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## **Company Information**



#### **BOARD OF DIRECTORS**

CHAIRMAN ISMAIL H. ZAKARIA

#### DIRECTORS

A. AZIZ AYOOB IRFAN ZAKARIA BAWANY MUHAMMAD OMER BAWANY ZOHAIR ZAKARIA AHMED ALI BAWANY NOOR M. ZAKARIA HAMZA OMER BAWANY MUHAMMAD IQBAL

#### CHIEF EXECUTIVE & MANAGING DIRECTOR

A. RAZAK AHMED

#### CHIEF ACCOUNTANT AND COMPANY SECRETARY

HAROON A. SHAKOOR

#### AUDIT COMMITTEE

MUHAMMAD OMER BAWANY CHAIRMAN IRFAN ZAKARIA BAWANY MEMBER ZOHAIR ZAKARIA MEMBER

#### INVESTMENT COMMITTEE

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

#### **ETHICS, HUMAN RESOURCE &** REMUNERATION COMMITTEE

ZOHAIR 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 SONERI BANK 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: rell-ins@cyber.net.pk rlc-re@cyber.net.pk Website; www.rellanceins.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 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 510.375 million. General Reserve to Rs. 220 million & the Shareholders' equity to Rs.863.525 million.

Reliance is one of the leading General Insurance Company of Pakistan having a network of 23 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.1226.215 million (inclusive of Takaful Contribution) at the end of the year 2016 and the Technical Reserves at Rs. 782,588 million.

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



#### 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**



#### Zohair Zakaria - Director

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)



#### Muhammad Omer Bawany - 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.



#### Ahmed Ali 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)

## **Directors' Profile**



#### Noor Mohammed Zakaria - 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.



#### Hamza Omar Bawany - Director

Mr. Hamza Omar Bawany is currently the CEO of Uni-Food Industries Ltd. He has a diverse working experience in various fields such as Manufacturing, FMCG and Islamic Banking. For over 10 years he has served as Chief Operating Officer of Sind Particle Board Mills Ltd. Mr. Hamza acquired his BBA and MBA degree in Marketing and Finance from IBA, Karachi. He also serves as Director on Boards of Faran Sugar Mills Ltd., and BF Modaraba.



#### Muhammad Igbal - Director

Mr. Muhammad Iqbal Chartered Accountant from Institute of Chartered Accountant of Pakistan, He is Fellow Member Cost & Management Accountant of Pakistan. Having more than 40 years of diversified experience at Senior and top level management position with emphasize on financial management and reporting, operational management, internal audits, capital restructuring, pre-investment and acquisition, critical financial review and analysis, corporate and legal affairs as well as taxation. He was associated with Fecto Group of Companies in the capacity of Director Finance and Company Secretary.



#### 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.

Takaful Reliance Insurance has also commenced Window Takaful Operations. Reliance Takaful offering a wide range of Shariah Compliant General Takaful Products such as Fire & Property Takaful, Marine Cargo Takaful, Motor Takaful (Private/Commercial Vehicles), Engineering Takaful, Terrorism & Political Violence Takaful and Miscellaneous Accident Takaful.

## Fire & Property Insurance



#### Fire and Allied Perils Insurance

Reliance Insurance provides comprehensive Fire insurance coverage at most competitive rates. The standard Fire policy covers loss and/or damage to the property caused by Fire & Lightning. The basic Fire policy can be extended to cover a number of additional risks known as 'special perils' or 'allied perils'. These includes:Riot and Strike Damage, Malicious Damage, Explosion, Atmospheric Disturbance (including Flood), Earthquake Fire and Shock, Impact Damage, Aircraft Damage, Burglary and Sabotage including Political Violence Risks. The property insured normally includes Buildings, Plant & Machinery of all kind (industrial, commercial, residential, offices, factory & warehouse / godowns), fixtures & fittings, stocks in godowns, raw materials, work-in-process and finished goods.

#### 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.

## **Marine Cargo Insurance**



Marine Cargo insurance provides protection to Imports & 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 transit risks as per Institute Cargo Clauses 'A'.

For lesser risks Cargo clauses 'B' & 'C' are available, even cover on TLO (Total Loss only, due to total loss of vessel / aircraft) basis is also available. Marine Inland Transit insurance policy provides adequate cover to protect goods in transit by any mode of transport i.e., by Air or byRoad/Rail within the territory

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

## **Motor Insurance**



#### Motor Cars Insurance

Reliance Insurance provides most comprehensive coverage against accidental damage to the motor vehicles insured with us. To meet minimum requirement by law under Motor Vehicle 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 also available under the legal section.

Act Liability Only:

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

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

#### Comprehensive Motor Policy

Our Comprehensive Motor Insurance Policy provides extended coverage against losses caused by damage due to road accidents, Theft & Burglary, Snatching by violent means, Riot & Strike damage, Loss or damage due to natural calamities, Third party liability (Bodily Injury and property damage). This policy can be extended to include accidental personal injuries to and death of Driver and Passengers

#### Commercial Vehicles

We also insure Motor vehicles used for trade purpose and classified as Commercial Vehicles such as Trucks, Trailers, Passenger Buses, Ambulances, Passengers Wagons / Vans etc.

## **Aviation Insurance**



Reliance Insurance is amongst the few Pakistani insurance companies who offer aviation insurance to the commercial airlines as well as private jets.

Our comprehensive aviation insurance plan protects the insured from probable risks of Aircraft Hull & Spares All Risks, Aviation Legal Liabilities, War & Allied Perils, Loss of License to Pilots, Aircraft's Ferry Flight Insurance, Crew Legal Liabilities, Airline's Airport Booth Insurance.

## **Engineering Insurance**



Engineering policies mainly cover plant & machinery and projects of various kinds. It covers damage or breakdown of plant &machinery or its specific items. It indemnifies the cost of repair of plant &machinery own damage andlegal liability for damage to the property of third party. Engineering policies also cover the contractor against the risks of the projects.

Cover for loss of profits and standing charges following machinery breakdown is also available. Cover against Contractor's All Risks Insurance, Contractor's Plant & Machinery Insurance, Plant & Machinery Erection All Risks Insurance, Machinery Break-Down Insurance and Comprehensive Machinery Insurance are also available.

## **Bond & Surety Insurance**



Contractor 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 Payment / Mobilization Bonds, Performance Bonds, Maintenance Bondsand Customs & Escise Bonds are available.

## Miscellaneous Accident



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



## **Window Takaful Operations**

Reliance Insurance Company Limited has commenced its Window Takaful Operations with the brand name of Reliance Takaful in the year 2016 under the guidance of renowned, qualified and certified Shariah scholars. Reliance Takaful has dedicated competent and highly professional team to handle Takaful operations.

Reliance Takaful is offering a wide range of Shariah Compliant General Takaful Products such as Fire & Property Takaful, Marine Cargo Takaful, Private / Commercial Vehicles Takaful, Engineering Takaful, Terrorism & Political Violence Takaful and Miscellaneous Accident Takaful. A short brief of major takaful products is as under-

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

Marine Takaful covers losses to cargo during transit as per Institute Cargo Clauses 'A', 'B' or 'C' all means of transport like by Sea, by Air or by Road/Rail. Usually marine cargo takaful provides coverage of goods from warehouse (of departure) to warehouse (of arrival) but can also be from port of departure to port of arrival.

Motor Takaful provides coverage against any loss / damage to motor vehicles (private & commercial) due to road accidents, Theft & Burglary, Snatching by violent means, Riot & Strike damage, Loss or damage due to natural calamities and Third party liability (Bodily Injury and property damage). This cover can be extended to include accidental injuries and death of Driver and Passenger(s).

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

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

## **Notice of the Thirty Fifth Annual General Meeting**

Notice is hereby given that the 35th Annual General Meeting of the Shareholders of RELIANCE INSURANCE COMPANY LIMITED will be held on Saturday day the 29th April, 2017 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:**

- To confirm the Minutes of the 34th Annual General Meeting of the company held on 30th April, 2016.
- 2. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st December, 2016 together with Directors' and Auditors' Reports thereon.
- To consider and approve cash dividend of 5% for the year ended 31st December, 2016 as recommended by the Board of
- 4. To appoint auditors and fix their remuneration for the year ending December 31, 2017. The retiring Auditors, M/s. BDO Ebrahim & Co., Chartered Accountants have completed five years as Auditors of the Company and are no longer eligible for appointment. The Board of Directors recommends the appointment of Messrs Kreston Hyder Bhimji & Co., Chartered Accountants for the year 2017 who have indicated their consent to act as Auditors.

#### SPECIAL BUSINESS:

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, 2016, 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:

"That a sum of Rs. 51,037,530 out of the Company's Profit be capitalized for issuing of 5,103,753 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, 2017 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 Chantable Institution.

That for the purpose of giving effect to the foregoing, the Chief Executive and/ or 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 safe proceeds of the fraction."

To obtain consent of the shareholders in terms of S.R.O. 470(1)/2016 dated May 31, 2016 issued by Securities and Exchange Commission of Pakistan (SECP) for the transmission of the annual balance sheet and profit and loss account, auditors' and directors' reports etc. ("annual audited accounts") and other information contained therein of the Company through CD/DVD/USB. In this regard following resolution to be considered and, if thought fit, to be passed as a special resolution with or without modification

"Resolved that transmission of annual balance sheet, profit and loss account, auditors and directors reports etc. ("Annual Audited Accounts") and other information contained therein to the members at their registered address through CD/ DVD/ USB, instead of transmitting the same in hard copies, be and is hereby approved,"

To consider and if thought fit, to pass the following resolution, with or without modification(s), as Special Resolution to after the Articles of Association of the Company by inserting new Articles Nos. 94-A, 113-A, and 120-A to enable the members for e-voting as required by Companies (E-Voting) Regulations. 2016 and video conferencing, issued by Securities and Exchange Commission of Pakistan vide SRO 43(1)/2016 dated January 22, 2016 and Circular No. 10 of 2014 dated May 21, 2014.

"Resolved by way of special resolution the Articles of Association of the Company be amended by adding following new clauses as 94-A 113-A, and 120-A\*.

94-A "Resolved that the company may provide video conference facility to its Members at places other than the town in which general meeting is taking place after considering the geographical dispersal of its Members, subject to the condition that Members collectively holding ten percent (10%) or more shareholding residing at a geographical location provide their consent to participate in the general meeting through video conference at least ten (10) days prior to the date of the general meeting. The company shall arrange video conference facility subject to availability of such facility in that city and an intimation to the Members shall be given by the Company at least five (5) days before the date of general meeting regarding venue of video conference facility along with complete information. However, the quorum, as required under the Ordinance, as well as the Chairman of the general meeting, shall be present at the place of the general meeting,"

113-A 'Resolved that a Member may opt for e-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations, 2016 (including any statutory modification thereof), as amended from time to time in the case of e-voting, both Members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company's registered office address or through email. The Company will arrange for e-voting if the Company receives demand for poil from at least five (5) members or by any member having not less than one tenth of the voting power." 120-A An instrument appointing a proxy relating to e-voting shall be in the following form-Ordinary Share(s) as being a member of Reliance Insurance Company Limited holding ct hereby opt for e-voting through intermediary and hereby consent the appointment of execution per Registered Folio No. as proxy and will exercise e-voting as per the Companies (E- voting) Regulations, 2016 and hereby demand for poll for resolutions. My secured e-mail address is please send login details, password and electronic signature through e-mail. Signature of Members ONIC No. (Signature should agree with the specimen signature registered with the Company.) Signed in the presence of Signature of Witness Signature of Witness CNIC No. CNIC No. 'Further Resolved that the Chief Executive Officer and/or Company Secretary be and is hereby authorized to do all acts, deed and

things, take all steps and actions necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents/statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid special resolution."

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 member's alongwith the Notice of the Meeting.

#### OTHER BUSINESS:

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

The Share Transfer Books of the Company will remain closed from 19th April, 2017 to 29th April, 2017 (both days inclusive)

By order of the Board

HAROON A. SHAKOOR Chief Accountant & Company Secretary

Karachi, 28th March, 2017

#### NOTES:

- 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 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:

- 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:
- 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:

- 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.
- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form:
- Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his original CNIC or Original Passport at the time of the meeting.
- 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

3. Shareholders are requested to inform the Company of any change in their address, if any immediately.

#### 4. 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 16, 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 CINCs/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.

#### 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.

#### Electronic Transmission of Annual Financial Statements and Notices

Pursuant to notification vide SRO.787(1) / 2014 of September 5, 2014, the SECP has directed to facilitate the members of the Company receiving annual financial statements and notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive annual financial statements and notices of the Company through email in future. In this respect members are hereby requested to convey their consent via email on a standard request form which is available at the Company website www.relianceins.com. Please ensure that your email has sufficient rights and space available to receive such email which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the share registrar of any change in their registered email address.

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

#### Deduction of Withholding Tax on the Amount of Dividend

Fursuant 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, 2016 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-

For filers of income tax returns 12.50% For non-filers of income tax returns 20.00%

To enable the Company to make tax deduction on the amount of cash dividend @12.50% instead of 20.00%, 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, 2017, 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.

CONTRACTOR STREET, STR		Principal s	shareholder	Joint Share			
	Total Shares	Name and CNIC ∉	Proportion (No of Strares)	Name and CNIC #	Proportion (No of Shares)	Signature	

#### B 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 29, 2017.

#### ITEM NO. 5, 6, AND 7 OF THE AGENDA

"Further Resolved that the decision of the Board of Directors of the Company to issue 5,103,753 ordinary shares of Rs. 10 each by capitalizing Rs. 51,037,530 out of the Free Reserve of the Company and allotted as fully paid up bonus chares to the members of the company who were registered in the book of the company on 18th April, 2017 in the ratio of 10 shares such new shares for every 100 existing ordinary shares held ranking part 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.

To give effect to the notification S.R.O 470(1)/2016 dated May 31, 2016 issued by Sacurities and Exchange Commission of Pakistan (SECP) shareholder approval is being sought to allow the Company to circulate its Annual Report through CD/DVD/USB at register address. If a member prefers to receive hard copies for all the future annual reports, then such preference of the member shall be communicated to the Company in writing in which case the Company shall be bound to provide hard copies of all the future annual reports.

#### Alteration in the Articles of Association:

To give effect to the companies (E-Voting) Regulations 2016. Shareholders' approval is being sought to amend the Articles of Association of the company to enable e-voting. The detail of amendments proposed in the Articles of Association is part of resolution mentioned in the Notice.

None of the Directors of the Company have any direct or Indirect Interest in above said Special Business.

## **HORIZONTAL ANALYSIS OF BALANCE SHEET & INCOME STATEMENT**

	0.00		Sec. 300	400	Rupees	000	% Incr	ease/(I	Decreas	e) over	preceed	ng year
	2016	2015	2014	2013	2012	2011 Restated	2016	2015	2014	2013	2012	2011 Restated
BALANCE SHEET												
Cash and Bank Deposit	146.958	133.930	104.499	103.079	68.760	79.824	9.73	28.16	1.37	49.91	(13.86)	38.72
Loan to Employees	0.998	1.418	1.534	1.517	1.566	0.921	29.62	(7.56)	1.12	(3.13)	70.03	21.82
Investment	751.662	653.669	584.858	500.322	436.862	406.541	14.99	11.76	16.90	14.53	7.46	16.59
Other Assets	771.446	896 803	823.391	780.381	1,062.035	558.414	(13.98)	8.91	5.51	(26.52)	90.19	12.61
Fixed Assets - Tengible and Intendible	87.072	80.742	81.651	71.281	63.801	63.234	7.84	(1.11)	14.55	11.72	0.89	(2.20)
Total Assets of window takaful operation opertors fund	53.342						100.00					
Total Assets	1811.478	1766.561	1595.944	1456.580	1,633.024	1,108.934	2.54	10.69	9.57	(10.80)	47.25	14.61
Total Equity	863.526	786.034	725.219	653.418	578.713	515.428	9.86	8.38	10.99	12.91	12.28	17.51
Underwriting Provisions	782.589	868.201	764 835	679.626	947.898	465.335	(9.86)	13.51	12.54	(28.30)	103.70	6.44
Creditors and Accruals	158.821	111.074	104.980	122.987	105.841	128.064	42.98	5.80	(14.64)	16.20	(17.35)	39.70
Other Liabilities	1.666	1.250	0.910	0.549	0.572	0 107	33.28	37.36	65.75	(4,02)	434.58	(6.95)
Total liabilities of window takaful operration opertors fund	4.876						100.00					
Total Equity and Liabilities	1811.478	1766 561	1595.944	1456.580	1,633 024	1,108.934	2.54	10.69	9.57	(10.80)	47.28	14.61
PROFIT AND LOSS ACCOUNT												
Net Premium Revenue	359,415	316.412	295.757	260.758	240.703	238.706	13.59	6.99	13.42	8:33	0.84	(10.90)
Net Claims	101.721	89.862	94 300	87.893	83.096	86.322	13.20	(4.71)	7.29	5.77	(3.74)	(10.48)
Management Expenses	132.486	127.951	122.763	116.698	106.778	99.150	3.54	4.23	5.19	9.29	7.69	(0.31)
Net Commission	60 919	49.389	39.246	36.568	33.748	37 990	23.34	25.84	7.32	8.36	(11.17)	(5.26)
Underwriting Results	64.289	49.219	39.447	19.599	17.044	15.243	30.62	24.77	101.27	14.99	11.81	(52.26)
Invetment Income	99,009	86.693	96.216	97.437	110.252	94.858	14.21	(9.89)	(1.25)	(11.62)	16.23	20.26
Other Income	0.952	1 285	2.812	2.903	2.590	3.012	(25.91)	(54.30)	(3.13)	12.08	(14.01)	114.22
Financial Charges	0.047	0.203	0.464	0.088	0.625	0.453	(76.85)	(56.25)	427.27	(85.92)	37.96	134.71
General and Admin Expenses	47.128	46 206	41 888	38.646	35.357	29.342	1.99	1031	8.39	9.30	20.50	(6.31)
Profit and Loss before Tax	115.540	90.788	96.540	81.205	93.905	83.317	27 26	5.96	18.88	(13.52)	12.71	28.19
Taxation Net	14.850	9.800	6.400	6.500	6.700	6.500	51.53	53 12	1.54	2.99	3.07	36.84
Profit and Loss after Tax	100.690	80.988	90.140	74.705	87.205	76.817	24.43	(10.15)	20.66	(14.33)	13.52	36.40

## **VERTICAL ANALYSIS OF BALANCE SHEET** & INCOME STATEMENT

											Rupe	es '000
	201 Rupees		201 Rupees	116	201 Rupees		201 Rupees	3 %	201 Rupees	17.43	201 Rupees	1 %
BALANCE SHEET		Z								9,100	iacili.	34
Cash and Bank Deposit	146.96	8.11	133.93	7.58	104.499	6.55	103.079	7.08	68.760	4.21	79.824	7.20
Loan to Employees	0.998	0.06	1.418	0.08	1,534	0.10	1.517	0.10	1 566	0.10	0.921	0.08
Investment	751.662	41.49	653.669	37.00	584 868	36.65	500.322	34.35	436.862	26.75	406.541	36.66
Other Assets	771.446	42 59	896.803	50.77	823.391	51.59	780.381	53.58	1,062,035	65.03	558 414	50.36
Fixed Assets - Tengible and Intendible	87.071	4.81	80.742	4.57	81.652	5.12	71.281	4.89	63.801	3.91	63.234	5.70
Total Assets of window takaful operration opertors fund	53.342	2 94										
Total Assets	1811.478	100 00	1766.561	100.00	1595.944	100.00	1456 5801	00 00	1,633.024	100 00	1,108.934	100.00
Total Equity	863.526	47.67	786.034	44.50	725.219	45:44	653.418	44.86	578,713	35.44	515.428	46.48
Underwriting Provisions	782.589	43 20	868.201	49.15	764.835	47.92	679.626	46 66	947.898	58.05	465.335	41.96
Creditors and Accruals	158.821	8.77	111.074	6.29	104.980	6,58	122.987	8.44	105.841	6.48	128.064	11 55
Other Liabilities	1.666	0.09	1.250	0.07	0.910	0.06	0.549	0.04	0.572	0.04	0.107	0.01
Total liabilities of window takaful operration opertors fund	4.876	0.27										
Total Equity and Liabilities	1811.478	100.00	1766 561	100.00	1595,944	100.00	1456.5801	00 00	1,633.024	100.00	1,108 934	100.00
PROFIT AND LOSS ACCOUNT												
Net Premium Revenue	359.415	100.00	316.422	100.00	295.757	100.00	260.758	100 00	240.703	100 00	238.706	100.00
Net Claims	101.721	28.30	89.862	28 40	94.300	31 88	87.893	33.71	83.096	34.52	86 322	36.16
Management Expenses	132.486	36.86	127 951	40.44	122.763	41 51	116.698	44.75	106.778	44.36	99.150	41.54
Net Commission	60.919	16.95	49.389	15.61	39,246	13.27	36.568	14 02	33.784	14 04	37.990	15.91
Underwriting Results	64.289	17.89	49.219	15.55	39,447	13.34	19 599	7 52	17.044	7 08	15.243	6.39
Invetment Income	99.009	27.55	86,693	27.40	96.216	32.53	97.437	37.37	110.252	45.80	94.085	39.41
Other Income	0.952	0.26	1 285	0.41	2.812	0.95	2.903	1.11	2,590	1.08	3.012	1.26
Financial Charges	0.047	0.01	0.203	0.06	0.464	0.16	0.088	0.03	0.624	0.26	0.453	0.19
General and Admin Expenses	47.128	13.11	46.206	14.60	41.888	14.16	38.646	14.82	35,357	14.69	29.342	12.29
Profit and Loss before Tax	115.540	32.15	90.788	28.69	96.540	32.64	81.205	31 14	93.905	39.01	82 544	34.58
Taxation Net	14.850	4.13	9.800	3.10	6.400	2.16	6.500	2.49	6.700	2.78	(6.500)	(2.72)
Profit and Loss after Tax	100.690	28.01	80 989	25.60	90.140	30.48	74.705	28.65	87.205	36.23	76.044	31.86

