189,092

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates would have decreased the profit and 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		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
As at December 31, 2015				
Cash flow sensitivity	699,670	(699,670)	468,779	(468,779)
As at December 31, 2014				
Cash flow sensitivity	521,891	(521,891)	349,667	(349,667)

Notes to the Financial Statements

for the year ended December 31, 2015

23.4 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, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

23.5 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 quoted securities amounting to Rs. 567.565 million (2014: Rs. 504.066 million) as at the balance sheet 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.

The carrying value of investments subject to equity price risk is based on quoted market prices as of the balance sheet date and available for sale equity instruments which are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of SRO 938 issued by the Securities and Exchange Commission of Pakistan on December 12, 2002.

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.

Sensitivity analysis

The analysis summarizes Company's price risk as at 2015 and 2014 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. 39.260 million (2014: Rs. 35.775 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. 17.496 million (2014: Rs. 14.631 million) if the decline is considered permanent.

23.6 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.

Notes to the Financial Statements

for the year ended December 31, 2015

	2015			Total
	Within one year	Over one year to five years	Over five years	
	Rupees			
Financial liabilities				
Provision for outstanding claims	339,587,215	-	-	339,587,215
Amounts due to other insurers / reinsurers	39,017,810	-	-	39,017,810
Accrued expenses	3,512,989	-	-	3,512,989
Other creditors and accruals	66,167,601	-	-	66,167,601
Unclaimed dividend	1,250,296	-	-	1,250,296
	<u>449,535,911</u>	-	-	<u>449,535,911</u>

	2014			Total
	Within one year	Over one year to five years	Over five years	
	Rupees			
Financial liabilities				
Provision for outstanding claims	273,401,444	-	-	273,401,444
Amounts due to other insurers / reinsurers	37,994,635	-	-	37,994,635
Accrued expenses	2,851,602	-	-	2,851,602
Other creditors and accruals	64,133,847	-	-	64,133,847
Unclaimed dividend	909,995	-	-	909,995
	<u>379,291,523</u>	-	-	<u>379,291,523</u>

23.7 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.

Exposure to credit risk

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

	Note	2015	2014
		Rupees	
Cash and bank deposits	10	133,927,161	104,499,172
Loans to employees	11	1,418,155	1,534,110
Investments	12	653,669,592	584,867,636
Premiums due but unpaid	14	190,636,360	174,899,743
Amounts due from other insurers / reinsurers		10,057,564	27,209,800
Accrued investment income		1,772,710	3,234,955
Reinsurance recoveries against outstanding claims		287,126,238	230,576,451
Trade deposits		1,804,259	701,819
Sundry receivables		427,173	442,509
		<u>1,280,839,212</u>	<u>1,127,966,195</u>

Notes to the Financial Statements

for the year ended December 31, 2015

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	

Banks

Habib Bank Limited	A1+	AAA	JCR-VIS
National Bank of Pakistan	A1+	AAA	JCR-VIS
MCB Bank Limited	A1+	AAA	PACRA
Allied Bank Limited	A1+	AA+	PACRA
United Bank Limited	A1+	AA+	JCR-VIS
Faysal Bank Limited	A1+	AA	PACRA
NIB Bank Limited	A1+	AA-	PACRA
Bank Alfalah Limited	A1+	AA	PACRA
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
The Bank of Punjab	A1+	AA-	PACRA
Askari Bank Limited	A1+	AA-	PACRA
AlBaraka Bank (Pakistan) Limited	A1	A	PACRA
Bank Al-Habib Limited	A1+	AA+	PACRA
Faysal Bank Limited	A1+	AA	PACRA
The Bank of Khyber	A1	A	PACRA
Soneri Bank Limited	A1+	AA-	PACRA
Summit Bank Limited	A-1	A	JCR-VIS
JS Bank Limited	A1+	A+	PACRA
Standard Chartered Bank Limited	A1+	AAA	PACRA

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

	2015	2014
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Rupees

Sector

Chemical and pharmaceutical	17,571,997	15,359,920
Textile composite and garments	41,371,499	33,263,290
Paper and board	3,187,823	7,545,874
Communication and information technology	6,349,101	3,156,700
Engineering industry	4,282,697	3,113,019
Sugar industry	22,959,839	22,281,595
Banks, FI's and DFI's	181,175	876,284
Cement	3,620,929	3,926,936
Food, oil and edibles	2,421,011	4,101,641
Fertilizer	3,477,940	1,775,173
Miscellaneous and others	85,212,349	79,499,311
	<u>190,636,360</u>	<u>174,899,743</u>

Impaired assets

During the year no assets have been impaired other than premium due but unpaid and available for sale investments amounting to Rs. 10.000 million and Rs. 3.404 million respectively against which provision of Rs. 13.404 million has been held.