# 10 Years Growth At A Glance

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
AND DESCRIPTION OF STREET	740.07	450.00	400.00	200 200	200.00	210.00	ara ni	ATT AT	000.00	1905.45
PAID-UP CAPITAL	510.37	463.98	403.46	366.78	318.93	318 93	252.01	252.01	229 09	176.25
SHARE HOLDER'S EQUITY	863.52	785.03	725.22	653.42	578.71	450.56	374,52	322.58	355.23	314 72
GENERAL RESERVE	220.00	200.00	180.00	160.00	90	90.00	87.50	87.50	80	62,50
CASH AND BANK DEPOSIT	146.96	133.93	104.50	103.08	68.76	79.82	57.54	63.05	85.03	94.95
INVESTMENT	751.66	653.67	584.86	500.32	436.86	341.67	284.60	282.68	285.85	298.94
UNDERWRITING PROVISIONS	782.59	858.20	764.85	679.63	947.9	465.33	437.16	493.36	527.08	354.07
TOTAL ASSETS BOOK VALUE	1811.48	1766.56	1595.94	1456.58	1633.02	1044.07	903.46	904.35	938.72	712.73
RETURN ON ASSETS	5.56%	4.58%	5.65%	5.13%	5.34%	6.93%	11.99%	(3.61%)	4.31%	9.92%
RETURN ON EQUITY	11.66%	10.34%	12.43%	11.43%	15.07%	14.90%	13.86%	(10.11)%	11.40%	22.48%
PAID-UP CAPITAL TO ASSETS	28.17%	26.26%	25.28%	25.18%	19.53%	28.76%	26.04%	27.86%	24.40%	24.72%
EQUITY / TOTAL ASSETS	47.67%	44.50%	45.44%	44,86%	35.43%	46.48%	45,33%	35.67%	37.84%	44.17%
GROSS PREMIUM	1201 84	1114.40	1028.14	837.23	613.72	543.40	529.54	506.34	603.19	632.16
NET PREMIUM	359.41	316.42	295.76	260.76	240.7	238.7	267.92	326.55	445 54	395.81
RATIO TO GROSS PREMIUM	29.90%	28.39%	28.77%	31.14%	39.22%	43.93%	50.59%	64.49%	73.86%	62.61%
NET CLAIMS INCURRED	101.72	89.86	94.30	87.89	83.09	86.32	96.43	227 46	208.36	156.97
RATIO TO NET PREMIUM	28.30%	28.40%	31.88%	33.71%	34.52%	36.15%	35.99%	69 65%	46.77%	39.66%
EXPENSES	179.66	174.36	164.67	155.34	142.76	128.95	130.78	140.59	153.65	148.43
RATIO TO GROSS PREMIUM	14.95%	15.65%	16.02%	18.55%	23.26%	23.73%	24.70%	27.77%	25.47%	23.48%
RATIO TO NET PREMIUM	49.98%	55.10%	55.68%	59.57%	59.31%	54.02%	48.81%	43.05%	34.49%	37.50%
INVESTMENT INCOME	99.00	86.69	96.22	97.44	110.25	94.08	54.86	53.86	18.26	43.23
RETUN ON INVETMENT	13.17%	13.26%	16 45%	19.47%	25.24%	23,33%	15.73%	19.05%	6.39%	14.46%
U/W PROFIT/(LOSS)	64.29	49 22	39.45	19.6	17.04	15.24	31.93	(51.98)	48.17	58.53
PRE TAX PROFIT	115.54	90 79	96.54	81.21	93.9	82.54	56.68	(30.99)	52.26	88.34
PECENTAGE TO GROSS PREMIUM	9.61%	8.15%	9.39%	8.92%	14.21%	14.00%	99.81%	(6.45)%	6.71%	11.19%
PROFIT AFTER TAX	100.69	80.99	90.14	74.7	87.21	76.04	51.93	(32.64)	40.51	70.75
PECENTAGE TO NET PREMIUM	28 02%	25.60%	30.48%	28.65%	36.23%	31.85%	90.38%	(10.00)%	9.09%	17.87%
EARNINGS PER SHARE	1.97	1.75	1.94	2.03	2.73	2.38	2.06	(1.30)	177	3.09
DIVIDEND /BONUS	10%(B)5%(C)	10%(B)5%(C)	15%(B)5%(C)	10%(B)5%(C)	15%(日)	12 5%(B)7.5%(C)	12.5%(B)	NIL	10%(B)	30%(8)
BREAK UP VALUE PER SHARE	16.92	16.94	17.97	17.81	18.15	14.13	14.86	12.80	15.50	13.74
SUMMARY OF CASHFLOW										
NET CASH FLOW FROM										
OPERATING ACTIVITIES	102.288	40.013	23,354	16.692	(57.429)	(6.862)	(58.624)	(91.354)	(13.817)	29.875
NET CASH FLOW FROM										
INVESTING ACTIVITIES	(66.426)	9.450	3.908	17.237	70.445	29.606	53.313	75.606	(1.676)	(40.155)
NET CASH FLOW FROM										
FINANCING ACTIVITIES	(22 831)	(20.035)	(18.024)	(0.111)	(24.080)	(0.461)	(0 193)	(0.463)	(0.202)	
INCREASE / DECREASE IN										
CASH EQUIVALANTS	13.031	29.428	1.420	34.318	(11 063)	22.282	(5.504)	(16.211)	(15.696)	(10.279)
CASH FLOW AND CASH										
EQUIVALENT (YEAR END)	146.958	133.927	104.499	103.078	68.760	79.824	57.541	63.045	79.257	94.953

## Shareholders' Information

#### Registered Office

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

#### Head Office

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

#### Share Registrar Office

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

#### Listing on Stock Exchanges

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

#### Listing Fees

The annual listing fee for the financial year 2016-2017 has been paid to both the stock exchanges within the prescribed time limit

#### Stock Symbol

The stock code for dealing in equity shares of RIC at PSX 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.

The register of Member and share transfer books of the Company will remain closed from 19th April 2017 to 29th April 2017, (both days inclusive)

#### 35th Annual General Meeting

Date : 29th April, 2017 Time : 12:30 p.m.

Venue Reliance Insurance House, 181-A, SMCH5, 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 supersession 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 Computerized National Identity card (CNIC) number of the registered members, who have not yet submitted photocopy 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 following details to our Registrar M/s. C&K Management Associates (Pvt.) ltd...

## **Shareholders' Information**

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 20%. In case of joint account, each holder is to be treated individually as either a filter 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	cipal Shareholder J		areholder
			Name & CNC No.	Shareholding Proportion No. of Share	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 shareholders equal to 5% of the value of bonus shares determined on the basis of day-end price on the first day of book closure.

If Company does not receive the tax due from the shareholders, 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.

### Decisions Taken at the Last Annual General Meeting

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

- 1. Approval of the minutes of the last Annual General Meeting, held on 29th April 2015.
- 2. Approval of the audited financial statements for the year ended December 31, 2015 alongwith Directors' and Auditors'
- Approval of 5% cash dividend for the year ended December 31, 2015.
- 4. Appointment of BDO as auditors of the Company for the year 2016 and fixation of their remuneration.
- Nine directors of the Company were elected for the period of three years.
- Approval of the Bonus Shares @10% for the year ended December 31, 2015.
- 7. Approval of enhancement of Directors Fees.
- Approval of the remuneration of the Chief Executive Officer of the Company for the further period of three 3 years.

### كاس آئى كالمر

### منافع متقسمد تح مين ديد كااختياد

ہوسا کر ایس ای کی جانب سے مرکونم روا ہوا ہوں 2012 سے تھے ہوا سے کی گئے ہے ایم طیخ اولڈ از کو موقع فر ایم کرنے تھا کہ وہ کھنی کو یہ اعتباد ایس کر کھنی سنگل میں اعلان کروہ تھ منافع مصحمہ اگر کوئی اور کو اور استدان کے بیک اکا کو صف میں شع کر اوس ۔ اگر وہ اس ایم کو استرین اول کہ تقدم را کر کھنی کی جائے ہے۔ کہائے نہ اور استدان کے بیک اکا قرصف میں شع کراویا ہے تو وور ائے ممر بالی ور ن آنا کی تھھ جائے تہ ہوا سے ارمیس نہ کا این کے بیجند ایمو کی ایس کر کھنے کہ اوس ۔

apopre for	وتك الالاك الالاكل
MOREGRAMA	/willias
المجر والمارة فالبطال أن أمر واكر أو أن ال	وكالدكافخ

لنائس، یک 2016 کی دنتوں سے سابق آخریکس آرؤ بھس 2001 کی دفعہ 150 سے تھے میافع کی اوا لگی ہے اتھا میکس کی کوئی کی شرح پر تقرطانی کو دوں کے سابق آخریکس کو دوروں سے مابق آخریکس کو دوروں سے ان کی کوئی ہے۔ ان کوئی کے دوروں کے مابق آخریکس کی کوئی ہوا ہے۔ ان کوئی کے دوروں کے موریت میں ہوا کہ انداز کو افراد کی دوری کا طور پر تعاول کی انداز کی دوری موروں کے مطابق تحریر کی موروں کے مطابق تحریر کی مطابق کوئی کے مطابق تحریر کی موروں کی مطابق کے مطابق تحریر کی موروں میا کہ دوروں کے مطابق تو ہوا کہ انداز کو مطابق کا دور کی موروں کے مطابق تحریر کی موروں میں کہ دوروں کے مطابق تحریر کی مطابق کا موسول میں موروں کے موروں کے مطابق تحریر کی موروں میں انداز کی مطابق تحریر کی مطابق کے مطابق تحریر کی موروں میں کا معداد کی مطابق تحریر کی مطابق تحریر کی مطابق کے مطابق کا معداد کی مطابق کے مطابق کا معداد کا معداد کا معداد کا معداد کا معداد کی کا معداد کی مطابق کی کھوڑ کی مسابق کا معداد کا معداد کی مطابق کا معداد کی کھوڑ کی مسابق کے مطابق کا معداد کی کھوڑ کی مسابق کا معداد کا معداد کی کھوڑ کی مسابق کے مطابق کی کھوڑ کی مسابق کے مطابق کی کھوڑ کی مسابق کا معداد کا معداد کی کھوڑ کی مسابق کا معداد کا معداد کی کھوڑ کی مصابق کا معداد کا معداد کی کھوڑ کی مصابق کی کھوڑ کی مسابق کی کھوڑ کی مسابق کی کھوڑ کی مصابق کے مصابق کی کھوڑ کی کھوڑ کی مصابق کی کھوڑ کی مصابق کی کھوڑ کی مصابق کی کھوڑ کی کھوڑ کی مصابق کی کھوڑ کی مصابق کی کھوڑ کی مصابق کی کھوڑ کی کھوڑ کی مصابق کی کھوڑ کی کھوڑ

ر عو لا د	الاانحث فيخر الالذر		ير من المنظم الولاز		خونی/ی دی ایس انجاؤمت حمد	
فيز كي تعداد يرفير دولانگ كانتاب	ام اورى استى الى ى كر	همرگی تعدید پر همز مولانگ کا نتاب	ومهاوري است آل ي تحر			

### ر بالكس انورس كمين لسيد ك 10 فيصدونس فير ع اجراية قابل ادائيكس بشر ح 5 فيصد

فنائس ایک 2014 کے ذریعے اتکم میکس قوائین میں سحارف کر انگی جانے والی تواہم کے تھے۔ وٹس فیٹر ز کا اتر افیٹر مولارز کے پاس موجود کی میکس جھرکے تھے۔ قابل اور کی سوئی کو باری کرنے والی کمپیوں کے لئے طرور ٹی ہے کہ وٹس فیٹرز کا 5 فیصد صدروک لیسے اور فیٹر مولارزے وٹس فیٹرز کی مالیت کے قاندی سے مساوی لیکس وس کی تھیں دوزار کے انو کی اید ہونے والے از نول کی جواری کا جاری کا جواری کے اور کا قیصد وٹس فیٹرز والا کہ کہتی نے روک رکھے تھے۔ انہیں سیمنزل ڈیاڈ ٹری کمپین کے پاس فیڈرل میں روک تھے۔ انہیں سیمنزل ڈیاڈ ٹری کمپین کے پاس فیڈرل میں روک تھے۔ والے میں افتحال کو جاری کر وہتے جائے بیان کی کروہے کے نام پر

### يت من تبديلي

محران ے ور خواسعے کے اپنے مائے کا کا کی جدیات فوری طوری کھنے کے رجسو ارکو مطلع کرو میں۔

### آخرى سالانه عام اجلاس ميں كئے مح فيصلے:

الجناء عصطاق اجااس مسامد وجدة على امور عصطور قادى كى ادران فيسلون، مناب وقسع على مل ورآمد كيا كيا

- 1- گوفت سالاند عام اجلال معجد و 29 ايد على 2015 ي عشى كى مطورى
- 2- آزندهد وقو تفل افيضه 31 دعم 2015 سال جمول دار مكر در ورف ك معاورى
  - 3 سال 31 مر 2015 ك ك 6 فيد تقد لويد دركى سفورى
  - 4 مال 2016 كيك لي وي ال كران كر معادف كالمحين
    - 5- محلى كافار عود كوين سال كامدت ك المعلى الماكي
  - 6- سال 31 وميو 2015 ك ك 10 فيصد كى التريات يونس عصص كى معورى
    - 7. اا و مكود كي ليس مي احداد كي مطور ي
  - 3ء تعد سال کی مورد مدت کے انتخار کے بید ا ماد مکو آخیر کے معاوضے کی مطاور ک

## شيئر ہولڈرز کی معلومات

96ء يدروعي سلم كوآيد هوالاسك وسالخاء كرايي-

رياش الارنس بالوي

181 ما يه الدي مسلم كوآيد علم الأسك موسا كل ألم الآل

فيترر جسواد آفس

كالدين ع محمد ديوي الأس (يد الع مد) الميلاء

404- ليد جور العيد الله بارون وو

لارول كروي 35687839 & 53685930: كورول كروي -75530 فيروس كروي المراكب (021) 35687839 & 63685930:

العاك المحين من المنتك آر آن سالما كار في طور واسوال المحين (PSX) من العالماء

لسنتك فيس

مالى سال 2017-2016 ك ك سالا د استك فيس مورووقت كي مد تعادر يا كمان اسواك المنظم اواكي ما يكل عد

اسطاك كود

آرائ ي عرايك وي المراكز والمراكز على الله المراكز الي المراكز (PSX) إدارا في على الم

الجج وى كميلانس

سال کے دوران کھنی کے عمام دافذ العمل شقول پر عملدر آمد کیار عمام کوشوارے القارم واحل کے اور عمام محلقہ معلومات فر ایم کسی او کھنے آر ڈیٹس 1984ء رجھند تواہد و ضواید ،

سيكور فيزائه الما الميني كميض أف يا كستان (ايس اى كاني) ريكوليشنز اوراستنك ريكوليشنز ع تحد مروري تعمل-

せんしいいいして

كين ير مر كار صوره و في والوكس 19 يديل 2017 يديل 2017 يول 12017 المم ل دون الدر تاس كال

35وال-الانداجلاك عام

2017 44129

£12:30 KM

د عاشن انفورنس با توس م - 181 اس ايم ي انتخابس وكرايي -

آپ کی گھڑی گیا کے وجب سائند جاری گیا ہے جس سے یوزر او کھڑی کے ہارے میں معلومات عنی اس کی مالیاتی مور محال رجاد اللہ کھڑی کے یاس وستیاب جس کی اقسام اور دی انظور رزوقر وکی

فوست تك دسالى كالبازت الآلي ب-

كالاكروكي اليمايية في الدلي يحتمن عمدا يك أن الاس كم يليد مستم يحي وستوب ي

رسياك: www.relianceins.com

کون کے سالا در مصفحاتی اور سد ماتی مالیاتی صابات http://relianceins.com و متیاب الل

اسو فیک دیکس در اساک المحقور کا الادات بدر اور جال خرور کی ادار آگاه کرویا جائے گا۔

## **Financial Calendar**

25th February, 2016	The Board unanimously appointed Mr. Hamza Umer Bawany as a Director on Board of Reliance Insurance Company Limited, in consequence of the causal vacancy which occurred on the sad demise of Mr. Muhammad Amin Ahmed Bawany.
26th March, 2016	Meeting of the Board of Directors for approval of the audited financial statements for the year ended December 31, 2015. Directors recommended to pay 10% Bonus Share and 5% Cash Dividend subject to the approval of members in Annual General Meeting.
30th April, 2016	The Annual General Meeting of the Company was held at the Registered Office for approval of annual audited financial statement for the year ended December 31, 2015, appointment of auditors, approval of Bonus Shares Entitlement @ 10% for every 100 ordinary shares and Cash Dividend @ 5%
30th April, 2016	Election of Director was held and nine Directors were elected for the period of three years.
30th April, 2016	Meeting of the Board of Directors for approval of the unaudited first quarter financial statements for the period ended March 31, 2016.
25th May, 2016	Issuance of Bonus Shares, advised Central Depository Company, to credit participant Account and dispatch of Cash Dividend Warrants.
25th May, 2016	Bonus Shares Certificates issued to Physical Share-holders.
29th August, 2016	Meeting of the Board of directors for approval of the half yearly Unaudited financial statements for the period ended June 30, 2016.
29th October, 2016	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**

### Information required under the Code of Corporate Governance

Categories of share holders	Number of share holders	Number of shares held	Percentage of shares held
SSOCIATE COMPANIES UNDERTAKINGS ND RELATED PARTIES			
nam Fabrics	1	66,271	0.13
IT / ICP/ IDBP vestment Corporation of Pakistan, IDBP ICP Units	6	660	0.00
RECTORS, CEO & OTHER SPOUSES AND MINOR CHILDREN le detail are as under:	15	12,413,262	24.32
R. ISMAIL H. ZAKARIA	1	511,594	
R. A. AZIZ AYOOB	1	215,930	
R. IRFAN ZAKARIA BAWANY	1	3,155,819	
R. MOHD OMER BAWANY R. ZOHAIR ZAKARIA	1	303,975 230,500	
R. AHMED ALI BAWANY		81,220	
R. NOOR M. ZAKARIA	î	203,311	
R. HAMZA OMAR BAWANY	1	557,247	
R. MUHAMMAD IQBAL	1	5,475	
RS. ZARINA BAI ISMAIL	1	471,081	
RS. MEHRUNNISA A. AZIZ	1	239,800	
RS. SHEHLA IRFAN	1	3,053,139	
RS. RUKHSANA BAI OMER	1	1,091,361	
RS. AMBREEN AHMED ALI RS. SHAHNAZ NOOR MOHAMMAD	1	1,974,383 318,427	
ECUTIVE	*		
BLIC SECTOR COMPANIES AND CORP.	~	-	
NK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING NANCE INSTITUTION, INSURANCE COMPANIES, MODARABAS ND MUTUAL FUNDS	4	1,010	0.00
INT STOCK COMPANIES	23	8,265,542	16.20
OVERNMENT DEPARTMENT deral Board of Revenue	2	518,277	1.02
DIVIDUALS	1,427	29,489,971	57.78
OCK EXCHANGE	1	1,849	0.00
E Tower REIT Management Co. Ltd. ELFARE SOCIETY kistan Memon Educational	1	32,635	0.06
ARITABLE TRUSTS ustees AAI-Bawany Foundation	1	247,444	0.48
ADE aral Sons (Pvt.) Limited	1	611	0.00
OTAL -	1,482	51,037,532	100.00
HAREHOLDERS HOLDING FIVE PERCENT OR ORE VOTING INTEREST.			
/s.Irfan Ashfaq & Company (Pvt.) Ltd.,	1	6,266,919	12.28
r. Irfan Zakaria Bawany	1	3,155,819	6.18
rs Shehla Irfan		3,053,139	5.98

## **Pattern of Shareholding**

as at	Decem	her	31	201	5
22 01	CAPPER	DO:	34,	CWI	w

Number of		Shareholdings	Total shares held
Shareholden 419	From 1	100	
194 148 337	101 501 1001 5001 10001 16001 20001	100 500 1000	8 174 56 627 112 344 830.893 1,034,058 482,654 646,961
138	5001 10001	1000 10000 10000 15000 20000 25000 39000	1,034,058 482,654
36 25 8 16	15001 20001	20000 25000	546,961 571,437
16	2500) 30001 35001	35000	571.437 521.238 519.603 186.611 545.113
8	35001 40001 45001	40000 45000 50000	545,113 326,900
5	50001 60001	55000 55000 6000 65000 70000 75000 80000	290:745 121 432
5	65001 70001 75001 80001 85001	70000 75000	403.979 218.102
2	80001 85001	85000	165,266 174,540
î	95001 100001 105001	100000	193,919
1	105001 115001 120001	100000 105000 110000 115000 125000	224.855 118.577
1	120001 125001	125000 130000	125.000 125.103
1	125001 130001 140001	130000 135000 145000 150000	326,900 327,7432 290,7432 121,4379 218,158,640 190,374,640 190,3
ī	145001 155001 165001	170000 170000 185000 190000	158.000 170.000
3	185001	195000	547.188 188.026
1	195001 200001 205001	205000 210000	263.311 206.784
2	210001 215001 220001 225001	200000 205000 215000 215000 225000 225000 235000	426,500 434,930 440,228
ī	225001 230001 235001	230000	226.330 230.500
1	235001 240001 245001	240000 245000	239,800 240,630 247,444
i	300001 315001 325001	245000 250000 305000 320000	303.975 636.626
1	325001 340001	330000 345000	329,025 341,838
Ť	340001 355001 375001 380001	330000 345000 360000 380000 385000	758.652 381.053
1	385001 385001 425001	430000	388,033 425,178
i	450001 470001 500001 510001 655001	455000 475000 505000	471.081 500.001
1	510001 555001	475000 505000 515000 560000	303,975 636,626 329,638 341,838 357,137 758,652 381,033 425,178 452,444 452,033 452,444 452,001 611,594 657,502 623,289
1	590001 620001 675001	585000 625000 680000 725000 730000 775000	623,289 679,442
1	720001 725001 770001	725000	720,541 725,450
i	945001 955001	950000 960000	679,445 679,445 720,541 725,450 770,634 948,950 966,500 1,033,321 1,174,349 1,530,743
1	945001 955001 1030001 1170001	950000 960000 1035000 1175000 1535000	1.033.321
i	1530001 1625001 1940001 1970001	1650000 1650000 1945000	1.625.076 1.944.464
i.	1970001 2000001	1975000	1,625,076 1,944,464 1,974,383 2,003,626 2,189,914
1	2000001 2185001 2280001 3050001	2005000 2190000 2285000 3055000	2,189,914 2,281,257 3,051,547 6,108,919
1482	3050001 6105001	3055000 6110000	5,108,919 51,057,552
1-05			21,007,002

Sr. No.	Categories of share holders	Number of share holders	Total shares hold	Percentage 15
1 2 3 4 5 6 7 8 9 10	INDIVIDUALS INVESTMENT COMPANIES INSURANCE COMPANIES JOINT STOCK COMPANIES FINANCIAL INSTITUTIONS STOCK EXCHANGE WELFARE SOCIETY CHARITABLE TRUSTS MODARABA MANAGEMENT COMPANIES TRADE GOVERNMENT DEPARTMENT	144Z 6 1 24 21 1 1 1 2 2 2 3	41,902,350 1,543 592 8,331,813 417 1,849 32,535 247,444 611 518277	82.10 0.00 0.00 16.34 0.00 0.00 0.06 0.48 0.00 0.00
		1482	51,037,632	100.00

## **Directors' Report**

Gross Premium Crossed Billion Rupees Mark at Rs. 1226,215

Your Directors take pleasure in presenting the Thirty Fifth Annual Report alongwith Audited Accounts of the Company for the year ended 31st December, 2016.

Exports once again failed to make desired headway and register growth but instead witnessed declining trend while Imports continued Its increasing trend thereby widening further the trade deficit gap. Government however, is taking some remedial measures to minimise/arrest this adverse situation. G.D.P. growth rate stood at 4.7%. The bench mark policy rate - Discount rate has been the lowest in decades at 5.75%. The Power & Gas shortage continues to be the govt's major concern and is being vigorously addressed and is showing the signs of improvement in energy supplies. China Pakistan Economic Corridor (CPEC) gains momentum and is expected to play a vital role to support the economy, particularly in the wake of Gawader Port becoming operational in the near future. 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

Insurance Sector Dividend Income and Capital gain is now subject to tax at normal corporate tax rate i.e., 31% as against previous lower tax regime, resulting in severe blow to the profitability of insurance sector. However despite these challenging and adversary environment, your Company managed to underwrite the Gross Premium of Rs.1226.21 Million - an increase of 10.03% over previous year.

#### OPERATIONAL RESULTS FOR THE YEAR 2016

The comparative financial highlights of your Company for the year ended 31st December, 2016 are as 2016 2015

	Rs	in Million
Gross Premium		
(Including Takaful Contribution)	1226.215	1114.395
Net Premium	359.414	316.422
Net Incurred Claims		
(including IBNR)	101.720	89.862
Management Expenses	132.486	127.951
Underwriting Profit	64.289	49,219
Investment Income	99.009	86.693
Profit before Taxation	115.539	90.788
Profit after Taxation	100,689	80,988
Earnings per Share (EPS)	1 97	1.75

Gross Premium by Class of Business -2016



Your Company underwrote gross premium of Rs. 1226.215 million (inclusive of Rs.24.375 million of Takaful Contribution) against Rs 1114.395 million of the last year showing an increase of 10,03%. The net premium has marginally increased to Rs. 359.414 from Rs.316.422 million, i.e. 13.59 %.

Claims incurred during the year were Rs.101.720 million against Rs 89 862 million of the previous year, showing an increase of 13.20%. Management Expenses and General & Administration Expenses marginally increased from Rs 174.360 million to Rs. 179.661 - an increase of 3.04%

The discriminatory scenario pertaining to the so called 'Bank Limit' and delisting/non listing / prequalifying by some Banks, DFI's, Financial Institutions and various Authorities/Organizations still continues. However, IAP is seized with this issue and it is hoped, that this long outstanding matter would be amicably resolved.



#### INVESTMENT

The overall investment policy of your Company remains unchanged i.e., preference to Shariah Complaint Islamic Funds securing risk - free returns.

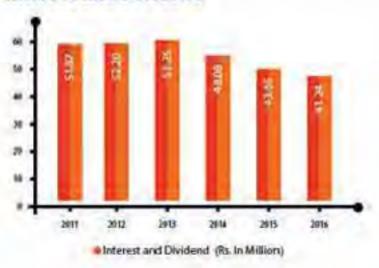
The shares portfolio of RICL is well spread and diversified amongst various sectors fundamentally focusing on blue chip scrips having high dividend yields, paying bonuses and future growth prospects and to maintain balance between fixed income securities and equities. The portfolio remains under surveillance of the investment committee.

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

Dividend Income stood at Rs.28.216 million in 2016 compared to previous year of Rs.30.858 million - a decrease of 8.56%. Your company has realized capital gain of Rs.11.690 million against Rs.13.570 million of the previous year and booked unrealized gain for Rs.48.085 million compared to Rs.30.309 million of the previous year. The total investment income for 2016 stood at Rs.99.009 million against Rs.86.693 million in 2015, showing increase of 14.20%.

Your company continues to endeavour generating a significant portion of its investment income from sustainable sources such as interest & dividends and capital gain thus ensuring healthy cash flow. The market value of Investment portfolio stood at Rs.769.302 million as at 31st December 2016 and investment in Bank Deposits Accounts stood at Rs.26.710 million as at 31st December 2016 and investment in Bank Deposits Accounts stood at Rs.26.719 million.

#### Interest and Dividend



#### Appropriation of Profit: (In Million) Amount brought forward from previous years Rs. 32,460 Profit after tax for the year ended 31st December, 2016 Rs.100.689 Un-appropriated amount available for appropriation Rs 133 149

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

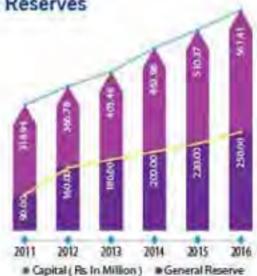
#### Appropriation:

Proposed Cash Dividend @ 5% (2015 : 5% )	Rs. 25.519
Proposed Issue of Bonus Shares @ 10% (2015 : 10%)	Rs 51.037
Transfer to General Reserve	Rs. 30.000
Un-appropriated balance carried forward	Rs. 26.593
	Rs.133.149

#### ENHANCED PAID-UP CAPITAL AND GENERAL RESERVES

Your Directors firmly believe in strengthening the Capital base and Reserves commensurate with the growth and future prospects of the Company. In line with this strategy, the Board of Directors have approved above appropriations increasing Paid-up Capital to Rs.561.41 million surpassing the Minimum paid-up Capital requirement of Rs. 500 million required to be achieved by next year i.e., 31st December, 2017 and General Reserve to Rs.250.000 million.

### Capital & Reserves



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

#### REINSURANCE

Your Company has successfully concluded the reinsurance arrangements for the year 2017. Swiss Reworld's most prestigious and renowned Re-Insurer continues to be the leader of RIC's reinsurance programme for the year 2017. Underwriting capacity for all lines of business have suitably increased further in 2017, 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

The Securities and Exchange Commission of Pakistan (SECP), Insurance Division under SECP Takaful Rules, 2012 have granted License to the Company to under-take Window Takaful Operation in May, 2016. During the period ended 31st December 2016, the written contributions were Rs.24.375 million and surplus of participant's Takaful Fund Rs 3.971 million. There is a loss from the Operators fund of Rs.1 534

#### INFORMATION TECHNOLOGY

Your Company is cognizant of the importance of Information Technology and is constantly investing to expand & upgrade its technological platform General Insurance Software 'IGIAS'; is running successfully at branch level since last many years. The quality of 'iGIAS' is that it is integrated software with all its modules i.e., Underwriting, Claim, Accounts and Reinsurance. It is (JSP) Java scripted online web-based software with Oracle data base and its data management is hassle-free and highly secure in its modesty & safety.

On commencing General Takaful operations the technological upgrade was required immediately hence (GIAS) has been incorporated with General Takaful services which has also been successfully implemented at branch user level for Takaful operations to satisfy short and long term day to day needs

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

Appropriation would increase Paid up Capital Rs. 561,41 Million and General Reserve to Rs. 250,000 Million

#### 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 continues to be 'Positive'. The rating incorporates strong liquidity profile, adequate capitalization indicators and re-Insurance Panel considered strong, retention and treaty capacities witnessing steady increase in key business segments.

#### 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

#### STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

#### CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Company has been in compliance with the provisions set out by the Securities and Exchange Commission of Pakistan and the listing rules of the Pakistan Stock Exchange. 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 IIFRS), 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.
- The pattern of shareholding in the Company as at 31st December, 2016 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.

The Value of investments based on the unaudited accounts as at 31st December 2016, in respect of the Provident Fund Stands at Rs. 52, 739 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 promoting market confidence.

All the directors represent rich exposure of diverse field of business and professions and posses requisite 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.

### ROLE OF CHAIRMAN & MANAGING DIRECTOR /

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

#### MANAGING DIRECTOR / CEO

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

#### MD'S PERFORMANCE REVIEW

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

#### BOARD COMMITTEES

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

#### AUDIT COMMITTEE

The following are the members of the committee.

- Mr. Muhammad Omer Bawany Chairman (Non Executive Director)
- Mr. Irfan Zakaria Bawany Member (Non Executive Director)
- 3. Mr. Zohair Zakaria Member (Non Executive Director)

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

- Recommending to the Board of Directors the appointment of External Auditors and consider any questions of audit fee, taking into consideration a number of factors including satisfactory rating under ICAPS quality control review program.
- ii. Consideration of questions regarding resignation or removal of External Auditors
- Determination of appropriate measures to safeguard the company's assets,
- Review of quarterly, half yearly and annual financial statements of the Company, prior to the approval by the Board of Directors.
- Review of adjustments resulting from audit.
- 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 Officer

- 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

To review the overall Investment Portfolio every

quarter.

- To recommend the investments to be made in equities, mutual funds, fixed income securities Sariah compliant and Government (Sukuk) Securities.
- To review purchase and sale of investment made during the quarter and the income accruing from each sector
- · To establish the benchmarks against which performance of the overall investment portfolio and its sectors are to be assessed.

#### ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

The committee comprises of three members including the Chairman of this committee.

- Mr. Zohair Zakaria Chairman (Non Executive Director)
- Mr. Irfan Zakaria Bawany Member (Non Executive Director)
- 3. Mr. A. Razak Ahmed Member (Executive Director)

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 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.
- 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 Senlor Executives and employees.
- h) Approve termination and acceptance resignations of Senior Executives
- 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 Settlement, 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 under writing policy of the Company.

It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers.

It regularly reviews the underwriting and premium policies of the Company with due 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.	Mohammad Ishaque Azim	Member
		Abdul Rahim	Member

#### REINSURANCE & CO-INSURANCE COMMITTEE

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. Mohammad Ishaque Azim	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
	Mr. Rizwan Akhtar	Member
3	Mr. Haroon A Shakoor	Member
	Sadruddin Hussain	Member

#### BOARD OF DIRECTOR'S MEETINGS

Election of Directors was held and following nine (Serial No. 1 to 9) Directors were elected, and subsequently appointment of Directors were approved by (SECP) the competent authority.

During the year Five (5) meetings of the Board of Directors were held and the number of meetings attended by each Director is given hereunder:

N	ame of Directors Attendance	No. of meetings attended
1	Mr. Ismail H. Zakaria	4
2	Mr. A. Aziz Ayoob	4
3	Mr. Irfan Zakaria Bawany	5
4.	Mr. Mohammad Omer Bawany	5
5,	Mr. Zohair Zakaria	1
6	Mr. Ahmed Ali Bawany	5
7	Mr. Noor M. Zakaria	3
8.	Mr. Hamza Omer Bawany	3
9.	Mr. Mohammad Iqbal	2
10	Mr. Abdul Jabbar (Retired on 30-04-2016 did not contest Election	3

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.

#### PATTERN / CATEGORIES OF SHAREHOLDING

The pattern of shareholding of the company is annexed.

#### STATEMENT OF THE ETHICS AND BUSINESS PRACTICES

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

#### CORPORATE SOCIAL RESPONSIBILITY

Being a responsible corporate citizen RICL has extended its support worth approximately Rs. 1.00 million, as assistance for treatment to needy patients to various hospitals and medical organization. This includes Indus Hospital, Patel Hospital, SINA Health Education & Welfare Trust and Child life Foundation for providing health care to the underprivileged of our society.

#### **AUDITORS**

The present external auditors will retire at the conclusion of the 35th Annual General Meeting of the Company scheduled to be held on April 29th 2017. Since M/s BDO Ebrahim & Co have completed five

Karachi: 28 March, 2017

(5) years, as Auditors of the Company, therefore in compliance with the requirements of the Code of Corporate Governance, the Company is required to change the external auditors for the year 2017.

The Audit Committee has suggested to the Board the name of M/s. Kreston Hyder Bhimji, Chartered Accountants, as the auditors of the Company for the year ending December 31, 2017. The Board of directors recommends their appointment subject to the approval of the members in the forthcoming Annual General Meeting, M/s. Kreston Hyder Bhimji Chartered Accountants, being eligible have given their consent to act as auditors of the Company.

#### **FUTURE OUTLOOK**

Government is taking necessary measures to overcome energy crises to boost Pakistan's depressed economy and is eyeing 5.75% GDP growth rate for the year 2016-2017. We are however optimistic about the improvement in economic scenario of the country in view of the government's serious 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 will provide new avenues and opportunities to further increase your company's business. China Pakistan Economic Corridor (CPEC) is a game-changer & would open new and challenging avenues for overall economic development of the country in particular and our region in general.

#### 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, essistance 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

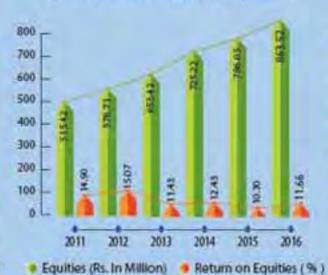
Chief Executive & Managing Director

## **Graphical Presentation**

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



**Equities & Return on Equities** 



Net Claim Ratio to Net Premium (Loss Ratio)



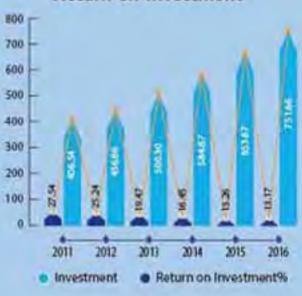
Ratio of Profit Before & After Tax to Gross Premium



Return on Equity & Earning per Share



Return on Investment





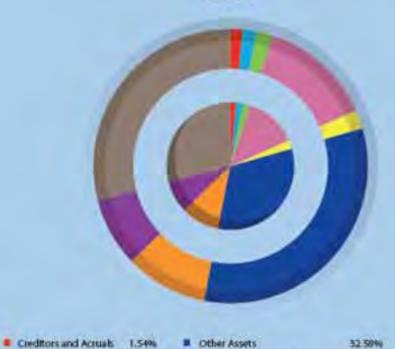
Gross Premium & Underwriting Profit



Gross Claim Ratio to **Gross Premium** 



### Assets, Liabilities & Equities 2016

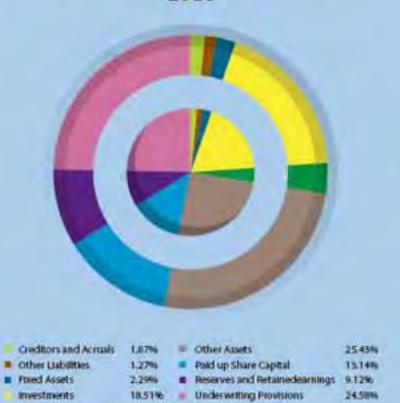


Paid up Share Capital

Underwriting Provisions

Reserves and Retainedearnings

Assets, Liabilities & Equities 2015



## **Summary of Cash Flow**

9.77%

29.04%

#### **Cash Flow Statement**

Other Liabilities

Cash & Bank Deposit 2.11%

Fixed Assets

Investments

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

1,70%

1.92%

13.38%

2016	2015	2014	2013	2012	2011
102.288	40.013	23/354	16.692	(57.429)	(6.862)
(65.426)	9.450	3.908	17 237	70.445	29.606
(22.831)	(20.035)	(18.024)	(0.111)	(24.080)	(0.461)

■ Cash & Bank Deposit 3.79%



رابداری (CPEC) نطے کا توشد بدل دینے والا مصوبہ ہے۔ اور اس سے عام طور پر تطے میں اور خاص طور پر جمارے ملک کی ترقی کے لئے تی اور چلیجنگ را تال کھلیں کی

اكنالجمنيك

ہم اپنے معرز صارفین کاان کی مستقل سر پر تی اور تعاون کے لئے فکرید اوا کر عاجاتے تل۔ ہم اس موقع کافائد واشحاتے ہوئے اپنے تمام ری انھوررز بشمول یا کستان ری انتیورنس کمپنی کمید اور برو کرز کا بھی ان کی رہنمائی اور قابل قدرسپورٹ کے لئے هکرید اوا کرتے تل ۔

ہم سیکورٹیز اینڈ اسپینے کمیشن آف یا کتان (SECP)اور اسٹیٹ بینک آف یا کتان (SBP) سے سالباسال سے مستقل تعاون اور رہنمائی کے لئے ان کی پیشہ وراندر بهنمائي،معاونت اورسيورث پرڪر گزار تاب

ڈائر یکڑ زافسر ان، فیلڈ فورس اور اسٹاف کی جانب سے کمپنی کی ترقی کے حسن میں ان کی شراکت کے لئے ان کی استحک محت، عرم، دیا محد اری کو بھی شراخ تحسین پیش کرتے تیں۔ آپ کے ڈائز بکٹر زاعتمادہ تعاون اور بھر وے کے لئے شیئر ہولڈرز کے بھی مشکور تیں۔

اعدداقاتد

پیف ایکویکلو ومنینگ ڈائزیکٹر

2017 34 28 315

381

كمپنى كے فيرز كى فريڈنگ

کھٹی سے فیئر زمیں ڈائر یکٹو ، کا او ہی ایٹ او آگھٹی سیکریٹری اور ان سے شریک حیات اور دابالغ بچوں کی جانب سے کسی بھی قسم کی ٹریڈ تک نہیں کی گئے۔ پیٹر ان رکیٹیکیر پڑآ ف شیئر ز ہولڈ تک