Notes to the Financial Statements

for the year ended December 31, 2015

23.8 Financial instruments

	Interest / mark-up bearing			Non-markup bearing			Total 2015	Total 2014
	Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total		
Rupees								
Financial assets								
Held to maturity investments	1,666,666	84,437,960	86,104,626	-	-	-	86,104,626	80,801,294
Available for sale investments	-	-	-	174,960,467	-	174,960,467	174,960,467	146,310,896
Investments at fair value through profit or loss - held for trading	-	-	-	392,604,499	-	392,604,499	392,604,499	357,755,446
Loans & receivables								
Loans	-	-	-	1,418,155	-	1,418,155	1,418,155	1,534,110
Premium due but unpaid	-	-	-	190,636,360	-	190,636,360	190,636,360	174,899,743
Amount due from other insurers / re-insurers	-	-	-	10,057,564	-	10,057,564	10,057,564	27,209,800
Accrued investments income	-	-	-	1,772,710	-	1,772,710	1,772,710	3,234,955
Reinsurance recoveries and outstanding claims	-	-	-	287,126,238	-	287,126,238	287,126,238	230,576,451
Sundry receivables	-	-	-	427,173	-	427,173	427,173	442,509
Cash and bank deposits	97,022,706	-	97,022,706	36,904,455	-	36,904,455	133,927,161	104,499,172
	<u>98,689,372</u>	<u>84,437,960</u>	<u>183,127,332</u>	<u>1,095,907,621</u>	<u>-</u>	<u>1,095,907,621</u>	<u>1,279,034,953</u>	<u>1,127,264,376</u>
Financial liabilities								
Financial liabilities at amortized cost								
Provision for outstanding claims (including IBNR)	-	-	-	339,587,215	-	339,587,215	339,587,215	273,401,444
Amounts due to other insurers / reinsurers	-	-	-	39,017,810	-	39,017,810	39,017,810	37,994,635
Other creditors and accruals	-	-	-	66,167,601	-	66,167,601	66,167,601	64,133,847
Unclaimed dividend	-	-	-	1,250,296	-	1,250,296	1,250,296	909,995
	<u>-</u>	<u>-</u>	<u>-</u>	<u>446,022,922</u>	<u>-</u>	<u>446,022,922</u>	<u>446,022,922</u>	<u>376,439,921</u>
On balance sheet gap	<u>98,689,372</u>	<u>84,437,960</u>	<u>183,127,332</u>	<u>649,884,699</u>	<u>-</u>	<u>649,884,699</u>	<u>833,012,031</u>	<u>750,824,455</u>

23.9 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 non-trading investments. Fair value is determined on the basis of the objective evidence at each required date.

23.9.1 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, 2015.

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 the Financial Statements

for the year ended December 31, 2015

	As at December 31, 2015		As at December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets				
Cash and other equivalent	366,753	366,753	145,274	145,274
Current and other accounts	106,504,735	106,504,735	78,369,734	78,369,734
Deposit maturing within 12 months	27,055,673	27,055,673	25,984,164	25,984,164
Loans to employees	1,418,155	1,418,155	1,534,110	1,534,110
Investments				
Available-for-sale				
Quoted shares	174,960,467	182,406,698	146,310,896	153,044,394
Held-to-maturity				
Government securities	86,104,626	89,143,111	80,801,294	84,230,907
Investments at fair value through profit or loss				
- held for trading				
Quoted shares	392,604,499	392,604,499	357,755,446	357,755,446
	653,669,592	664,154,308	584,867,636	595,030,746
Premiums due but unpaid	190,636,360	190,636,360	174,899,743	174,899,743
Amounts due from other insurers/reinsurers	10,057,564	10,057,564	27,209,800	27,209,800
Accrued investment income	1,772,710	1,772,710	3,234,955	3,234,955
Reinsurance recoveries against outstanding claims	287,126,238	287,126,238	230,576,451	230,576,451
Sundry receivables	427,173	427,173	442,509	442,509
Financial Liabilities				
Provision for outstanding claims (including IBNR)	339,587,215	339,587,215	273,401,444	273,401,444
Amounts due to other insurers / reinsurers	39,017,810	39,017,810	37,994,635	37,994,635
Accrued expenses	3,512,989	3,512,989	2,851,602	2,851,602
Other creditors and accruals	66,167,601	66,167,601	64,133,847	64,133,847
Unclaimed dividend	1,250,296	1,250,296	909,995	909,995

23.9.2 Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorised 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 categorised:

Notes to the Financial Statements

for the year ended December 31, 2015

	As at December 31, 2015	Level 1	Level 2	Level 3
	Rupees			
Financial assets measured at fair value				
Investments at fair value through profit or loss - held for trading				
Quoted shares	392,604,499	392,604,499	-	-
	As at December 31, 2014	Level 1	Level 2	Level 3
	Rupees			
Financial assets measured at fair value				
Investments at fair value through profit or loss - held for trading				
Quoted shares	357,755,446	357,755,446	-	-

23.9.3 Transfers during the year

During the year ended December 31, 2015:

- 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

23.9.4 Valuation techniques

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

Subsequent to initial recognition, these investments are remeasured at fair value using stock exchange quotation rates in respect of investment in shares of listed companies and on the basis of closing NAV in respect of investment in units of mutual funds.

24. SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirement of Insurance Ordinance, 2000 and Securities and Exchange Commission (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at December 31, 2015 and December 31, 2014, unallocated capital expenditure and non-cash expenses during the year:

	Fire and property		Marine aviation and transport		Motor		Miscellaneous		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	Rupees									
SEGMENT ASSETS										
Segment assets	<u>181,821,477</u>	<u>175,399,773</u>	<u>100,181,737</u>	<u>103,170,927</u>	<u>245,143,788</u>	<u>180,357,942</u>	<u>20,606,138</u>	<u>28,980,264</u>	<u>547,753,140</u>	<u>487,908,905</u>
Unallocated corporate assets									<u>1,218,808,252</u>	<u>1,108,035,077</u>
Consolidated total assets									<u>1,766,561,392</u>	<u>1,595,943,982</u>
SEGMENT LIABILITIES										
Segment liabilities	<u>325,061,544</u>	<u>312,692,287</u>	<u>179,105,520</u>	<u>183,926,995</u>	<u>438,269,557</u>	<u>321,531,416</u>	<u>36,839,778</u>	<u>51,664,291</u>	<u>979,276,399</u>	<u>869,814,988</u>
Unallocated corporate liabilities									<u>1,250,296</u>	<u>909,996</u>
Consolidated total liabilities									<u>980,526,695</u>	<u>870,724,984</u>
CAPITAL EXPENDITURE										
Unallocated capital expenditure									<u>14,786,854</u>	<u>25,300,630</u>
Consolidated capital expenditure									<u>14,786,854</u>	<u>25,300,630</u>
Unallocated depreciation / amortization									<u>12,097,018</u>	<u>11,750,305</u>

Notes to the Financial Statements

for the year ended December 31, 2015

25. 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.

a) Frequency and severity of claims

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, steal, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering losses and other events) and their consequences (for example, subsidence claims). For certain contracts, the Company has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

Insurance contracts which are divided into direct and facultative arrangements are further subdivided into 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.

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.

b) Sources of uncertainty in the estimation of future claims payment

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.

Notes to the Financial Statements

for the year ended December 31, 2015

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 a prior financial years in relation to such claims) and an estimate based upon actual claims experience using predetermined basis where greater weight is given to actual claims experience as time passes.

In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from surveyor's assessment and information on the cost of settling claims with similar characteristics in previous periods. Claims are assessed on a case-to-case basis separately.

c) 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.