كمينى كے فيرز وولڈ مگ منسلک ہے۔

ضابطه اخلاق اوركار وباري طريقه كار كالشيثنث

ورؤ نے ضابطہ اخلاق اور کار و باری طریقہ کار کے لئے ایک اشیشن رائج کیا ہے۔ تمام ملازمین کواس ہے آگاہ کرویا حمیا ہے اور ضروری ہے کہ وہ ال ضابطہ اخلاق کی پایندی کریس۔

# كار پوريث سوهل ريسياسيلني:

RICL ایک ڈرردار کار پارست ہوئے کے باطے طرورت مندم یضوں کے علائ معالجے کے لیے مختلف اسپتالوں اور طمی تنظیموں کے لئے امداد ٹی رقم میں تقریباًوں لا کور روپے تک توسیع کروئی ہے۔ اس میں ایڈس ہاسپال ، پٹیل ہاسپالی اسپتا میں ایڈو یشنیز فرسٹ اور جائلڈ لا تھنہ فا تو یڈیٹون ہامل لاس ہو ہمارے۔ معاشرے کے فریب علاج معالجے کی سولیس فر اہم کردہے لاں۔

# :1251

ہمارے موجود آڈیٹر زمیسر زنیاڈی اوار اہم اینڈ کمپنی، چارٹرڈا کا توعیش سالاندا جلاس عام کے اختتام پرسبکدوش ہورے تک حیسا کہ میسر زنیاڈی اوار اہم اینڈ کمپنی کوھند پانچ سالوں سے کمپنی کے آڈیٹر رہے تک اس وجہ سے کارپوریٹ کورنٹس کی ضرورت کے کی تعمیل لئے کمپنی کو سال 2017 کے لئے ہیرونی آڈیٹرز کو تبدیل کرنے کی ضرورت ہے

آڈٹ کمیٹی نے ورو کو 31وسمبر 2017 کوختم ہونے والے سال کے لئے میسرز کیرسٹن حیدر بھیم تیا، چارٹرڈ ا کا توعیش کی پیشے تا ڈیٹرز کی تقرری کی سفارش کی ہے

یورؤ کے ڈائز بکٹر زنے آئندہ سالاندعام اجلاس میں ارکان کی منظور کی بعد ان کی تقرری کی تصدیق کی ہے۔ میسرز کیرسٹن حیدرتھیم تی ، چارثرڈا کاؤشش، نے کمپنی کے آڈیئر کے طور پر کام کرنے کی منظور ک دی ہے جو ممر ان کی منظور کی کئے آئندہ ہوئے والے جنر ل اجلاس میں ویش کیاجائے گا

# متقبل پرایک نگاه

موہود وحکومت توانائی بحران پر قابد ہائے کے لئے ضرور کی اقدامات کرری ہے تا کہ ہا کستان کی لوگھوداتی معیشت کو ترقی کی راوپر گامون کیا جاسکے اور سال 2017-2016 کے لئے 15.75% ڈی ٹی ٹی کر وتھ رہٹ پر نگاہ ہے۔ ہم حکومت کی جانب سے توانائی بحر انوں پر قابد ہائے اور امن وامان کی مورتحال کو بہتر بنائے کے ضمن میں کئے جائے والے اقدامات کے قاش نظر ملک میں اقتصادی صورت حال کی بہتری کے لئے پر عوم تل۔ آپ کی کمپنی مجموعی بنائے کے ضمن میں بہتری اور خیکا ویروقت فیصلوں پر عملدر آمد کے سلسلے میں کو افی میشن سنٹم میں بہتری اور خیکا ویروقت فیصلوں پر عملدر آمد کے سلسلے میں کو افی میشن سنٹم کے ذریعے طویل مدتی منافع بخش ترقی پر نگاہ دیکھے ہوئے ہے۔ مزید مراقع اور نگار ایم کرے گا۔ مین ہا کتان اقتصادی کا میں ہوئے ہوئے کا روبار کو بلاحالے کے لئے مزید مواقع اور نگار ایم کرے گا۔ مین ہا کتان اقتصادی

یہ داجب الاداکلیمز کی درجہ بندی کے ساتھ مدت کا جائزہ لیتی ہے۔

بے کمیٹی ان حالات کا تعین کرتی ہے جس کے تحت کلیمز کے تنازعات اس کی توجہ کے لئے سامنے لاکے سئے اور یہ فیصلہ کرتی ہے کہ ایسے متنازعہ

کمیٹی گلیمز کے انتظامات سے متعلق امور کا بھائو ولیتی ہے۔ یہ کمپنی سے تھیم یو زیشن کی عگر انی کے ساتھ متاسب تھیم اٹا ہ جات کی موجو و کی کو یقینی بناتی

تحمیق کلیمز کے نمایاں کیسز یاوا تعات پر توجہ ویتی ہے انگیمز کی سیریز کے لئے اٹھائے جاتے لاں اور کلیمزے نمینے کے لئے اقدامات پر عملدر آمد كى قرانى كرتى --

# مینی درج ذیل ممران پر مشتل سے:

جابا عرزاق احمد U" /2.

جاب رضوان الحتر -2

بتاب بارون اے فکور -3

صدر الدين هيين

# يوردُ آف دُائر يكرُ زكے اجلاس

ڈائر یکٹرز کے الیک معقد ہوئے اور معدر جد ذیل ایک سے توقیم نے الیکٹن میں منتخب ہوئے۔ان تمام ڈائریکٹرز کی تقرری ایس ای کی لی (SECP) کی محاذ اتھارٹی سے منظور شدہ ہے۔

سال کے دوران پورڈ آف ڈائز یکٹرز کے پانچ (5)اجلاس معقد ہوئے اور ہرا یک ڈائزیکٹر کی جانب سے اجلاسوں میں شرکت کی تعداد ذیل میں درج ہے۔

اجلاس ميں حام	ڈائر <u>ک</u> ٹر ڈے عام
4	1- جناب اسماعمل الحكافة كريا
4	<b>・セリングとーリー2</b>
5	3-جناب عرفان و كرياباواني
5	4-جناب محمد عمر بإدائي
1	5-جناب زومير ذكريا
5	6- جناب احمد على ياواتي
3	7-جناب تورائيم ذكريا
3	8-جاب تمز وعمر باواني
2	9-يناب محمد اقبال
3	10-جاب عبدالجار ( 2016-04-30) ك
	ریفالر ہوئے اور پھر الیکشن میں حسیبیں لیا)

ان ڈائز یکڑ ز کوغیر حاضری کے لئے چھٹی مظور کر دی گئی تھی ہواہتے مصر دف شیڈ ول/ پیشکی مصر وفیات سے باعث پورڈ کے کچھ اجلاسوں میں شرکت نہیں

مينجنث كميليال

ورڈٹے تین انتقای کمیٹیاں بنام اعذر را منگ ،گلیمز ،ری انھورنس اور کو۔انھورنس کمیٹیاں بھی تشکیل وی تل ۔ یہ کمیٹیاں با قاعد کی سے ساتھ اجلاس معقد کرتی تل اور چین ایگزیکو آخیسر کی سریرای میں کام کر رہی تل ۔ کمیٹیوں کی تشکیل اور امور وفر اکنن ذیل میں ورج سے سے تل

انڈررا مُثلک کمیٹی

كميثى ك فراكش مين هامل ب:

o امدر رائنگ کمینی کمینی کیامدر را نگتگ پالیسی تشکیل ویتی ہے۔

o بید بیمه نظرات کی مختلف اقسام کا تعین کرنے کے لئے معیار مطے کرتی ہے اور مختلف انٹورنس کورز کی پر پیم یالیسی کا تعین کرتی ہے۔

ید باقاعد کی کے ساتھ کمپنی کی انڈررا مُنگ اور پر میم پالیسیوں کاجائزہ لینے کے ساتھ متعلقہ مناصر مثلا پڑس پورٹ فولیواور مارکیٹ کی صورتحال

-4 3 Bec 3-4

معنی ورج ذیل ممران پر مشمل ہے:

1- بابا عرزاق احمد جيرمين

2- جاب رشوان افتر مممر

3- بحاب الحاق عظيم ممر

عب عبدارهم ع

# رى انشورنس اور كوانشورنس كميني

كمينى ك فرائض مين هامل ب:

o يد ميني كميني كم كاروبار كے لئے كئے جانے والے موزوں رى انھورس انظامات كوياليني بناتى ب۔

o کمیٹی مجوزوری انھورنس انتظامات کی ان کی تکمیل سے قبل گر انی کرتی ہے ، و قتا فو قتا انتظامات کا جائزہ لیتی ہے اور شرکت کرنے والے ری۔

انھور رز کی اجازت سے مشر وط و قتافو قتامناب وموز وں انتظامات تجویز کرتی ہے۔

o کمینی مستقبل کے حوالے کے لئے ری انٹورنس پر وگرام کے موثر ہوئے کا جائزہ بھی لیتی ہے۔

ممینی درج ذیل محمران پر مشتل ہے۔

1- جاباےرزاق احمد محرمین

2- يتاب رضوان اختر مم

-3 بناب الحاق عظيم

4 جابعبدارهم

کلیمز کمیٹی کمیٹی سے فر اکن میں عامل ہے: ممر (نان يكريكودًا زيكز) جاب زوجر ذكريا -2 مي (نان ايكريكو ۋا دريكز) بحاب احمد على باواني -3 مر (ایکویکووداریکو) بحاب اعدد ال ای کمیٹی کے فرمز آف ریفرنس میں درج ذیل امور هامل ہول تھے۔

یہ ہر سد ماتی پرسر مایہ کاری کے پورٹ فولیو کا جائزہ لے گی۔ 0

تحمیقی ایکویٹیز ،موچل فنڈز ،فلسڈ انکم سیکورٹیز ،شریعہ کمپلینٹ اور سر کاری (سکوک) سیکورٹیز میں کی جانے والی سر مایہ کاریوں کی سفارش 0

سہ ماتی کے د دران ہر ایک ہیے میں حاصل ہونے والی آمد تی ہے کی جانے والی سر مایہ گاریوں کی ٹریداری اور قر وجب کاجائز ہ۔ 0

ابداف کا تعین کر ناجس کے تحت مجموعی سر مایہ کاری کے پورٹ فولیواور اس کے سیکٹر زک کار کر دگی کاجالزہ لیتے تالی۔

المتفیکس، مومن ریسورس و ری موزیش کمینی: محمینی تین ممران بشمول اس کمینی کے چیزمین پرمشمل ہے

چرمين (فان-ايكريكو ۋاتريكر) جاب زوبير ذكريا ممر (نان ما يكريكودُاوْ يكش) جاب عرفان ذكر باباواني -2 مر (ایکریکوڈاتریکز) جاباك رزاق اجد -3

كميني درج ذيل اموركي ذع وارءوكي-

اورة كومع من ريمورس منجمت كى ياليسيون كى سفارش كرعا ـ (21

یورڈ کوسی ای اور می ایت او/ معاون سیکریٹری اور انٹرنل آؤٹ کے میڈ کے انتخاب اور معاوض (بھمول ریافاتر منٹ کے فوائد) کی سفارش (3

کسی ملازم کی سبکدوشی اور دوران ملازمت افتال ہونے کی صورت میں فرمینل فوائد کے لئے زرتلافی کی رقم اور اس کی شکل کا با قاعد گی ہے (5 جالاه لينا\_

اہم انتظامی پوزیشنز کے لئے اپنے معاملات جہاں پر براہ راستہ ہی ای او کورپورٹ کرئی ہو، ان پر می ای او کی سفار شات پر غور و نوش اور (3) منظور كراديتا-

> ا يكريكوزكي خدمات حاصل كرنے كے لئے ريكر وفمنٹ ياليسي اور طريقة كار كاجالا ولينا۔ (31

تکمپنی کے سیئر ایگر یکھوزاور اسفاف ممبرز کی سالاند ترقی اور تخواہوں پر نظر شانی کا جائز ولینااور سقار شات دینا۔ (31

سیتر ایگزیکوزاورملازمین کی مراعات اورفوائد کے سلسلے میں در کار میدیلیوں کاجائز ولینااورمنظوری۔ (3

> سيئرا يكزيكو كي رطر في اور استعفول كي منظوري-(6)

کوئی بھی ایسادیگر امور جو پورڈ آف ڈائزیکٹرز کی جانب سے تقویض کیا حماہ و۔ (37

ايم ڈی کی کار کردگی کاجائزہ:

ایم ڈی کی کار کردگی سال سے ووران کمپنی کی کاروباری سر کرمیوں کی بنیاوید اور کی طرف سالاند بنیاوی تعین کی جاتی ہے

يور ۋىكىيىز:

ورؤني ورئ ذيل دان اليكويكو والريكو زير مطهل آؤت والويسفون ادر بيومن ريسورس و ري موزيش كمينيال تظليل وي الله

آؤث كمينى كيمران درج ذيل لا

آۋٹ كىينى

1- بحاب عمر باداني ويم مين (عان-ايكويكوة الريكو)

2- جاب عرفان ذكر يا باداني ممر ( مان - ايكريكو دُار يكر)

3- جاب زومير ذكريا مي (عان - ايكر يكو ۋالريكل )

آؤٹ کمیٹی کے ومزآف ریونس میں مدرجہ ذیل نکات هامل تا۔

ا) اور ڈ آف ڈ زیکٹر ز کویر وٹی آؤیٹر ز کے تقرر کی سفارش کی جاتی ہے اور آڈٹ کے علاوہ پر وٹی آڈیٹر ذکی جانب سے کسی سروس کے صول کے لئے آڈٹ فیس کے بارے میں غور و نوش کو اٹٹی کنٹر ول کا جائز ولیج نے ICAPS پر وگرام کے تحت تسلی بخش ور جہ بندی سمیت عوامل پر غور۔

أأ) يروني آؤيرز كاستطيار طرقي المحال والات يرغورونوش-

iii) كمينى كا الله جات كو محفوظ ركسن كے لئے مناسب و موز ول اقد امات كا تعملن-

ان ورد آف ڈاٹر محکوری سے تیل کمپنی کے سدمائی مصفحمائل ادر سالاند مالیاتی مودوروں کاجالاہ۔

٧) آؤت عاصل تائج يرايد ممثل كاجاره-

٧١) اهاعت عقبل مائح كابعد الى اعلان كاجالاء

الا) ابم معلقه يار في ال انزيكشنز كاجائز دادر سفارش.

الال) نافذ العمل ا كا توشك استينز ردّ زير عمل در آمد \_

ix) استنگ ریکولیشنز اور ویکر بنیادی اور ریکولیزی شرا کا پرعمل در آمد۔

x) کار پوریٹ گورفینس سے پہتر مین طریقہ کار پر عمل در آمد کی تگر انی اور کسی نمایاں خلاف ور زی کی شنا تحت اور وضاحت۔

xi حوقع امور پر توجه دیناادر اکا تو شک پالیسیو ل اور طریته کارمیں حبد پلیاں۔

xii) اعدرونی آؤٹ کے اسکوپ اور توسیح کاجا او ہ-

xiii) فراڈ میدعنوانی اور اختیار ات کے ناجائز استعمال کے ذریعے سامنے آتے والی سر گرمیوں کی بنیادی پھان بین اور اندر ونی تحقیقات پر غور و نوش 🗕

xiv کسی دیگرمنطے یا مور پر خور و خوش ہو کہ ور ڈ آف ڈالر بکٹر زکی جانب ہے ہیش کیاجائے۔

ا تويسٹمنٹ کميڻي

انویسند کمیٹی چارممران بشمول چین ایگویکو آفیسر پر مشتمل ہے۔

ميم مين ( مان اليويكو د الريكر )

جابع فان ذكر ياباواني

- کمپنی کے کھا توں کی ہاقاعد وہکس حیار کی گئی ٹاپ
- ورست وموزوں اکا توشک پالیسیال مستکل طور پر مالیاتی کوشوار ول اور اکاؤنٹنگ کے کھا تول کی حیاری میں لا کو کی جاری تک جو موزوں اور مستحکم فیصلوں پر
- اغر بيشنل فنانسل ، پر رفتك استيدر وز (IFRS) حيسا كديا كستان مين وفذ العمل تك امالياتي كوشوارول كي حياري مين الأكو ك جات تك اور مستحكم فيصلول -155
  - اعدر دنی تعرول کا تقام مستحکم طور پر ڈیزائن کیا گیاہے اور موڑ طور پر افذالعمل ہوئے تے ساتھ اسکی یا قاعد کی سے نگر انی کی جاتی ہے۔ -131
    - 31ء حمر 2016 کے مطابق کمینی میں شیئر ز دولذ مک کاطرید کار کھا توں کے ساتھ مشلک ہے۔
      - ال امر ميں كوئي شبات فيوں كر كميني ميں آتے يوھنے كى صلاحيت موجود ہے۔
    - کار پر رست کو رئیس کے بہتر میں طریقہ کارے اتحر اف کا کوئی جو انہیں جیسا کد اسٹنگ ریکولیشنز میں ور ن ہے۔ -61
      - كوهنة وس سالول كے لئے اہم آياد ينتك اور مالياتي مواد مختصر فنكل ميں مشلك ب--37
  - 31: مم 2016 ك مطائل يراديد ت في كى رقومات ك سلسل مي في آؤث هدوا كالنش يد مخصر سرمايد كاريون كى ديلي 52.739 ملين رديديد -2--4131

# يوردُ آف دُائريكم ز:

یورڈ پورے سال کے ووران اپنے قر اکن کو انجام دینے میں موٹرطور پرمصر وق عمل رہابشمول ان امور کے جو صحلقہ قواشین اور کمپنی کے میمور مذم اور آرٹیکل آف ایسوی ایشن کے تحت انجام دیئے گئے اور ان سب کا بنیاوی مقصد صص یا فتاکان کے مفاوات کا تحفظ کر عاد کہناؤے جات میں اضافہ کر عاتمااور بنیاوی مقصد صص یا فتاکان کے مفاوات کا تحفظ کر عاد کہناؤے جات میں اضافہ کر عاتمااور بنیاوی ہدف فیئر زیولڈر زیح اثالة جات مين اضافه اور ماركيك مين احتماد كوفر وغ دينا تعار

حمام ڈائر مکرز کار دیار اور اپنے ہے سے مختلف فعول کی تعرب و مہارت کے حاصل ٹل اور مختلف کار دیار کااور کار پورست امور کے ساتھ تمضے کے لئے شرور کی مہار تو ل ادرات مجھنے کی سلاحیت رکھنے کے ساتھ تمام معاملات پر عبور رکھنے ،ان کاجاز ولینے ادرانگائی کارکروگی کے چینے کو پوراکرنے کاابل تل۔ دواہے تجر بے اور حمل مفاورت كي من مين بحي بحر يورشرا كت ركع تاب

# چيزمين و ايم دي رياياو كاكردار:

ور ڈ کا چیزمین اس امر کو بھینی بنانے کے ذمہ دارے کہ اور کو مناب اور کے طریقے سے کام کر رہاہے اور کمپنی کے کورنیس سے معلقہ تمام معاملات اور ڈ کے اجلاک میں غور لانا ہے۔ چیزمین یارڈ کے اجلاس کا انعقاد اور صدارت کرتا ہے اور یارڈ کی قیادت اور اس کی مؤٹر کام کاج اور مسلسل ترقی کو یقینی بنائے کی ڈمدوار ہے کہنی سے روز مر وکی کارروا اول پیزمین میں کی کوئی طولیت نہیں ہے

# ایموی رکاکاو:

یرو آف ڈائریکٹر زمین کے ایم ڈی رچیف ایکویکٹو آفیسر کوئین سال کے لیے مقرر کرتا ہے۔ چیف ایکویکٹو آفیسر یورڈ کی رہتمائی میں اور قانون میں دیئے گیے اختیار کے مطابق کمپنی کے آپریشنز اور اس کے گار وبار کے انعقاد کی کارر دامج ل کے لئے ڈمدوار ہے۔ان کی ڈمدوار یول میں حکست عملی اور پالیسیول اور پورڈ سے تعلقات کے نشاذ بھی شامل تا۔ یکمپنی سے کار ویار کی مضبوط اور مواثر افتقام اور انتقاد سے لیے جموعی طور پر کنٹر ول است ، افتظامیہ اور تکر انی سے لئے ذمہ وار ہے۔ کمین کے جاوے اور مسائل پر بات میں سے اے کے چھڑمین اور ایم ڈی کے مافین یا قاعد و ملاقا تیں ہوتی ویں۔ 3.862 روي تھا۔ ويڈوتكافل آيد يشنزے آيد يزفندسي 1.534 ملين روي كا تضان اواب