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.

d) Changes in assumptions

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

e) 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 balance sheet is adequate. However, actual experience will differ from the expected outcome.

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

Notes to the Financial Statements

for the year ended December 31, 2015

	Pre tax profit		Shareholders' equity	
	2015	2014	2015	2014
	Rupees			
10% increase in loss				
Fire and property	(2,350,281)	(1,680,677)	(1,598,191)	(1,126,053)
Marine, aviation and transport	(1,117,814)	(1,798,839)	(760,113)	(1,205,222)
Motor	(5,469,933)	(5,546,461)	(3,719,554)	(3,716,129)
Miscellaneous	(48,206)	(404,059)	(32,780)	(270,719)
	(8,986,234)	(9,430,036)	(6,110,638)	(6,318,123)
10% decrease in loss				
Fire and property	2,350,281	1,680,677	1,598,191	1,126,053
Marine, aviation and transport	1,117,814	1,798,839	760,113	1,205,222
Motor	5,469,933	5,546,461	3,719,554	3,716,129
Miscellaneous	48,206	404,059	32,780	270,719
	8,986,234	9,430,036	6,110,638	6,318,123

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	
	2015	2014	2015	2014	2015	2014
	(Rupees in 000)					
Fire and property	180,515,738	173,724,031	142,552,992	140,975,899	37,962,746	32,748,132
Marine, aviation and transport	441,899,693	365,894,284	398,108,085	316,440,220	43,791,608	49,454,064
Motor	7,095,170	4,949,748	16,420	67,610	7,078,750	4,882,138
Miscellaneous	3,829,165	4,700,505	1,887,660	1,396,374	1,941,505	3,304,131
	633,339,766	549,268,568	542,565,157	458,880,103	90,774,609	90,388,465

Notes to the Financial Statements

for the year ended December 31, 2015

Claim development tables

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.

2011	2012	2013	2014	2015	Total
(Rupees in 000)					

Analysis on gross basis

Accident year

Estimate of ultimate claims cost:

At the end of accident year	215,277	553,526	36,688	132,597	161,933	1,100,021
One year later	15,294	135,474	13,665	67,764	-	232,197
Two years later	9,354	77,866	9,055	-	-	96,275
Three years later	8,832	60,705	-	-	-	69,537
Four years later	8,418	-	-	-	-	8,418
Current estimate of cumulative claims	13,511	79,079	13,532	176,420	303,107	585,649
Cumulative payment to date	(5,093)	(18,374)	(4,477)	(108,656)	(141,174)	(277,774)
Liability recognised in the balance sheet	<u>8,418</u>	<u>60,705</u>	<u>9,055</u>	<u>67,764</u>	<u>161,933</u>	<u>307,875</u>
Liability in respect of prior years						31,712
Total liability recognised in balance sheet						<u>339,587</u>

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 (Rupees)	Impact on revenue account (Rupees)
December 31, 2015			
Current claims	+10%	1,100,021	(1,100,021)
	-10%	(1,100,021)	1,100,021
December 31, 2014			
Current claims	+10%	1,129,020	(1,129,020)
	-10%	(1,129,020)	1,129,020

Notes to the Financial Statements

for the year ended December 31, 2015

26. 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 minimise 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.

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

Rating	Amount due from other insurer/reinsurers	Reinsurance recoveries against outstanding claims	Pre reinsurance premium ceded	2015	2014
Rupees					
A or above including Pakistan Reinsurance Company Limited	9,674,026	258,736,389	334,585,800	602,996,215	536,755,446
BBB	383,538	28,389,849	12,691,995	41,465,382	53,148,288
	10,057,564	287,126,238	347,277,795	644,461,597	589,903,734

27. CAPITAL RISK 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.

28. DEFINED CONTRIBUTION PLAN

The Company has contributory provident fund scheme for benefit of all its permanent employees under the title of (Company name) - 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.