# انفارميشن شيكنالوجي:

آپ کی کمچنی انفار میشن فیکنالو تی کی اہمیت ہے آگاہ ہے اور مسلسل توسیخ اور اس کی تھنیکی پلیٹ فارم کو اپ گریڈ کرنے کی سر مایہ گار کی کررتی ہے۔ جزل انھورتس سافٹ ویئر 'iGIAS' کو فقت کی سالوں سے یرائج کی سطح پر کامیانی سے ساتھ وافذ العمل ہے 'iGIAS' کی خصوصیت اس سے تمام ماڈ پر لویعنی وایڈر را مُنگ، تھیمن وافز اس کا ویکس اور رکی۔ انھورٹس ایک ساتھ مر یوط ہے۔ یہ (JSP) جاوا اسکر پہٹ اور یکل ڈ پولیس سے ساتھ آن لائن و بب بیس سافٹ ویئر ہے اور اس سے ڈ پولیا تھی تھونے ہے۔ پر بیٹائی سے ڈ پولیا گئے ہوئے گا ہے۔ پر بیٹائی سے ڈیاو ویجھوظ ہے۔

جئر ل تکافل کی گاررواعی سے شروع ہونے پر تکنیکی اپ گریڈ فوری طور پر خرور کی تصااس وجد IGIAS میں جزل تکافل کی سروس کو شامل کیا سیاب اور مختصر اور طویل مدتی تکافل کاررواعیوں سے لئے ہوائی کی سطح پر دافذ اعمل ہے۔ اپنے صارفین کوسوئنٹ خدمات فر اہم کرنے کے لئے کہنی کی انفار میشن فیکنالوتی کی حکمت عملی مکمل طور پرمیں اس کی آپر چنل ضروریات سے ساتھ منسلک کیا سمیاب

# بى آروى آئى ايس ( JCR VIS) كريدك رينك:

ہے ی آروی آئی ایس کریڈٹ ریڈنگ کمپنی۔ جو کہ جاپان کریڈٹ ریڈنگ آنجنسی کمیلڈے منسلک ہے ، نے ریٹا کئس انٹورنس کمپنی کمبیلڈ کی "Single A" پر انٹورر فنانھل اسٹویٹھ (IFS) کی دوبار و تصدیق کروی ہے۔ اور آئوٹ لگ مثبت "Postive Outlook" ہے۔ ریڈنگ میں مستحکم کیلویڈ پٹی پروفائل موزوں د مناسب سر مایہ کارا ہار ہے اور ری انٹورنس پروکر ام سمیت بیتر ہوتی ہوئی انڈر را مُنگ کارکروگی ہامل ہے

# متعلقه پارٹی ٹرانسیکشنز:

تمام معلقہ پارٹی انسیکشنز کوآؤٹ کمیٹی اور پورڈ کے رویر دان کے جائزے اور منظوری کے لئے رکھاجار باہے۔ان فرانسیکشنز کاجائزہ رسفارش آؤٹ کمیٹی کی جانب سے لیا تمیااور پورڈ آفڈوار میکڑز کی جانب سے ان کے متعلقہ اجلاسوں میں انکی منظوری دی گئی۔ تمام فرانسیکشنز متعلقہ پارفیوں نے ساتھ ان کی خرورت کی بنیاد پر تکمیل دی تھیں۔

# كودُ آف كاريوريث كورننس يرعملدرآمد كالشيمينك:

کوڈ آف کار پاریٹ کورٹینس کی شراکط ہو کدر یکولیزی اتھارٹی کی جانب سے طے کردہ تال ان پر عملدر آمد کیاجاد ہاہے۔اس سلسلے میں ایک اعلیمیٹ رپورٹ ساتھ منسلک ہے۔

كار پوريد اورفنانشل رپورفنگ كافريم ورك:

کمپنی سیکورٹیز اینڈ المیخ کمیشن آف یا کستان کی جانب سے ملے کر دوشتوں اور یا کستان اسا ک المیخ کے کسٹنگ قواعد پرعمل در آمد کر رہی ہے۔ اس میں کار پوریت سورٹینس کے بہتر طریقیہ کارے انحر اف ممکن نہیں جیسا کد کسٹنگ ریکولیشنز میں تفصیلی طور پر درج ہے۔

ے۔ مجمعینی کی اقتظامیہ کی جانب سے کیار کرد و مالیاتی حسابات شفاف احداز میں امور کار ، آپریشنو کے ٹٹائجے کیش فلواور ایکویٹی میں حبدیلیوں میں واضح کرو ہے سے

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# محاسب:

محوز وتقدمنا فع مقسمه

ر ر ر 5 نيد ( 2015 5 فيد ) وري 25.519 ياس فيزز كالجوز واجرا رِّنَ 10 نيد (2015: 10 نيد) برُنَ 10 نيد (2015: 10 نيد) 51.037 روپ وانسل یرائے عموی ذخال (جر ل ريورو) ا 30.000 در پ

مالىسال كاختام يرغي تضيعي منافع 26.593

ري 133.149

# اضافه شده ادا کیاجانے والاسر ماید اور عمومی اثاثہ جات:

آب سے ڈائر یکو ز کمپنی کی ترقی اورسنتقبل کے امکانات کے ساتھ سر مائے کی بنیلد اور اٹا شاجات کے مضوط بنانے پر کامل یانین رکھتے تیں۔ اس حکمت عملی کے تحت پور ڈ آف ڈالر کھڑ زے51.037 ملین روپے کے اضافہ کی سفارش کی ہے جس سے کمپنی کا اواغدہ سرمایہ (Paid up Capital) ملین روپے ہو جائے گاجس سے کم از کم سرمائے کی ضرورت 500 ملین روپ کی حدحاصل کر چکے ٹلداور جزل ریورو 250.000 ملین روپ ہوجائیں کے

واجب الاوا کلیمز بیلنس دید کی تاریخ تک ہونے والے تمام کلیمز کے شمن میں ہوتی ہاور اس کے مستقبل میں سوقع ادا کیکوں کی غیر شخصیت ہد ومالیت کے طور پر ظاہر کیا

واجب الاوا كليمزى مخوائش بيلن عيف كى تاريخ تك ريورث (IBNR) نهيل بوئے - 2016 كياس اى كى اسر كر نمر 9 كى تكميل كے لئے كہن نے IBNR کا تخدید کے طریقہ کار کو حید مل کرویا کمیا۔ کمپنی ابR ادعووں کے تعین کے لئے الجج ریل سے مشور ولیتی ہے۔ IBNR کیمز کا تخمین BNR اوعو (Ladder (CL) کے طریعے کا ایا میا ہے۔ (Chain Ladder (CL) طریق میں ترقی کے عوامل کا تعین یا ہر مدت کے لئے لگ کے تناب شامل ہے۔۔۔ بعد میں مشتر کے طور پر Cumulative Development Factor (CDF) کا تعین کرتے تی۔ جس میں کلیمز کے آخری سطح تک پہنچے کے لئے مستثل فاحدتك تمائدكي كرتاب

# ري-انشورس:

آپ کی کمپنی نے سال 2017 کے لئے ری ۔ انھورنس انتظامات نہا ہے معتریں۔ معروف اور اعلی شہرت یافتہ سوئس ری (Swiss Re) سال 2017 کے آرآنی سی ایل سے ری افورش پر وگرام سے لیڈر بنے کاعمل جاری ہے۔ سال 2017 کے لئے کاروبارے تمام مراحل کے لیے افٹرر المکنک کی مخوائش میں مزیدا ضافہ کر دیا ہے اس طرح آ بکی کمینی کو یوے تطرات کو ایڈرر اسٹ کرتے کی صلاحیت حاصل ہوگئے ہے۔ ہم غیر مولول اعتماد اورمستکل ہورٹ و تعادن کے لئے ایے حمام ری انھور رز کے احجائی معون اور فکر گوار ہیں

# وعدُوتِكافل آيريش:

سیکورٹی کی میشن آف یا کستان نے ایس ای می بی تکافل رولز 2012 سے تحت آپ کی کمپنی کو مئی 2016 میں ورزو تکافل آپریشن جاری کرنے کالانسنس جاری کر دیا ہے۔ 31 دعم 2016 کو تھم ہوئے والی مدے میں تحریر کی شراکت 24.375 ملین روپے رسی اورشر اکت واروں کا تکافل فیڈ کامریکس

359,414 ملين روبي وكيالتي 13.59 قيد دواب

سال کے دوران کھی پر 101.720 ملین روپے مرف کے گئے جبکہ کو ہدسال 89.862 ملین روپے مرف کے گئے تھے ہو کہ 13.20 فیصدا ضافہ ظاہر کرتا ب- تاہم انتظامیہ کے اثر اجات اور مموی وانتظامی افراجات معمولی اضافہ کے 174.360 ملین روپے سے بڑھ کر 179.661 ملین روپے ہوئے اور 3.04 فیصدا ضافہ ہوا۔

کھے تیکوں کی طرف سے نام نہاد اور ڈی کسٹنگ طیر کسٹنگ ایدی کوالیفائنگ سے محلق امتیازی سلوک اب بھی جاری ہے تاہم IAP نے اس منطے یہ تو جدد سے دی ہے اور بیدامید کی جاتی ہے اس معاملہ کو خوش اسلولی سے مل کر لیاجائے گا

# سرمايه کاری:

آپ کی کمپٹی سرمایہ پالیسی ای اعداز میں جاری ہے اور شرید کمپلیٹ طویل مدتی سر مایہ کاری کی نظر ات سے تحفظ ...... آزاد منافع جات پرتر شے وی گئی ہے آر آئی سی ایل کا تھیر زیارے قولیے نوب اچھی طرع بصلا ہوا اور مختلف تعویل میں تقسیم عدو ہے اور بنیادی طور پر بلیج چپ اسکر پٹس پر توجہ رکھی گئی ہے جو بہتر میں منافع مقسمہ سے صول ، وتس کی اوائیکیوں اور مستقبل میں ترقی کے امکانات کی حاصل ہے۔ پورٹ فولیج سمر مایہ کارکمپنی کی زیر تھرائی رہتا ہے۔

سر مایہ کاری میں تقصانات کو پر افٹ اینڈلا کا اکا وقت میں ظاہر کیاجا تا ہے۔ ایسے نقصانات کے لئے تخص کی گئی مخبائش ہیٹ کی تاریخ پر نظر دانی کی جاتی ہے۔ اور اس میں اس وقت سے بہتر من تخصیوں سے مطابق روویدل کیاجا تا ہے۔ اس مخبائش میں روویدل آمد ن بیااثر اجات کی شکل میں ظاہر کیاجا تا ہے۔

منافع منظمہ کی آمدنی 2016 میں 28.216 ملین روپے تھی جیکہ گذشتہ سال ہورتم 30.858 ملین روپے تھی اس طرح اس سال 8.56 فیصد کی دیکھنے میں آئی ہے۔ آپکی کھینی نے گذشتہ سال کے 13.570 ملین روپے کے مقابلے میں 11.690 ملین روپے کا کھیوٹل گین حاصل کیا اور گزشتہ سال کے 99.009 ملین ملین روپے مقابلے میں 48.085 ملین روپے کے نے فیرتسلیم ہدہ فائد دکااہر رائے کیا ہے۔ 2016 کے لئے مجموعی سرمایہ کاری کی رقم 99.009 ملین روپے کے برخلاف 2015 میں ہے رقم 86.693 ملین روپے تھی اور 20 14 فیصد اضافہ ہوا

آپ کی کمپنی پائیدار ذرائع مثلاثر ن سوداد رمنافع منظمہ اورسر مایہ پر پیٹی سے اسکی سر مایہ کار آمد ٹی کا یک پواھے حاصل کرنے کی کوشیوں کو جاری رکھے ہوئے ہے تا کہ مناسب کمپیش صول کاذر ہو پیدا کیا جائے۔ سر مایہ کاری کے پورٹ نولیج کی مار کمیٹ ویلیج 25 دمم 2016 کا 769.302 ملین روپے پر برقر ارتھی اور بینک ڈیازٹس اکاؤنٹس سر مایہ کاری کی سطح 26.719 ملین روپے تھی

# منافع جات كامحاسب:

خرخصیصی منافع کی تقسیم در ن ذیل کے مطابق ہے: مالی سال کے آغاز پر فرخصیصی منافع مالی سال کامنافع وستیاب منافع پر اگے تضمیص

خ، 133.149

32.460 يوك

100.689 روپ

آ کیے ڈائز کو زئے سفارش کی ہے "ممافع جات کو درج ذیل طریقہ کارے مختص کیا جائے۔

# ۋا ئرىكىز ز كى ريورت

آب كي دُال كور بمرت 31 وحجر 2016 كونهم وقي والحسال ك لئ 35 وس سالاندر ورث بعمول آؤث عدوصابات وش كررب تل

# طائرانة نظر:

برآمدات کوا یک بار پھر مطلوب پیش رفت کے لیے عاکام رہے اورال میں ترقی کے بچائے کی کے رجمان کامشابدہ رہا۔ جبکہ ورآمدات میں اضافہ کا رجمان جاری ربا اس طرح تجارتی حسارے کا فرق مزید ذیاده و تاجارباہ تاہم حکومت اس علی صورتحال کم سے کم کرنے سے کے لئے اصلاحی اقدامات کر رسی ہے۔ مجموعی کر پلومصوعات (GDP) کی ترقی کی شر 4.7 فیصد ب شخصار کیالیسی رسف-ؤسکاؤن کی شرع کی د باعول کے احد 5.75 فیصد کی کم ترسان پر دائی ہے - بحلى اوركيس كى قلت كورنمن كو يوى تحويش جاور اس يرحكومت كى تعريورة جب جس سے توانائى كى فرائمى ميں يہزى كے آثار تقر آرے لك-تین یا کتان اقتصادی داہداری (CPEC) مصویہ تیز رفتاری ہے جاری ہوات توقع کی جاتی ہے کدید ملک کی معیق اور ترقی میں ایک بیت اہم کرواراوا کرے گا، خاص طور کواور پورٹ کے تناظرمیں ہو کہ مستقبل قریب میں آپریشنل ہوئے جارہاہے۔ حکومت معیشت کی بحالی اور ملک میں سر مایہ کاری کوفر وغ ویے کاعزم کرر کھاہے ہے لیکن ایمی تک بنائج ح صلہ افزا نہیں تل۔ سیکورٹی خدھات، بجلی اور کیس کی قلت اور امن وامان کی صورت حال ، یہ وہ حمام عی اثر ات ہیں جو اقتصادی کار دگی کہ اس کی مختائش کے مقابلے میں تجلی سطح پر رکھنے کے موجب ٹیس

اندونس سکوک ڈیویڈیڈ آمد ٹی اور ماصلات سرمایہ (کلیول کن) اب مام کارپوریٹ فیکس کی شرع میں فیکس سے مشروط ہو کہ پیجلے کم حکومتی (regime) میکس کے بیکس 31 فیصد ہے جس کے مٹیج میں انھورنس سیکٹر کے منافع کو هدید و انتخابی ہے۔ تاہم ان مشکل اور کالف ماعل کے بادھ و اآپ کی كميني في 1226.21ملين رويه كالجوى يريميم كياجس ميں كرفة سال سے مقابل 10.03فيد كالشافه جواب

# سال2016 کے لئے مالیاتی کار گردگی:

31ء مر 2016 كو تم موتے والى مدت كے لئے آپ كى كونى كى تقابلى مالى تھلكياں مدرجہ ذيل تال

	2016	2015
	411	ملين ميل
مجوی پریمیم ( زگافل شر اکت سمیت)	1226.215	1114.395
خالص پرتیم	359.414	316.422
خالص حاصل كردو كليم (بشمول IBNR)	101.720	89.862
انتظامی افراجات	132.486	127.951
اعذررا مكتك آمدني	64.289	42.219
مرمايدكار آمدني	99.009	86.693
منافع قبل ادهيكس	115,539	90,788
مناقع بعداد فيكس	100.689	80.988
آمدنی فی فیز (EPS)	1.97	1.75

آپ کی کمپنی نے 1226.215 ملین روپے (بشول 24.375 ملین روپے تکافل شراکداری) کا جموی پر میم ظاہر کیا ہے اسکے برخلاف کو طناف کو طناف 1114.395 ملين رويے حمايس سے 10.03 فيصد اضاف واضح ہوتا ہے۔ خالص پر يميم معمولي اضافہ كے ساتھ 316.422 ملين رويے سے يوسر

# Statement of Compliance with the Code of Corporate Governance for Insurer

For the financial year ended 31st December 2016

This statement is being presented in compliance with the Code of Corporate Governance, for Insurers, 2016 for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

RICL has applied the principles contained in the Code in the following manner:

1 The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes.

Sr. No	Name	Category	Sr. No.	Name	Category
1	Mr. Ismail H. Zakaria	Non-Executive	7	Mr. Noor M. Zakaria	Non-Executive
2	Mr. A. Aziz Ayoob	Non-Executive	8	Mr. Hamza Omer Bawany	Non-Executive
3	Mr. Irfan Zakaria Bawany	Non-Executive	9	Mr. Muhammad Iqbal	Independent
4	Mr. Mohammad Omer Bawany	Non-Executive	10	Mr. A. Razak Ahmed	Executive
5	Mr. Zohair Zakaria	Non-Executive	10	Wit. N. Clozak Minieu	Director
6	Mr. Ahmed All Bawany	Non-Executive		,	

The independent directors meet the criteria of independence under the code of corporate governance for Insurers, 2015.

- 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 as taxpayer and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4. Casual vacancy occurred during the year due to the sad demise of Mr. Mohammad Amin Ahmed Bawany was filled in by electing Mr. Hamza Omer Bawany. Necessary approval was obtained from SECP.
- 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.
- 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 have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and the key officers, 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.
- The Board has established a system of sound internal control, which is effectively implemented at all levels within the company. The company has adopted and complied with all the necessary aspects of internal controls given in the code.
- 10. There was no new appointment of Chief Financial Officer (CFO) & Company Secretary and Head of Internal Audit during the year. The Board had however, approved the remuneration of Chief Executive Officer.
- 11. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurance, 2016 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 other 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 the following Management Committees:

# Underwriting Committee:

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Rizwan Akhtar	Executive Vice President	Member
Mr. Ishaque Azim	Vice President (Underwriting)	Member
Mr. Abdul Rahim	Deputy Chief Manager	Member

# Claim Settlement Committee:

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Rizwan Akhtar	Executive Vice President	Member
Mr. Haroon A. Shakoor	Chief Accountant	Member
Mr. Sadurddin Hussain	Vice President Claims	Member

# Reinsurance & co-insurance Committee:

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Rizwan Akhtar	Executive Vice President	Member
Mr. Ishaque Azim	Vice President (Underwriting)	Member
Mr. Abdul Rahim	Deputy Chief Manager	Member

# Risk Management & Compliance Committee:

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Rizwan Akhtar	Executive Vice President	Member
Mr. Haroon A. Shakoor	Chief Accountant	Member
Mr. Sadurddin Hussain	Vice President Claims	Member
Mr. Abdul Rahim	Deputy Chief Manager	Member

16. The Board has formed the following Board Committees:

# Ethics, Human Resource and Remuneration Committee:

Name of the Member	Designation	Category
Mr. Zohair Zakaria	Non-Executive Director	Chairman
Mr. Irfan Zakaria Bawany	Non-Executive Director	Member
Mr. A. Razak Ahmed	Executive Director	Member

# **Nominations Committee:**

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Rizwan Akhtar	Executive Vice President	Member
Mr. Haroon A. Shakoor	Chief Accountant	Member

# Investment Committee:

Name of the Member	Designation	Category
Mr. Irfan Zakaria Bawany	Non-Executive Director	Chairman
Mr. Zohair Zakaria	Non-Executive Director	Member
Mr. Ahmed All Bawany	Non-Executive Director	Member
Mr. A. Razak Ahmed	Executive Director	Member

17. The Board has formed an Audit Committee. It comprises of three members, of whom three are non-executive directors. The chairman of the Committee is a non-executive director. The composition of the Audit Committee is as following:

# Audit Committee:

Name of the Member	Designation	Category
Mr. Muhammad Omer Bawany Mr. Irfan Zakaria Bawany	Non-Executive Director	Chairman Member
Mr. Zohair Zakaria	Non-Executive Director	Member

- 18. The meetings of the Committees, except Ethics, Human Resource and Remuneration Committee, were field at least once every quarter prior to approval of interim and final results of the Company and as required by this Code. The terms of references of the Committee have been formed and advised to the Committees for compliance.
- 19. The Board has set up an effective internal audit department, which comprise of suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on a regular basis.
- 20. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance functions departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance 2000 (Ordinance No. XXXIX of 2000):

Name	Category	
Mr. A. Razak Ahmed	Chief Executive Officer	
Mr. Haroon A. Shakoor	Chief Financial Officer, Company Secretary, Compliance Officer	
Mr. Shuja Baig	Head of Internal Audit	
Mr. Ishaque Azim	Head of Underwriting	
Mr. Sadurddin Hussain	Head of Claims	
Mr. Abdul Rahim	Head of Reinsurance	
Mr. Rizwan Akhtar	Head of Risk Management	
A STATE OF THE STA		

- 21. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review 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 the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
- 22. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard
- 23. The Company has an investment policy, however the Company will align the policy with the requirements of new Code of Corporate Governance for Insurers, 2016 within the prescribed time limit.
- 24. The insurer has set up a risk management function / department, which carries out its tasks as covered under the Code of Corporate Governance for Insurance, 2016.
- 25. The Board has set up a grievance department/function, which fully compiles with the requirements of the Code of Corporate Governance for Insurance, 2016.

- 26. The Board ensures that the risk management system of the Company is in place as per the requirement of the Code of Corporate Governance for Insurers, 2016
- 27. The Company has been rated by JCR-VIS, and the rating assigned is A(Single A) with positive outlook.
- 28. The Company has complied with the requirements relating to maintenance of register of persons having access to Inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
- 29. 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
- 30 The company has not obtained any exemption(s) from the Securities and Exchange Commission of Pakistan in respect of the requirement of the Code of Corporate Governance for Insurers, 2016
- 31. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016. have been complied.

ISMAIL H. ZAKRIA Chairman

A. RAZAK AHMED Chief Executive & Managing Director

Karachi, 28 March, 2017

# 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 (the Company) for the year ended December 31, 2016 to comply with the requirements of Listing Regulations of Pakistan Stock Exchange 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, 2016.

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

Karachi: 28 March, 2017

# Auditor's Report to the Members

We have audited the annexed financial statements comprising of:

- 1 balance sheet:
- 11. profit and loss account;
- 111 statement of comprehensive income;
- iv. statement of changes in equity;
- cash flow statement;
- VI. statement of premiums;
- vii. statement of claims;
- viii. statement of expenses; and
- statement of investment income. ix.

of RELIANCE INSURANCE COMPANY LIMITED ("the Company") as at December 31, 2016 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:

- proper books of accounts have been kept by the Company as required by the insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- 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;
- the financial statements together with the notes thereon present fairly, in all material C respects, the state of the Company's affairs as at December 31, 2016 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;
- 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 10.1(b) to the financial statements disclosing a contingent liability relating to an aviation claim reported on November 3, 2015.

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

Karachi 28 March, 2017

# **Financial Statements**

# **Balance Sheet**

As at December 31, 2016

HARE CAPITAL AND RESERVES		Rup	ees————
HARE CAPITAL AND RESERVES			
Authorised share capital		750,000,000	750,000,000
Issued, subscribed and paid-up capital	6	510,375,320	463,977,560
Retained earnings Reserves	7	133,150,360 220,000,000	122,057,137 200,000,000
NDERWRITING PROVISIONS		863,525,680	786,034,697
Provision for outstanding claims (including IBNR)		220,507,963	339,587,215
Provision for unearned premium Commission income unearned		527,368,394 34,712,441	497,328,528 31,285,884
otal underwriting provision		782,588,798	868,201,627
REDITORS AND ACCRUALS			
Amounts due to other insurers/reinsurers		71,401,782	39,017,810
Accrued expenses Taxation - provision less payments		3,779,536 7,591,756	3,512,989 2,376,372
Other creditors and accruals		76,047,677 158,820,751	66,167,601 111,074,772
HORT TERM BORROWINGS		156,620,751	111,074,772
Running finance	8	-	-
THER LIABILITIES			
Unclaimed dividend		1,665,878	1,250,296
Total Liabilities of Window Takaful operations-			
Operators Fund	9	4,876,703	-
ONTINGENCIES AND COMMITMENTS	10	-	-
OTAL EQUITY AND LIABILITIES		1,811,477,810	1,766,561,392

The annexed notes from 1 to 33 form an integral part of these financial statements.

			FORM GA
	Note	December 31, 2016	December 31, 2015
		Rup	ees———
CASH AND BANK DEPOSITS			
Cash and other equivalent Current and saving accounts Deposits maturing within 12 months		403,974 119,835,080 26,719,457	366,753 106,504,735 27,055,673
LOANS	11	146,958,510	133,927,161
To employees	12	997,775	1,418,155
INVESTMENTS	13	751,662,862	653,669,592
CURRENT ASSETS-OTHERS			
Premiums due but unpaid Amounts due from other insurers/reinsurers Accrued investment income Reinsurance recoveries against outstanding claims Deferred commission expense Prepaid reinsurance premium ceded Trade deposits and prepayments Sundry receivables	15	165,903,439 2,781,333 1,436,343 172,078,362 61,298,491 364,533,433 1,664,515 1,749,854 771,445,770	190,636,360 10,057,564 1,772,710 287,126,238 57,701,546 347,277,795 1,804,259 427,173 896,803,645
FIXED ASSETS  Tangible	16.1		
Land and buildings Furniture, fixtures and office equipment Motor vehicles		8,294,036 6,876,059 71,900,994 87,071,089	9,215,595 5,736,929 65,790,315 80,742,839
Intangible	16.3		
Computer software			-
Total assets of Window Takaful Operations-			
Operators Fund	9	53,341,804	
TOTAL ASSETS		1,811,477,810	1,766,561,392

**Ismail H. Zakaria** Chairman A. Aziz Ayoob Director Mohammad Omar Bawany Director A. Razak Ahmed Chief Executive & Managing Director

Karachi 28 March, 2017

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# **Profit & Loss Account**

for the year ended December 31, 2016

FORM GB

	Note	Fire & Property	Marine Aviatior & Transport	n Motor	Miscellaneous	2016 Aggregate	2015 Aggregate
				Ru	oees		
Revenue Account							
Net premium revenue Net claims Management expenses Net commission	17	113,600,749 (21,842,912 (41,875,051 (32,225,571	) (14,091,183) ) (24,670,617)	169,024,023 (64,955,240) (62,304,955) (18,919,927)		359,414,656 (101,720,297) (132,485,984) (60,919,075)	
Underwriting result		17,657,215	18,327,528	22,843,901	5,460,656	64,289,300	49,219,680
Investment income Other income Financial charges General and administration expenses	18 19					99,008,903 952,048 (47,389) (47,128,102)	86,693,094 1,285,085 (203,074) (46,206,148)
Loss before tax from takaful operations-Operator's Fund	9					117,074,760 (1,534,899)	90,788,637
Profit before tax						115,539,861	90,788,637
Provision for taxation Current	20					(14,850,000)	(9,800,000)
Profit after tax						100,689,861	80,988,637
Profit and loss appropriation account Balance at commencement of the year Profit after tax for the year Cash dividend for the year 2015: 5% Transfers to general reserve Bonus shares for the year 2015: 10%	(2014:					122,057,137 100,689,861 (23,198,878) (20,000,000) (46,397,760)	141,760,248 80,988,637 (20,172,938) (20,000,000) (60,518,810)
Balance accumulated at the end of the year	ear					133,150,360	122,057,137
Earnings per share - basic and diluted	21					1.97	Restated 1.59

The annexed notes from 1 to 33 form an integral part of these financial statements.

**Ismail H. Zakaria** Chairman

A. Aziz Ayoob Director Mohammad Omar Bawany Director A. Razak Ahmed
Chief Executive & Managing Director

Karachi 28 March, 2017

# Statement of Comprehensive Income for the year ended December 31, 2016

	December 31, 2016 ———Rup	December 31, 2015 ees————
Profit after tax	100,689,861	80,988,637
Other comprehensive income  Total comprehensive income for the year	100,689,861	80,988,637

The annexed notes from 1 to 33 form an integral part of these financial statements.

Ismail H. Zakaria Chairman

A. Aziz Ayoob Director

**Mohammad Omar Bawany** Director

A. Razak Ahmed Chief Executive & Managing Director

Karachi 28 March, 2017

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# Statement of Changes in Equity for the year ended December 31, 2016

	Share capital	General reserves	Unappropriated profit	Total
Balance as at January 01, 2015	403,458,750	180,000,000	141,760,248	725,218,998
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 Cash dividend	60,518,810	-	(60,518,810) (20,172,938)	(20,172,938)
Balance as at December 31, 2015	463,977,560	200,000,000	122,057,137	786,034,697
Total comprehensive income for the year	-	-	100,689,861	100,689,861
Transfer to general reserve	-	20,000,000	(20,000,000)	-
Transactions with owners Issuance of bonus shares Cash dividend	46,397,760 -		(46,397,760) (23,198,878)	(23,198,878)
Balance as at December 31, 2016	510,375,320	220,000,000	133,150,360	863,525,680

The annexed notes from 1 to 33 form an integral part of these financial statements.

Ismail H. Zakaria Chairman

A. Aziz Ayoob Director

**Mohammad Omar Bawany** Director

A. Razak Ahmed Chief Executive & Managing Director

Karachi 28 March, 2017

# **Statement of Cash Flow**

for the year ended December 31, 2016

FORM GC January to December

		, 5 5 5 5 5 5 5 5
	December 31, 2016	December 31, 2015
		oees
Operating cash flow		
a) Underwriting activities		
Premium received	1,226,543,928	1,098,310,759
Reinsurance premium paid	(789,981,433)	(758,641,861)
Claims paid	(267,349,350)	(277,774,729)
Reinsurance and other recoveries received	161,597,677	197,548,376
Commission paid	(140,027,846)	(123,488,642)
Commission received	78,967,896	71,689,684
Net cash generated from underwriting activities	269,750,872	207,643,587
b) Other operating activities		
Income tax paid	(9,634,616)	(7,293,824)
General management expenses paid	(132,485,984)	(127,951,454)
Other operating payments	(34,726,406)	(34,109,130)
Repayment received / (loans advanced)	420,380	115,955
Other creditors and accruals	10,146,623	2,695,141
Other receipts in respect of operating assets	(1,182,937)	(1,087,104)
Net cash used in other operating activities	(167,462,940)	(167,630,416)
Net cash generated from operating activities	102,287,932	40,013,171
Investment activities		
Interest / dividend received	41,580,132	45,083,073
Payments for investments	(618,153,358)	(199,730,436)
Proceeds from disposal of investments	527,925,226	174,000,746
Fixed capital expenditures	(21,585,898)	(14,786,854)
Proceeds from disposal of fixed assets	3,808,000	4,884,000
Net cash flow (used in) / generated from investing activities	(66,425,898)	9,450,529
Financing activities		
Dividend paid	(22,783,296)	(19,832,637)
Financial charges paid	(47,389)	(203,074)
Net cash flow used in financing activities	(22,830,685)	(20,035,711)
Net increase in cash and cash equivalent	13,031,349	29,427,989
Cash and cash equivalent at the beginning of the year	133,927,161	104,499,172
Cash and cash equivalent at the end of the year	146,958,510	133,927,161
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# **Statement of Cash Flow**

for the year ended December 31, 2016

FORM GC January to December

	December 31, 2016	December 31, 2015
	Rup	oees———
Reconciliation to Profit and Loss account		
Operating cash flow	102,287,932	40,013,171
Depreciation / amortization expense	(12,401,696)	(12,097,018)
Financial charges	(47,389)	(203,074)
Gain on disposal of fixed assets	952,048	1,285,085
Increase in assets other than cash	(125,441,888)	74,758,789
Increase in liabilities other than running finance	37,866,850	(109,461,410)
Investment income	99,008,903	86,693,094
Loss before tax from Takaful operations-Operators' Fund	(1,534,899)	-
Profit after taxation	100,689,861	80,988,637
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	403,974	366,753
Current and other accounts	119,835,080	106,504,735
Deposits maturing within 12 months	26,719,457	27,055,673
	146,958,510	133,927,161

The annexed notes from 1 to 33 form an integral part of these financial statements.

Ismail H. Zakaria Chairman A. Aziz Ayoob Director Mohammad Omar Bawany Director A. Razak Ahmed Chief Executive & Managing Director

Karachi 28 March, 2017

# **Statement of Premiums**

for the year ended December 31, 2016

Business underwritten inside Pakistan.

FORM GD

	Premium	Unearned Premium		Premium Unearned Premium		Premium Reinsurance.		Premium Premium		Prepaid Rei	ns Premium	Reinsurance	2016	2015
Class	written	Opening	Closing	earned	ceded	Opening	Closing	expenses		Net Premium revenue				
					Rup	ees								
Direct and facultative														
Fire and property damage	330,485,116	157,048,423	175,693,171	311,840,368	207,792,653	102,426,426	111,979,460	198,239,619	113,600,749	105,033,558				
Marine, aviation and transport	666,799,409	244,618,344	251,051,958	660,365,795	598,915,919	235,739,017	241,216,834	593,438,102	66,927,693	57,872,395				
Motor	174,133,551	83,763,620	85,909,234	171,987,937	2,598,752	1,675,452	1,310,290	2,963,914	169,024,023	141,613,217				
Miscellaneous	30,422,444	11,898,141	14,714,031	27,606,554	20,334,312	7,436,900	10,026,849	17,744,363	9,862,191	11,903,632				
Grand total	1,201,840,520	497,328,528	527,368,394	1,171,800,654	829,641,636	347,277,795	364,533,433	812,385,998	359,414,656	316,422,802				

The annexed notes from 1 to 33 form an integral part of these financial statements.

Ismail H. Zakaria Chairman A. Aziz Ayoob Director Mohammad Omar Bawany Director

A. Razak Ahmed
Chief Executive & Managing Director

Karachi 28 March, 2017

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# **Statement of Claims**

for the year ended December 31, 2016

Business underwritten inside Pakistan.

FORM GE

Class	Claims paid	Outstand	ing claims	Claims expenses	Reinsurance and other recoveries	recoveries i	e and other n respect of ng claims	Reinsurance and other recoveries	2016 Net Claims	2015 Net Claims
	para	Opening	Closing	скрепосо	received	Opening	Closing	revenue	expenses	expenses
					Rup	pees				
Direct and facultative										
Fire and property damage	157,059,505	157,715,174	107,374,419	106,718,750	127,345,729	134,707,651	92,237,760	84,875,838	21,842,912	23,502,810
Marine, aviation and transport	45,802,234	163,584,229	86,294,663	(31,487,332)	29,621,403	149,692,039	74,492,121	(45,578,515)	14,091,183	11,178,139
Motor	60,239,947	15,042,091	23,975,092	69,172,948	1,343,200	401,388	3,275,896	4,217,708	64,955,240	54,699,328
Miscellaneous	4,247,664	3,245,721	2,863,789	3,865,732	3,287,345	2,325,160	2,072,585	3,034,770	830,962	482,060
Grand Total	267,349,350	339,587,215	220,507,963	148,270,098	161,597,677	287,126,238	172,078,362	46,549,801	101,720,297	89,862,337

The annexed notes from 1 to 33 form an integral part of these financial statements.

**Ismail H. Zakaria** Chairman A. Aziz Ayoob Director Mohammad Omar Bawany Director

A. Razak Ahmed
Chief Executive & Managing Director

Karachi 28 March, 2017

# Statement of Expenses for the year ended December 31, 2016

Business underwritten inside Pakistan.

FORM GF

Class	Commissions paid or payable	Opening Deferred commission	Closing Deferred commission	Net commission Expense	Other Management Expenses	Underwritting Expenses	Commission from reinsurers	l Mer	2015 Net underwriting expense
					— Rupees —				
Direct and facultative									
Fire and property damage	84,487,480	40,958,881	45,351,626	80,094,735	41,875,051	121,969,786	47,869,164	74,100,622	70,571,063
Marine, aviation and transport	32,957,100	4,167,225	4,678,322	32,446,003	24,670,617	57,116,620	22,607,638	34,508,982	28,984,702
Motor	17,040,398	10,470,452	8,590,923	18,919,927	62,304,955	81,224,882	-	81,224,882	72,238,921
Miscellaneous	5,572,381	2,104,988	2,677,620	4,999,749	3,635,361	8,635,110	5,064,537	3,570,573	5,546,099
Grand Total	140,057,359	57,701,546	61,298,491	136,460,414	132,485,984	268,946,398	75,541,339	193,405,059	177,340,785

The annexed notes from 1 to 33 form an integral part of these financial statements.

Ismail H. Zakaria Chairman

A. Aziz Ayoob Director

**Mohammad Omar Bawany** Director

A. Razak Ahmed Chief Executive & Managing Director

Karachi 28 March, 2017

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# **Statement of Investment Income**

for the year ended December 31, 2016

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	December 31, 2016 ———Rup	December 31, 2015 Dees———————————————————————————————————
Income from non-trading investments		
Held to maturity		
Return on government securities	8,659,964	7,832,216
Return on other fixed income securities and deposits	4,368,036	4,617,593
Amortization of premium - net	-	336,664
	13,028,000	12,786,473
Available for sale		
Dividend income	2,549,862	615,360
Gain on sale of available for sale investments	9,662,265	9,862,188
Impairment	(1,950,949)	(807,886)
	10,261,178	9,669,662
Income from trading investments		
Held for trading		
Dividend income	25,665,903	30,243,355
Gain on sale of investments	2,027,620	3,708,519
Unrealized gain on held for trading investments	48,085,365	30,309,445
	75,778,888	64,261,319
Less: Investment related expenses	(59,164)	(24,360)
Net investment income transferred to profit and loss account	99,008,903	86,693,094

The annexed notes from 1 to 33 form an integral part of these financial statements.

Ismail H. Zakaria Chairman A. Aziz Ayoob Director Mohammad Omar Bawany Director

A. Razak Ahmed
Chief Executive & Managing Director

Karachi 28 March, 2017

for the year ended December 31, 2016

### 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 quoted on Pakistan Stock Exchange Limited. 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.

In term of requirements of Takaful Rules, 2012, read with SECP Circular 25 of 2015 dated July 9, 2015, the assets, liabilities and profit and loss of Operator Fund of General Takaful Operations of the Company have been presented as a single line item in the balance sheet and profit and loss account of the Company respectively.

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

### 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 Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

Effective date (annual periods

beginning on or after) IFRS 10 Consolidated Financial Statements - Amendments regarding application of the consolidation exception January 1, 2016 Joint Arrangements - Amendments regarding the accounting for acquisitions IFRS 11 of an interest in a joint operation January 1, 2016 IFRS 12 Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception January 1, 2016 IAS 1 Presentation of Financial Statements - Amendments resulting from the disclosure initiative January 1, 2016

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		(annual periods beginning on or after)
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 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 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

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2012 – 2014) Cycle:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operation	IFRS 5	Non-current	Assets	Held for	Sale and	Discontinued	Operations
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IFRS 7 Financial Instruments: Disclosures

IAS 19 Employee Benefits

IAS 34 Interim Financial Reporting

# 3.2 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:

IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 7	Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	January 01, 2017
IAS 40	Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018

The Annual Improvements to IFRSs that are effective from the dates mentioned below against the respective standard are as follows:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IFRS 1	First-time Adoption of International Financial Reporting	January 01, 2018
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2017
IAS 28	Investments in Associates and Joint Ventures	January 01, 2018

**Effective date** 

for the year ended December 31, 2016

### 3.3 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
IFRS 16	Leases

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:

# **Estimates**

The areas where assumptions and estimates are significant to the financial statements or judgment was exercised in application of accounting policies, are as follows:

Note

	Note
- Provision for unearned premiums	5.1.1 (a)
- Premium due but unpaid - net	5.1.1 (c)
- Provision for outstanding claims (including IBNR)	4.6
- Premium deficiency reserve	5.1.6
- Useful life of tangible assets	5.7 (a)
- Taxation (current and deferred)	5.4
- Impairment in available for sale investments	4.4
- Reinsurance recoveries against outstanding claims	5.1.4
- Reinsurance ceded	5.1.2
- Deferred commission expense	5.1.5 (b)

### 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 (in accordance with the requirements of SRO 938 issued by the SECP in December 12, 2002).

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### 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.

### 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)

A liability for outstanding claims is recognized in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

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

### 4.6.1 Claims reported but not settled

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

# 4.6.2 Claims incurred but not reported

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

### 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.

for the year ended December 31, 2016

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.

### a) 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.

### b) 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.

### c) 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.

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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) Deferred 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.

### 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.

for the year ended December 31, 2016

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.

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.

A fall in market value is treated as other then temporary if there is a significant or prolonged decline in fair value of security below its cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the Company evaluates among other factors, the normal volatility in share prices.

# 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. After initial recognition, these are measured at fair values with any resulting gains and losses recognized directly in profit and loss account. Subsequent to initial recognition these are measure at fair value by reference to quoted market prices with resulting gain or loss being included in net profit or loss for the year in which it arises. These are measured at fair value through profit or loss upon initial recognition.

### 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 16.

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.

for the year ended December 31, 2016

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 is stated at cost. Transfers are made to operating assets when the assets are available for use.

#### 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.

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 classes 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.

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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.

#### 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.

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#### 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.