28.1 The Trustees have intimated that the size of the Fund at year end was Rs. 47.399 million.

28.2 As intimated by the Trustees, the cost of the investments made at year end was Rs. 47.399 million which is equal to 100% of the total fund size. The category wise break up of investment as per section 227 of the Companies Ordinance, 1984 is given below:

	Rupees in thousand	Percentage %
Pakistan Investment Bonds	39,840	84.05%
Term Finance Certificates	500	1.05%
Investment in Shares	1,102	2.32%
Units of Mutual Funds	5,957	12.57%
	47,399	100%

Notes to the Financial Statements

for the year ended December 31, 2015

28.3 According to the Trustees, investments out of provident fund have been made in accordance with the provisions of section 227 of Companies Ordinance, 1984 and the rules made thereunder.

29. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the Board of Directors in its meeting held on 26th March, 2016 has announced bonus shares at 10% (December 31, 2014: 15%) amounting to 46.398 million and cash dividend at 5% (December 31, 2014: 5%). The Board has also approved transfer of 20 million (December 31, 2014: Rs. 20 million) to general reserve from unappropriated profits. These financial statements for the year ended December 31, 2015 do not include the effect of appropriations which will be accounted for subsequent to the year end.

30. NUMBER OF EMPLOYEES

As at December 31
Average no. of employees during the year

2015	2014
------	------

198	200
203	208

31. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 26th March, 2016 by the Board of Directors of the Company.

32. GENERAL

Figures have been rounded off to the nearest rupee.



Ismail H. Zakaria
Chairman



Mohammad Omer Bawany
Director



Zohair Zakaria
Director



A. Razak Ahmed
Chief Executive & Managing Director

Karachi 26 March, 2016

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Chief Executive & Managing Director

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Mr. Haroon A. Shakoor
Chief Accountant &
Company Secretary

Direct : 34539409
Extension : 203

Mr. Syed Rizwan Akhtar
Executive Vice President (Operations)

Direct : 34304067
Extension : 210

Mr. M. Amin Bawany
Vice President (Marine & Accident)

Direct : 34557079
Extension : 201

Mr. Muhammad Ishaque Azim
Vice President (Fire)

Direct : 34304068
Extension : 212

Mr. Sadruddin Hussain
Vice President (Claims)

Direct : 34550403
Extension : 208

Mr. Ghulam Mujaddid
Chief Manager (Accounts)

Extension : 205

Mr. Abdul Rahim Patni
Deputy Chief Manager (Reinsurance)

Direct : 34539411
Extension : 215

Mr. Muhammad Saleem Memon
Deputy Chief Manager (Investment/shares)

Extension : 214

Mr. Muhammad Masood Ali
Deputy Chief Manager (I.T. Deptt.)

Extension : 202

Mr. Muhammad Masood Alam
Manager (Administration)

Direct : 34539411
Extension : 206

Mr. Mahmood Shuja Baig
Manager (Internal Audit)

Extension : 209

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101, Japan Plaza,
M. A. Jinnah Road, Karachi.

Mr. Rizwan Ahmed Khan
Branch Manager

Ph (021) 32727076, 32729961
Fax (021) 32722601

Hyderabad Branch

1st Floor, Al-Falah Chamber,
Tilak Road, Hyderabad.

Mr. Abdullah Ahmed
Regional Manager

Ph (022) 2615774
Fax (022) 2623029

North Zone Offices & Branches

Zonal Office, Lahore (North Zone)

4th Floor, Gardee Trust Building. No.2,
Napier Road, Lahore.

Mr. Hassan Sabih
Chief Manager

PABX (042) 37239063, 37353292
37234255, 37351353
Direct (042) 37354689
Fax (042) 37312526

Regional Office, Lahore

90-A/3, 1st Floor, Canal Park,
Gulberg-II, Lahore.

Mr. Fahd Barlas
Vice President

Ph (042) 35761077, 35761078
35763446, 35763447
Fax (042) 35761235

Gulberg Branch

House No.17-A, Block-E/1,
Gulberg-III, Lahore.

Mr. Tehseen Ahmed Khan
Executive Vice President

Ph (042) 35752245, 35752989
35751971, 35756557
Fax (042) 35756217

Al-Rehman Branch

2nd Floor, Al-Rehman Building,
Regal Cinema Lane, 65, The Mall,
Lahore.

Mr. Nisar Ahmed Chughtai
Senior Vice President

Ph (042) 37323113, 37322473
37354848
Fax (042) 37247925

Garden Town Branch

Suit No.17, 1st Floor, Shan Arcade,
New Garden Town, Lahore.

Mr. Basit Anwar Butt
Executive Vice President

Ph (042) 35889258, 35889259
Fax (042) 35889260

Eden Centre Branch

321, Eden Centre,
43 Ghausal Azam Road, (Jail Road)
Lahore.

Mr. Ch. H.S. Asghar
Vice President

Ph (042) 37423613, 37423614
Fax (042) 37425649

Empress Tower Branch

Room No.18,1st Floor,
Empress Tower,
46 Empress Road, Lahore.

Mr. S.Azhar Ali Shah
Senior Vice President

Ph (042) 36297253, 36297254
Fax (042) 36297255

Khan Plaza Branch

4th Floor, Khan Plaza,
G. T. Road, Gujranwala.

Mr. Sohailuddin Zafar
Assistant Vice President

Ph (055) 4215422, 4216422
Fax (055) 4448139

Gujrat Branch

Marhaba Tower (Top Floor) Opp.
Ram Piary Mahal Near Fawara Chawk,
Gujrat.

Mr. Abdul Sattar Malik
Branch Manager

Ph (053) 3522127

Faisal Complex Branch

3rd Floor, Faisal Complex,
Bilal Road, Civil Lines, Faisalabad.

Mr. A. Majeed Abid
Senior Vice President

Ph (041) 2611938, 2611939
2626480
Fax (041) 2621033

Offices

Taj Plaza Branch

Room No.16, 2nd Floor, Taj Plaza,
Kotwali Road, Faisalabad.

Mr. Muhammad Akhlaq
Vice President

Ph (041) 2617277, 2622182
2615922
Fax (041) 2412010

United Plaza Branch

3,3rd Floor, United Plaza,
Shamsabad, Murree Rd. Rawalpindi.

Mr. Abdul Karim Siddiqi
Vice President

Ph (051) 4854200
Fax (051) 4580008

Royal Plaza Branch

8, 1st Floor, Royal Plaza,
6th Road, . Rawalpindi.

Mr. Aamir Manzoor
Vice President

Ph (051) 4423944, 4423955
Fax (051) 4421969

Peshawar Branch

T-3 & 4, Bilour Shopping Plaza,
3rd Floor, Saddar Road, .
Peshawar Cantt.

Mr. Shah Mast Khan
Branch Manager

Ph (091) 5274617, 5277328
Fax (091) 5284683

Regional Office Multan

1st Floor, 5-Commercial Plaza,
Opp. Civil Hospital, Abdali Road,
Multan.

Mr. Syed Mohsin Bukhari
Assistant Vice President

Ph (061) 4517349
Fax (061) 4510049

Hasilpur Branch

27-B, 1st Floor, Main Bazar,
Hasilpur.

Mr. Muhammad Shafi Anjum
Senior Vice President

Ph (062) 2442473
Fax (062) 2448073

Sialkot Branch

Room No.4 & 5, 1st Floor,
Mughal Plaza, Kutchery Road,
Sialkot.

Mr. Ghulam Rasool Farrukh Zahidi
Branch Manager

Ph (052) 4296075, 4296076
Fax (052) 4296077

Gojra Branch

P-132, Post Office Road,
Gojra.

Mrs. Shahnaz Akhtar
Branch Manager

Ph (046) 3511917
Fax (046) 3513111

Rahimyar Khan

Gulshan-e-Iqbal

Mr. Shamsul Haq ch.
Resident Representative

Cell 0300-8717172
0334-7717172

Sukkur

Minara Road, Sukkur.

Mr. Anees Memon
Resident Representative

Ph (071) 5622619
Cell 0300-3138090

Notes:

Annual General Meeting

on Saturday the 30th April 2016 at 12:30 p.m

at "RELIANCE INSURANCE HOUSE"

181-A Sindhi Muslim Co-operative Housing Society Karachi

Proxy Form

I/we _____ of _____

being a Member of Reliance Insurance Company Limited holding _____ ordinary shares, HEREBY

APPOINT _____ of _____ another member of the Company, failing him/her _____ of _____ as my/our proxy in my/our absence to attend and to vote and act for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on

Saturday April 30, 2016 and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2016.