			Note	2016 ———Rup	2015 pees———
6.	ISSUED, SUBSCRIBED	AND PAID-UP S	HARE CAPITAL		
	2016 (Number o	2015 of shares)			
	1,156,680	1,156,680	Ordinary shares of Rs. 10 each issued as fully paid in cash	11,566,800	11,566,800
	49,880,852	45,241,076	Ordinary shares of Rs.10 each issued as fully paid bonus shares	498,808,520	452,410,760
	51,037,532	46,397,756		510,375,320	463,977,560
6.1	During the year, 4,639,	,776 shares amou	nting to Rs. 46.398 million were issued as bo	onus shares.	
6.2	66,271 (2015: 60,247 Rs.0.602).	7) ordinary shares	of Rs. 10 each are held by associates amount	ting to Rs. 0.662 m	illion (2015:
7.	RESERVES				
	General reserve		7.1	220,000,000	200,000,000
7.1	The movement of gener	al reserve is as fol	lows:		
	Balance as at Januar Transfer from unappr Balance as at Decem	opriated profit		200,000,000 20,000,000 220,000,000	180,000,000 20,000,000 200,000,000
8.	SHORT TERM BORRO	WINGS			
	Secured From banking com	npanies Running fi	nances 8.1		

8.1 These facilities are secured against lien marking / pledge of advantage account with 10% margin and lien over GOP Ijara sukuk and TDR amounting to Rs. 10 million with a margin of 10% over and above the mark to market value of GOP Ijara sukuk and TDR. 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 (2015: Rs. 20.00 million).

for the year ended December 31, 2016

		Note	2016 ———Rupe	2015 ees———
9.	WINDOW TAKAFUL OPERATIONS			
	Operator's fund Assets			
	Cash and bank deposits		41,848,851	-
	Investments Current assets- others		10,000,000 1,492,953	-
	Total assets		53,341,804	
	Total liabilities-current		4,876,703	
	Loss from Window Takaful Operations-before tax		(1,534,899)	-

9.1 Detail of total assets, total liabilities and segment disclosure of window takaful operations are stated in the annexed financial statements.

#### 10. CONTINGENCIES AND COMMITMENTS

#### 10.1 Contingencies

- In previous year, the 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. During the year, the Commissioner Inland Revenue (Appeals) has annulled all the assessments under section 122(5A) in which dividend was taxed at corporate rate. The Commissioner of Inland Revenue has filed an appeal in Appellate Tribunal, Inland Revenue against the order passed by the Commissioner Inland Revenue (Appeals) which is pending adjudication. 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.
- b) 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 Company's net account would be Rs. 2.500 million and the rest would be recoverable under fronting arrangements as per agreed terms.

#### 10.1 Commitments

There are no commitments as at the balance sheet date.

#### 11. CASH AND BANK DEPOSITS

Cash and other equivalents			
Policy stamps and bond paper in hand		403,974	366,753
Current and other accounts			
Current accounts		40,508,964	36,537,702
PLS saving accounts	11.1	79,326,115	69,967,033
		119,835,079	106,504,735
Deposit maturing within 12 months	11.2	26,719,457	27,055,673
		146,958,510	133,927,161

11.1 Profit on PLS saving accounts carry mark-up at rates range from 3.750% to 5.50% per annum (December 31, 2015: 4.50% to 6.5% per annum).

for the year ended December 31, 2016

Note 2016 2015 -Rupees-

The rate of return on term deposit certificates issued by various banks range from 4.15% to 5.75% per annum (December 31, 2015: 4.4% to 7.25% per annum) due on maturity. These deposits include an advantage account amounting to Rs. 11.10 million (December 31, 2015: Rs. 11.10 million) which is pledged against the running finance facility availed from a commercial bank.

#### LOANS 12.

(Secured - considered good) To employees

12.1 997,775 1,418,155

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

#### **INVESTMENTS**

Held to maturity			
Government securities	13.1	70,833,333	86,104,626
Available for sale			
Mutual funds	13.2	48,208,902	-
Related parties	13.3	6,558,148	6,558,148
Others	13.4	218,964,920	171,805,881
Provision for impairment	13.5	(5,354,511)	(3,403,562)
		268,377,459	174,960,467
Investments at fair value through profit or loss -			
held for trading			
Quoted shares		412,452,070	392,604,499
		751,662,862	653,669,592
Government securities			
Pakistan Investment Bonds	13.1.1	-	14,437,960
WAPDA Sukuk Bonds	13.1.2	833,333	1,666,666
GOP Ijara Sukuk Bonds	13.1.3	70,000,000	70,000,000
		70,833,333	86,104,626

#### 13.1.1 Pakistan Investment Bonds

Particular	Face Value	Coupon rate	Maturity date	2016	2015
rafficular	Rupees	%		Rupees	
Pakistan Investment Bond- 10 years	15,000,000	12.00	19/07/2022	-	14,437,960 14,437,960

The Pakistan Investment Bond (PIB) had a market value of Rs. 17.242 million at December 31, 2015

13.1

for the year ended December 31, 2016

#### 13.1.2 WAPDA Sukuk Bonds

Particular	Value per certificate	Profit rate	Profit payment	2016	2015
Farticulai	Rupees	%		Rupees-	
WAPDA Second Sukuk Certificates - 7 years	5,000	6 months KIBOR minus 25bp	Semi annually	833,333 833,333	1,666,666 1,666,666

The market value of WAPDA Sukuk Bonds amounted to Rs. 0.846 million (2015: Rs. 1.619 million). The profit on WAPDA Sukuk Bonds is received on semi annually basis.

#### 13.1.3 GOP Ijara Sukuk Bonds

Particular	Value per Certificate	Profit rate		Maturity date	2016	2015
	Rupees	%	payment		Rup	oees
GOP Ijara Sukuk Bond - 3 years (GIS-16)	100,000	5.4553	Semi annually	18/12/2018	25,000,000	25,000,000
GOP Ijara Sukuk Bond - 3 years (GIS-15)	100,000	3.8908	Semi annually	25/06/2017	25,000,000	25,000,000
GOP Ijara Sukuk Bond - 3 years (GIS-15)	100,000	3.8908	Semi annually	25/06/2017	20,000,000	20,000,000

The market value of Government of Pakistan Ijara Sukuk Bonds (GOPI) amounted to Rs. 70.718 million (December 31, 2015: Rs. 70.282 million).

13.1.4 Government of Pakistan Ijara Sukuk Bonds (GOPI) having face value amounted to Rs. 55 million and market value amounted to Rs. 55.51 million (December 31, 2015: Rs. 30 million and market value amounted to Rs. 34.764 million) are placed with State Bank of Pakistan under section 29 of Insurance Ordinance, 2000.

		2016 ———Rupees	2015
13.2	Mutual funds		
	Alhamra Islamic Active Allocation Plan I Al Ameen Islamic Active Allocation Plan VI	30,000,000 18,208,902	-
		48,208,902	-

The market value of these units amounted to Rs. 48.738 million.

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for the year ended December 31, 2016

#### 13.3 Related parties

Investment in associated companies

2015	Face value per	Name of investor	2016	2015	
Number of share / certificates		Name of investee	Book Valu	Book Value (Rupees)	
521,220	10	Al -Noor Modaraba	5,212,200	5,212,200	
115,724	10	B.F. Modaraba	512,566	512,566	
18,329	10	Faran Sugar Mills Limited	369,220	369,220	
23,551	10	Shahmurad Sugar Mills Limited	464,162	464,162	
678,824			6,558,148	6,558,148	
-	er of rtificates  521,220 115,724 18,329 23,551	share (Rupees)  521,220 10 115,724 10 18,329 10 23,551 10	share (Rupees)  Share (Rupees)  Name of investee  521,220 10 Al -Noor Modaraba 115,724 10 B.F. Modaraba 18,329 10 Faran Sugar Mills Limited 23,551 10 Shahmurad Sugar Mills Limited	Share (Rupees)   Name of investee   Book Value	

Market value of these shares / certificates amounted to Rs. 8.319 million (2015: Rs. 5.756 million).

#### 13.4 Others

2016	2015	Face value per	Name of investor	2016	2015
Number of shares / units		unit / share (Rupees)	Name of investee	Book Value	e (Rupees)
398,911	378,007	10	Meezan Balanced Fund	6,215,041	5,500,000
69,763	69,763	10	PICIC Investment Fund*	825,469	825,469
15,939	15,831	100	JS-Growth Fund	2,738,981	1,435,847
726,368	694,465	100	MCB Islamic Income Fund	73,130,669	69,500,000
· -	57,936	100	JS-Islamic Gov.Sec Fund	-	5,800,000
_	168,946	100	Al Ameen (UBL) Islamic		, ,
	,		Sovereign Fund	-	17,000,000
1,092,690	1,046,744	50	Meezan Cash Fund	54,776,532	52,400,000
75,893	72,496	100	Askari Islamic Income Fund	7,641,379	7,500,000
22,500	22,500	10	Nimir Industrial Chemicals Limited	502,725	502,725
350,800	70,000	10	Fauji Fertilizer Company Limited	39,413,529	8,416,145
131,500	51,500	10	Nishat Chunian Power Limited	6,930,695	2,925,695
585,964	-	10	NAFA Islamic Asst. Allocation Fund	10,000,000	-
15,000	-	10	Pakistan Oil Field Limited	5,149,600	-
50,000	-	10	Pakistan Petroleum Limited	7,686,200	-
10,000	-	10	Fauji Cement Limited	385,000	-
90,000	-	10	Thatta Cement Limited	3,375,000	-
3,000	-	10	Meezan Bank Limited	194,100	-
3,638,328	2,648,188			218,964,920	171,805,881

<sup>\*</sup> This represents units in closed end mutual fund.

Market value of these shares / units amounted to Rs. 228.229 million (December 31, 2015: Rs.176.650 million).

for the year ended December 31, 2016

		Note	2016	2015
			Rup	ees
13.5	Provision for impairment			
	Opening balance Provision during the year		3,403,562 1,950,949 5,354,511	2,595,676 807,886 3,403,562
14.	DEFERRED TAXATION			
	Deferred tax arising due to timing differences calculated at current r (December 31, 2015: Rs. 4.289 million debit). Deferred tax asset has r the opinion of the management there is no certainty regarding realizibilit	not been recogniz	ed in these financi	.100 million debit al statements as in
15.	PREMIUMS DUE BUT UNPAID			
	Unsecured Considered good Considered doubtful Provision for doubtful balances	15.1	165,903,439 10,000,000 175,903,439 (10,000,000) 165,903,439	190,636,360 10,000,000 200,636,360 (10,000,000) 190,636,360
15.1	Provision for doubtful balances			
	Opening balance Provision made during the year		10,000,000	10,000,000
15.2	Age analysis of premium due but unpaid			
	The age analysis of premiums due but unpaid is as follows:			
	Upto one year More than one year	15.2.1 15.2.2	146,324,141 19,579,298 165,903,439	158,063,996 32,572,364 190,636,360
15.2.1	Related parties Others		44,068,595 102,255,546 146,324,141	45,980,881 112,083,115 158,063,996
15.2.2	2 Related parties Others		2,900,563 _16,678,735 _19,579,298	9,175,115 23,397,249 32,572,364

for the year ended December 31, 2016

#### 16. FIXED ASSETS

#### 16.1 Tangible assets

16.1 Tangible assets						
	Land and buildings	Furniture and fixtures	Motor vehicles	Office equipments	Office computers	Total
-		-	Rupe	ees———	1	'
Net carrying value basis as at December 31, 2016			·			
Opening net book value (NBV)	9,215,595	1,839,334	65,790,315	3,182,947	714,648	80,742,839
Additions (at cost) Disposal	-	1,071,292	19,356,630	1,076,859	81,117	21,585,898
Cost	-	-	(6,897,261)	-	-	(6,897,261)
Accumulated depreciation	-	-	4,041,309	-	-	4,041,309
_		-	(2,855,952)		-	(2,855,952)
Depreciation	(921,559)	(295,543)	(10,389,999)	(566,732)	(227,863)	(12,401,696)
Closing net book value	8,294,036	2,615,083	71,900,994	3,693,074	567,902	87,071,089
Gross carrying value basis as at December 31, 2016						
Cost	30,218,901	12,375,787	116,319,514	14,448,647	6,935,467	180,298,316
Accumulated depreciation	(21,924,865)	(9,760,704)	(44,418,520)	(10,755,573)	(6,367,565)	(93,227,227)
Net book value	8,294,036	2,615,083	71,900,994	3,693,074	567,902	87,071,089
Net carrying value basis as at December 31, 2015	40.000.550	24447	65 202 470	2.070.246	026.205	01.651.010
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)
	-	43,368	10,351,988	723,583	69,000	11,187,939
Depreciation	(1,023,955)	(318,213)	(9,945,151)	(518,952)	(290,747)	(12,097,018)
Closing net book value	9,215,595	1,839,334	65,790,315	3,182,947	714,648	80,742,839
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	9,215,595	1,839,334	65,790,315	3,182,947	714,648	80,742,839
Depreciation rate per annum	10%	15%	15%	15%	30%	

for the year ended December 31, 2016

#### 16.2 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	Suzuki Cultus	883,000	520,592	362,408	430,000	67,592	Mohammad Waseem
2	Toyota Carolla	1,886,500	608,691	1,277,809	1,550,000	272,191	Khawaja Fazal Gul Zaman Butt
3	S-LIANA	693,300	344,965	348,335	440,000	91,665	Shahzad Ahmed
4	Toyota GLI	1,013,260	729,036	284,224	400,000	115,776	Muhammed Arshad
5	S-Mehran	445,283	307,889	137,394	310,000	172,606	Muhammad Faheem
6	S-Cultus	585,500	538,591	46,909	200,000	153,091	Kashif Maqsood
7	Honda City	1,079,550	756,167	323,383	400,000	76,617	Mudassar Hussain
Motor	cycles						
1	Unique 70	39,000	30,640	8,360	12,000	3,640	Siraj Khan
2	Unique 70	44,000	24,191	19,809	17,000	(2,809)	Nabeel Saeed
3	Super Star	37,500	28,986	8,514	12,000	3,486	Hasnain Muhammad Nasir
4	EAGLE	39,000	17,145	21,855	10,000	(11,855)	Muhammad Yousuf
5	PAK-HERO	42,868	37,486	5,382	7,000	1,618	Muhammad Faisal
6	PAK-HERO	40,000	32,589	7,411	8,000	589	Sikandar Azam
7	HONDA	68,500	64,341	4,159	12,000	7,841	Mumtaz Ali
	Total - Rupees 2016	6,897,261	4,041,309	2,855,952	3,808,000	952,048	
	Total - Rupees 2015	7,654,913	4,046,998	3,598,915	4,884,000	1,285,085	

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#### 16.3 Intangible assets

20	16	2015		
Computer software	Total	Computer software	Total	
Rup	pees	Rupees		

#### Net carrying value basis as at December 31

Opening net book value (NBV) Additions (at cost)	1,159,275	1,159,275	1,159,275	1,159,275
Amortization	(1,159,275)	(1,159,275)	(1,159,275)	(1,159,275)
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	2016	2015	
				Rup	oees	
17	MANACEMENT EVDENCES					

Salaries, wages and other benefits Rent, taxes, electricity, gas etc. Communication Printing and stationery Travelling and entertainment Repairs and maintenance Advertisement and sales promotion Fees and subscription Gifts and donation	17.1	75,809,211 8,739,128 3,749,845 3,440,401 5,212,523 5,382,254 4,774,889 1,410,785 1,000,000	71,419,358 8,106,257 3,673,685 2,695,726 5,685,071 4,569,718 4,525,135 2,044,710 229,550
'		, , , , , , , , , , , , , , , , , , ,	, ,
Vehicle running and maintenance Others		18,879,165 3,875,449	20,455,583 4.371,796
Books and periodicals		212,334	174,865
		132,485,984	127,951,454

17.1 This includes salaries, wages and benefits amounting to Rs. 2.698 million (2015: Rs. 2.458 million) in respect of provident fund contribution paid by the Company.

#### OTHER INCOME 18.

Gain on sale of tangible fixed assets

952,048

1,285,085

for the year ended December 31, 2016

Basic earning per share of Rs. 10 each

		Note	2016 ————Run	2015 Dees————
10	CENEDAL AND ADMINISTRATION EVERNORS		ιταμ	
19.	GENERAL AND ADMINISTRATION EXPENSES			
	Salaries, wages and other benefits		21,191,364	19,152,048
	Depreciation	16.1	12,401,696	12,097,018
	Auditor's remuneration	19.1	500,000	450,000
	Fees and subscription		3,945,129	3,831,634
	Workers' Welfare Fund Directors' fee		F75 000	1,852,829
	Bonus to staff		575,000 7,823,971	220,000 7,137,657
	Legal and professional expense		636,000	1,438,000
	Miscellaneous expenses		54,942	26,962
			47,128,102	46,206,148
19.1	Auditor's remuneration			
	Audit fee		425,000	375,000
	Interim review		75,000	75,000
			500,000	450,000
20.	PROVISION FOR TAXATION			
	Current		14,850,000	9,800,000
	Income tax assessment of the Company has been finalized up to the Tax	〈 Year 2016.		
20.1	Relationship between tax expense and accounting profit			
	Profit before taxation		115,539,861	90,788,637
	Tax at the applicable rate of 31% (2015: 32%) Tax effect of expenses that are not allowable in		35,817,357	29,052,364
	determining taxable income		43,609	62,292
	Tax effect of capital gains exempt from tax		(18,078,787)	(12,860,142)
	Tax effect of income subject to lower rates		(2,932,179)	(6,454,514)
			14,850,000	9,800,000
21.	EARNINGS PER SHARE - BASIC AND DILUTED			
	Basic earnings per share are calculated by dividing the net profit for the the year end as follows:	year by the we		
			Rupess	Rupess
	Profit after tax for the year		100,689,861	80,988,637
			Number of shares	Number of shares
	Weighted average number of shares of Rs. 10 each		51,037,532	51,037,532

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. Comparative figures have been restated on account of issuance of bonus shares.

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Rupess

1.97

Rupess Restated

1.59

for the year ended December 31, 2016

Note	2016	2015
		nees

#### 22. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief E	Executive	Direc	ctors	Executives		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees							
Fees	-	-	575,000	220,000	-	-	575,000	220,000
Managerial remuneration	5,916,000	5,316,000	-	-	6,024,000	5,523,000	11,940,000	10,839,000
Bonus	1,479,000	1,200,000	-	-	1,387,650	1,283,400	2,866,650	2,483,400
House rent allowance	2,662,200	2,392,200	-	-	2,713,200	2,486,400	5,375,400	4,878,600
Others	421,800	331,800	-	-	3,393,744	3,076,644	3,815,544	3,408,444
	10,479,000	9,240,000	575,000	220,000	13,518,594	12,369,444	24,572,594	21,829,444
Number of persons	1	1	9	10	5	5	15	16

22.1 In addition, Chief Executive and some executives are provided with company maintained cars and residential telephone in accordance with their entitlements.

#### 23. 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 22 to these financial statements and are determined in accordance with the terms of their appointment.

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

Relation with the Company	Nature of transaction		2016 Ru	2015 pees———
Transactions during the year				
Associated companies	Premium underwritten Premium collected Claims paid Dividend received Dividend paid		55,100,931 69,455,173 34,871,438 148,167 102,878	57,486,881 62,810,109 31,511,831 620,262 29,430
Key management personnel	Remuneration and other benefits	22	24,572,594	21,829,444
Staff retirement benefits  Balances as at the year end	Contribution to provident fund	17.1	2,698,273	2,457,886
Associated companies	Premium due but unpaid Provision for outstanding claims		46,969,158 3,899,548	55,155,996 19,537,348

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#### 24. MANAGEMENT OF FINANCIAL AND INSURANCE RISK

#### 24.1 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.

#### 24.2 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.

#### 24.3 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:

	2016 Effective interest rate%	2015 Effective interest rate%	2016 2015 ——— Rupees ———
Fixed rate instruments			
Government securities Term deposits	4.75 to 6.54 4.15 to 5.75	4.74 to 12.00 4.40 to 7.25	<b>70,833,333</b> 86,104,626 <b>26,719,457</b> 27,055,673
Variable rate instruments			
PLS saving accounts	3.75 to 5.50	4.50 to 6.50	<b>79,326,115</b> 69,967,033

#### 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 a	Profit and loss		uity
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
		Rup	ees —	
As at December 31, 2016				
Cash flow sensitivity	793,261	(793,261)	547,350	(547,350)
As at December 31, 2015 Cash flow sensitivity	699,670	(699,670)	468,779	(468,779)

for the year ended December 31, 2016

#### 24.4 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.

#### 24.5 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of change 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. 680,729 million (2015: Rs. 567.565 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 2016 and 2015 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. 41.245 million (2015: Rs. 39.260 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. 26.838 million (2015: Rs. 17.496 million) if the decline is considered permanent.