(Signature of Witness 1)

(Signature of Witness 2)

Ten Rupees
Revenue
Stamp

Name of Witness: _____

Name of Witness: _____

CNIC

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

CNIC

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Address: _____

Address: _____

(Name in Block Letters)
Folio No. _____

Signature of Shareholder

Notes:

1. The Member is requested:
 - (a) To affix Revenue stamp of Rs. 10/- at the place indicated above;
 - (b) To sign in the same style of signature as is registered with the company.
 - (c) To write down his/her Folio Number.

2. For the appointment of the above proxy to be valid this instrument of proxy must be received at the Head office at 181-A, Reliance Insurance House, Sindhi Muslim Cooperative Housing Society Karachi at least 48 hours before the time fixed for the Meeting.

3. Any alteration made in this instrument of proxy should be initiated by the person who signs it.

4. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by the proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.

5. The Proxy must be a Member of the Company.

For CDC Account Holders / Corporate Entities

In addition to the above, the following requirements have to be met:

- (i) The proxy form must be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (ii) Attested copies of CNIC or the passport of the beneficial owners and of the Proxy must be furnished with the proxy.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and of the Proxy must be furnished with the proxy form.
- (iv) In case of corporate entities, the Board of Directors' resolution/power of attorney and specimen signature must be submitted (Unless it has been provided earlier) along with proxy forms.

مختار نامہ (پراکسی فارم)

میں / ہم _____ برائے _____ (نام) _____ (پتہ)

بحیثیت شراکت دار ریلائنس انشورنس کمپنی لمیٹڈ موجودہ حصص

آرڈری حصص بطور شریعتی 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 ہفتہ، مورخہ ۱۳ اپریل ۲۰۱۶ء ہوا۔ اس میں کوئی تبدیلی لائی جائے۔

میرے / ہمارے طرف سے گواہان برطانیہ _____ مورخہ _____ ۲۰۱۶

(دس روپے مالیت کا ریونیوٹکٹ
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

پتہ

پتہ

شراکت دار کا نام

جلی حروف میں نام

فونینمبر:

اہم نکات:

- ۱۔ شراکت داروں سے التماس ہے کہ:
(ا) اوپر بتائی گئی جگہ پر دس روپے مالیت کا ریونیوٹکٹ چسپاں کریں
(ب) کمپنی میں رجسٹرڈ کرائے ہوئے دستخط استعمال کریں
(ج) اپنا فونینمبر درج کریں
- ۲۔ مینٹگ سے ۲۸ گھنٹے قبل پراکسی کا یہ فارم جو برطانیہ سے مکمل اور دستخط شدہ ہو کمپنی کے ہیڈ آفس بمقام 181/A ریلائنس انشورنس ہاؤس سندھی مسلم کواپریٹو ہاؤسنگ سوسائٹی کراچی میں جمع کرایا 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 اتھارائزڈ کیا گیا ہو، کی جانب سے دستخط کیا جائے، اگر ممبر کوئی کارپوریشن ہے تو اس کی عام ممبر موجودہ ہونی چاہیے۔
- ۵۔ ایسا ممبر جو مینٹگ میں شمولیت اور ووٹ دینے کا اہل ہے وہ کسی دوسرے ممبر کو اپنے / اپنی پراکسی کے طور پر مینٹگ 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 کاؤنٹ ہولڈرز / کارپوریٹ ادارے:

مزید برآں درج ذیل شرائط کو پورا کیا جائے:

- پراکسی کیلئے وہ لوگوں نے گواہی دی ہو جن کے نام، پتہ اور شناختی کارڈ یا پاسپورٹ نمبر فارم پر درج ہوں۔
- پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل بھی دی جائیں۔
- پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ مینٹگ کے وقت دکھانا ہوگا۔











کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف انارنی مع دستخط کے نمونے پراکسی فارم کے ہمراہ (اگر پہلے جمع نہ کرایا ہو) کمپنی میں جمع کرائی ہوگی۔



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Reliance Insurance Company Limited

181-A, Sindhi Muslim Co-operative Housing Society, P.O. Box: 13356, Karachi-74400.