#### 24.6 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.

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Financ	- 1	: - 1	L:I	111

Provision for outstanding claims Amounts due to other insurers / reinsurers Accrued expenses Other creditors and accruals Unclaimed dividend

	2016								
Within one year	Over one year to five years	Over five years	Total						
	- Nup	1003							
220,507,963	-	-	220,507,963						
71,401,782	-	-	71,401,782						
3,779,536	-	-	3,779,536						
68,787,737	-	-	68,787,737						
1,665,878	-	-	1,665,878						
366,142,897	-	-	366,142,897						

2015								
Within one year	Over one year to five years	) ()ver five years						
	'							
339,587,215	-	-	339,587,215					
39,017,810	-	-	39,017,810					
3,512,989	-	-	3,512,989					
58,907,661	-	-	58,907,661					
1,250,296	-	-	1,250,296					
1/12 275 071			112 275 Q71					

#### Financial liabilities

Provision for outstanding claims Amounts due to other insurers / reinsurers Accrued expenses Other creditors and accruals Unclaimed dividend

#### 24.7 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	2016 ———Ru	2015 pees———
Cash and bank deposits Loans to employees Investments Premiums due but unpaid Amounts due from other insurers / reinsurers Accrued investment income Reinsurance recoveries against outstanding claims Trade deposits Sundry receivables	11 12 13 15	146,958,510 997,775 751,662,862 165,903,439 2,781,333 1,436,343 172,078,362 701,819 367,509 1,242,887,953	133,927,161 1,418,155 653,669,592 190,636,360 10,057,564 1,772,710 287,126,238 701,819 367,509 1,279,677,108

for the year ended December 31, 2016

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

	Rat	Rating	
	Short term	Long term	agency
Banks			
Habib Bank Limited National Bank of Pakistan MCB Bank Limited Allied Bank Limited United Bank Limited Faysal Bank Limited NIB Bank Limited Bank Alfalah Limited Habib Metropolitan Bank Limited The Bank of Punjab Askari Bank Limited AlBaraka Bank (Pakistan) Limited Bank Al-Habib Limited Faysal Bank Limited The Bank of Khyber Soneri Bank Limited Summit Bank Limited	A1 +	AAA AAA AA+ AAA AA- AA AA+ AA+ AA+ AA+ A	JCR-VIS PACRA PACRA PACRA JCR-VIS PACRA
JS Bank Limited Standard Chartered Bank Limited	A1+ A1+	AA- AAA	PACRA 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:

	2016 ———Rup	2015 pees———
Sector  Chemical and pharmaceutical Textile composite and garments Paper and board Communication and information technology Engineering industry Sugar industry Banks, Fl's and DFI's Cement	11,537,834 22,153,298 2,357,979 5,103,499 1,261,202 22,550,997 177,378 3,994,077	17,571,997 41,371,499 3,187,823 6,349,101 4,282,697 22,959,839 181,175 3,620,929
Food, oil and edibles Fertilizer Miscellaneous and others	1,732,948 60,702 94,973,525 165,903,439	2,421,011 3,477,940 85,212,349 190,636,360

#### Impaired assets

During the year no assets have been impaired other than available for sale investments amounted to Rs. 1.951 million (December 31, 2015: Rs. 0.808 million) against which provision of Rs. 5.354 million (December 31, 2015: Rs. 3.404 million) has been held.

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#### 24.8 Financial instruments

	Interest / mark-up bearing			Non-ı	markup be	Total	Total	
	Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	2016	2015
				Rupe	ees			
Financial assets				•				
Held to maturity investments	833,333	70,000,000	70,833,333	-	-	-	70,833,333	86,104,626
Available for sale investments Investments at fair value through	-	-	-	220,168,557	48,208,902	268,377,459	268,377,459	174,960,467
profit or loss - held for trading	-	-	-	412,452,070	-	412,452,070	412,452,070	392,604,499
Loans				997,775		997,775	997,775	1,418,155
Premium due but unpaid	-	-	_	165,903,439	-	165,903,439	165,903,439	190,636,360
Amount due from other insurers /				,,			,,	,,
re-insurers	-	-	-	2,781,333	-	2,781,333	2,781,333	10,057,564
Accrued investments income	-	-	-	1,436,343	-	1,436,343	1,436,343	1,772,710
Reinsurance recoveries and								
outstanding claims	-	-	-	172,078,362	-	172,078,362	172,078,362	287,126,238
Sundry receivables	-	-	-	367,509	-	367,509	367,509	427,173
Trade deposits	-	-	-	701,819	-	701,819	701,819	701,819
Cash and bank deposits	106,045,572	-	106,045,572	40,912,938	-	40,912,938	146,958,510	133,927,161
	106,878,905	70,000,000	1/6,8/8,905	1,017,800,146	48,208,902	1,066,009,048	1,242,887,953	1,2/9,/36,//2
Financial liabilities								
Provision for outstanding claims								
(including IBNR)	-	-	-	220,507,963	-	220,507,963	220,507,963	339,587,215
Amounts due to other insurers /								
reinsurers	-	-	-	71,401,782	-	71,401,782	71,401,782	39,017,810
Accrued expenses	-	-	-	3,779,536	-	3,779,536	3,779,536	3,512,989
Other creditors and accruals	-	-	-	68,787,737	-	68,787,737	68,787,737	66,167,601
Unclaimed dividend				1,665,878	-	1,665,878	1,665,878	1,250,296
	-	-	-	366,142,896	-	366,142,896	366,142,896	449,535,911
On balance sheet gap	106,878,905	70,000,000	176,878,905	651,657,250	48,208,902	699,866,152	876,745,057	830,200,861

#### 24.9 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.

#### 24.9.1 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, 2016.

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.

for the year ended December 31, 2016

	As at Decer	mber 31, 2016	As at December 31, 2015			
	Carrying amount	Fair value	Carrying amount	Fair value		
Financial Assets						
Cash and other equivalents	403,974	403,974	366,753	366,753		
Current and other accounts	119,835,080	119,835,080	106,504,735	106,504,735		
Deposit maturing within 12 months	26,719,457	26,719,457	27,055,673	27,055,673		
Loans to employees	997,775	997,775	1,418,155	1,418,155		
Investments						
Available-for-sale						
Ordinary shares - listed						
Related Parties	833,382	4,445,899	833,382	2,774,891		
Others	63,636,849	66,523,321	11,844,565	11,652,800		
Mutual fund units	193,536,973	259,282,432	159,961,316	164,997,266		
Modarba certificates				0.001.711		
Related Parties	5,724,766	3,873,324	5,724,766	2,981,741		
Held-to-maturity Pakistan Investment Bonds			14 407 000	170 400 000		
Government of Pakistan Ijara sukuk bonds	70 000 000	70 630 500	14,437,960	172,420,000		
Wapda sukuk bonds	70,000,000	70,639,500	70,000,000 1,666,666	70,282,000 1,618,896		
Investments at fair value through profit or loss-	833,333	823,258	1,000,000	1,010,090		
held for trading-ordinary shares - listed	364,366,705	412,452,070	362,295,054	392,604,499		
ficia for trading-ordinary shares - listed	698,932,008	818,039,804	626,763,709	819,332,093		
	030,332,000	010,033,004	020,703,703	013,332,033		
Premiums due but unpaid	165,903,439	165,903,439	190,636,360	190,636,360		
Amount due from other insurers and reinsurers	2,781,333	2,781,333	10,057,564	10,057,564		
Accrued investment income	1,436,343	1,436,343	1,772,710	1,772,710		
Reinsurance recoveries against outstanding claims	172,078,362	172,078,362	287,126,238	287,126,238		
Sundry receivables	367,509	367,509	367,509	367,509		
Trade deposits	701,819	701,819	701,819	701,819		
T. I	343,268,805	343,268,805	490,662,200	490,662,200		
Total assets of Window Takaful Operations-	53,341,804	53,341,804	-	-		
Financial Liabilities						
Provision for outstanding claims (including IBNR)	220,507,963	220,507,963	339,587,215	339,587,215		
Amount due to other insurers and reinsurers	71,401,782	71,401,782	39,017,810	39,017,810		
Other creditors and accruals	68,787,737	68,787,737	66,167,601	66,167,601		
Accrued expenses	3,779,536	3,779,536	3,512,989	3,512,989		
Unclaimed Dividend payable	1,665,878	1,665,878	1,250,296	1,250,296		
	366,142,896	366,142,896	449,535,911	449,535,911		
Total Liabilities of Window Takaful operations-	4,876,703	4,876,703	-	-		

#### 24.9.2 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.

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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:

	As at December 31, 2016	Level 1	Level 2	Level 3
Financial assets measured at fair value Investments at fair value through		———— Rupees	,	
profit or loss - held for trading	412,452,070	412,452,070	-	-
	As at December 31, 2015	Level 1	Level 2	Level 3
Financial assets measured at fair value Investments at fair value through		- Nupees	,	
profit or loss - held for trading	392,604,499	392,604,499	-	-

#### 24.9.3 Transfers during the year

During the year ended December 31, 2016:

- 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

#### 24.9.4 Valuation techniques

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

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

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#### 25. 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, 2016 and December 31, 2015, unallocated capital expenditure and non-cash expenses during the year:

	Fire and	property		riation and sport	Motor		Miscellaneous		Tot	tal
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
					Ru	ipees —				
SEGMENT ASSETS										
Segment assets	128,159,428	181,821,477	75,504,914	100,181,737	190,685,557	245,143,788	11,126,095	20,606,138	405,475,994	547,753,140
Unallocated corporate assets									1,406,001,816	1,218,808,252
Consolidated total assets									1,811,477,810	1,766,561,392
SEGMENT LIABILITIES										
Segment liabilities	297,552,779	325,061,544	175,302,727	179,105,520	442,722,150	428,269,557	25,831,893	36,839,778	941,409,549	979,276,399
Unallocated corporate liabilities	5								6,542,581	1,250,296
Consolidated total liabilities									947,952,130	980,526,695
CAPITAL EXPENDITURE										
Unallocated capital expenditure	е								21,585,898	14,786,854
Consolidated capital expenditu	re								21,585,898	14,786,854
Unallocated depreciation / amo	ortization								12,401,696	12,097,018

#### 26. 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.

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The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). The claims payments are limited to the extent of sum insured on occurrence of the insured event.

The Company has entered into reinsurance cover / arrangements, with local and foreign reinsurers having good credit rating by reputable rating agencies, as prescribed by the Securities and Exchange Commission of Pakistan to reduce its exposure to risks and resulting claims. Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional facultative reinsurance arrangements are in place to protect the net account in case of a major catastrophe.

The effect of such reinsurance arrangements is that the Company recovers the share of claims from reinsurers thereby reducing its exposure to risk. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional reinsurance arrangements, any loss over and above the said limit would be recovered under non-proportional treaty which is very much in line with the risk management philosophy of the Company.

In compliance of the regulatory requirement, the reinsurance agreements are duly submitted with Securities and Exchange Commission of Pakistan on an annual basis.

The Company has claims department dealing with the mitigation of risks surrounding claims incurred whether reported or not. This department investigates and settles all claims based on surveyor's report / assessment. The unsettled claims are reviewed individually at least semi-annually and adjusted to reflect the latest information on the underlying facts, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

#### 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.

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.

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#### 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.

	Pre tax	profit	Shareholde	rs' equity
	2016	2015	2016	2015
		Ru	pees —	
10% increase in loss				
Fire and property	(2,184,291)	(2,350,281)	(1,507,161)	(1,598,191)
Marine, aviation and transport	(1,409,118)	(1,117,814)	(972,292)	(760,113)
Motor	(6,495,524)	(5,469,933)	(4,481,912)	(3,719,554)
Miscellaneous	(83,096)	(48,206)	(57,336)	(32,780)
	(10,172,030)	(8,986,234)	(7,018,700)	(6,110,638)
10% decrease in loss				
Fire and property	2,184,291	2,350,281	1,507,161	1,598,191
Marine, aviation and transport	1,409,118	1,117,814	972,292	760,113
Motor	6,495,524	5,469,933	4,481,912	3,719,554
Miscellaneous	83,096	48,206	57,336	32,780
	10,172,030	8,986,234	7,018,700	6,110,638

for the year ended December 31, 2016

#### 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.

Fire and property Marine, aviation and transport Motor Miscellaneous

Gross su	m insured	Reinsurance		Net A	mount			
2016	2015	2016	2015	2016	2015			
(Rupees in 000)								
196,822,227	180,515,738	152,158,077	142,552,992	44,664,150	37,962,746			
398,887,351	441,899,693	347,409,661	398,108,085	51,477,690	43,791,608			
7,675,583	7,095,170	-	16,420	7,675,583	7,078,750			
4,797,402	3,829,165	2,431,596	1,887,660	2,365,806	1,941,505			
608,182,563	633,339,766	501,999,334	542,565,157	106,183,229	90,774,609			

#### 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.

#### Analysis on gross basis

#### **Accident year**

	2012	2013	2014	2015	2016	Total
			(Ru	pees in 000	)	
Estimate of ultimate claims cost:						
At the end of accident year One year later Two years later Three years later Four years later	553,526 135,474 77,866 60,705 53,792	36,688 13,665 9,055 5,068	132,597 67,764 27,624	160,850 27,210 - - -	79,374 - - - -	963,035 244,113 114,545 65,773 53,792
Current estimate of cumulative claims Cumulative payment to date Liability recognised in the balance sheet Liability in respect of prior years	62,805 (9,013) 53,792	7,091 (2,023) 5,068	39,125 (11,501) 27,624	148,714 (121,504) 27,210	202,682 (123,308) 79,374	460,417 (267,349) 193,068 27,439
Total liability recognised in balance sheet						220,507

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#### 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 (Rupess)	Impact on revenue account (Rupess)
December 31, 2016			
Current claims	+10%	963,035	(963,035)
December 31, 2015	-10%	(963,035)	963,035
Current claims	+10% -10%	1,100,021 (1,100,021)	(1,100,021) 1,100,021

### 27. 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	2016	2015
			—— Rupees —		
A or above including Pakistan Reinsurance Company Limited	2,397,795	163,597,847	348,272,033	514,267,675	602,996,215
BBB	383,538	8,480,515	16,261,400	25,125,453	41,465,382
	2,781,333	172,078,362	364,533,433	539,393,128	644,461,597

for the year ended December 31, 2016

#### 28. 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.

#### 29. 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.

- 29.1 The Trustees have intimated that the size of the Fund at year end was Rs. 52.739 million.
- 29.2 As intimated by the Trustees, the cost of the investments made at year end was Rs. 52.739 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:

Pakistan Investment Bonds
Term Finance Certificates
Investment in Shares
Units of Mutual Funds

Rupees	Percentage
in thousand	%
45,325	85.94%
867	1.64%
5,461	10.35%
1,086	2.06%
52,739	100%

29.3 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.

#### 30. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the Board of Directors in its meeting held on March 28, 2017 has announced bonus shares at 10% (December 31, 2015: 10%) amounting to Rs. 51.037 million and cash dividend at 5% (December 31, 2015: 5%). The Board has also approved transfer of Rs. 30 million (December 31, 2015: Rs. 20 million) to general reserve from unappropriated profits. These financial statements for the year ended December 31, 2016 do not include the effect of appropriations which will be accounted for subsequent to the year end.

#### 31. NUMBER OF EMPLOYEES

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

2016	2015	
198	198	
203	203	

#### 32. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on March 28, 2017 by the Board of Directors of the Company.

#### 33. GENERAL

Figures have been rounded off to the nearest rupee.

Ismail H. Zakaria Chairman A. Aziz Ayoob

Mohammad Omar Bawany
Director

A. Razak Ahmed
Chief Executive & Managing Director

Karachi 28 March, 2017





## Independent Assurance Report to the Board of Directors and Shari'ah Advisor of Reliance Insurance Company Limited- Window Takaful Operations in Respect of Operator's Compliance with Shar'ah Rules and Principles

We have performed our independent assurance engagement (Shari'ah Compliance Audit) of Reliance Insurance Company Limited - Window Takaful Operations (the operator) to assess that the Operator has complied with the Shari'ah rules and principles as prescribed by the Shari'ah Advisor / Shari'ah Board of the Operator and Takaful Rules, 2012 during the period from May 25, 2016 to December 31, 2016.

#### Management's responsibility for Shari'ah compliance

It is the responsibility of the Operator to ensure that the financial arrangements, contracts, products and transactions entered into by the Operator with participants, other financial institutions and stakeholders are, in substance and in their legal form, in compliance with the requirements of Shari'ah rules and principles as determined by the Shari'ah Advisor / Shari'ah Board of the Operator and the Takaful Rules, 2012. This responsibility includes: designing, implementing and maintaining internal control to ensure compliance with Shari'ah rules and principles as determined by the Shari'ah Advisor / Shari'ah Board of the Operator and the Takaful Rules, 2012.

#### Responsibility of independent assurance providers

Our responsibility is to express our conclusion on the compliance based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagements (ISAE 3000) 'Assurance Engagement other than Audits or Review of Historical Financial Information'. This standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance whether the Operator has complied with the Shari'ah rules and principles as determined by the Shari'ah Advisor / Shari'ah Board of the Operator and the Takaful Rules, 2012.

The procedures selected depend on our judgement, including the assessment of the risks of material non-compliances with the Shariah guidelines. In making those risk assessments, we have considered internal controls relevant to the Operator's compliance with the guidelines in order to design our procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Operator was not materially non-compliant with the guidelines. Our engagement was not for the purpose of expressing an opinion on the effectiveness of the Operator's internal control.

#### Conclusion

In our opinion, the Operator was in all material respects, in compliance with the Shari'ah rules and principles as determined by the Shari'ah Advisor / Shari'ah Board of the Operator and the Takaful Rules, 2012 during the period from May 25, 2016 to December 31, 2016.

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

Karachi: 28 March, 2017

# Shari'ah Advisor's Report to the Board of Directors

For the year ended December 31, 2016

All praise and thanks are due to Allah Almighty, by who's blessing Reliance Insurance Co.Ltd. Window Takaful Operations (RIC WTO) has successfully completed its first years of Takaful operations.

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

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

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

#### My certificate:

As a Shari'ah Advisor of the Operator I herby certify that RIC WTO has adopted Wakala (Waqf) model for its Window Takaful Operations and I have reviewed all the products, documents of RIC WTO including Waqf Deed, PTF Policies, Takaful Policies, and Re-Takaful Agreements, financial arrangements and transactions entered into by the WTO and the PTF, as the case may be, for the year ended December 31, 2016,. Alhamdulilalh, I have found them compliant with the requirements of the Shari'ah rules and principles as prescribed by the Shari'ah Advisor and the applicable Takaful Rules, guidelines in all material respects.

Investments and financial activates undertaken by the Operator for the year of ended 31<sup>st</sup> December, 2016 were in accordance with shariah guidelines issued by me, as well as the requirement of Takaful Rules, 2012.

Moreover, appropriate accounting policies and basis of measurement have been consistently applied in preparation of the financial statements of "Participant Takaful Fund (Waqf Fund)" and "Operator Fund".

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

وصل اللُّهم وسلم وبارك على سيدنا محد وعلى الم واصحابم اجمعين

Mufti Muhammad Farhan Farooq Shariah Advisor Reliance Insurance Co.Ltd. Window Takaful Operations

Date: 28-03-2017

### **Auditor's Report to the Members**

#### Introduction

We have audited the annexed financial statements comprising of:

- balance sheet:
- profit and loss account;
- statement of comprehensive income;
- statement of changes in fund;
- statement of cash flows;
- statement of contribution;
- statement of claims:
- statement of expenses participant's takaful fund:
- statement of expenses operator's fund; and
- statement of investment income;

of RELIANCE INSURANCE COMPANY LIMITED (WINDOW TAKAFUL OPERATIONS) ("the Operator") as at December 31, 2016 together with the notes forming part thereof (here-in-after referred to as the "financial statements"), for the period from May 25, 2016 to December 31, 2016.

It is the responsibility of the Operators'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 Operator 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 Operator and are further in accordance with accounting policies consistently applied;
- the financial statements together with the notes thereon present fairly, in all material respects, the state of the Operator's affairs as at December 31, 2016 and of the profit, its comprehensive income, its cash flows and changes in fund 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) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Karachi: 28 March, 2017

### **Balance Sheet**

As At December 31, 2016

	Note	Operator's Fund	Participants' Takaful Fund ——Rupees	Aggregate
FUND AND LIABILITIES Operator's Fund				
Statutory fund Accumulated loss		50,000,000 (1,534,899)		50,000,000 (1,534,899)
Waqf / Participants' Takaful Fund		48,465,101	-	48,465,101
Ceded money Accumulated surplus		- -	500,000 3,971,191 4,471,191	500,000 3,971,191 4,471,191
Underwriting reserves Provision for outstanding claims (including IBNR) Provision for unearned contribution Unearned rebate from re-takaful operators Total underwriting provision		- - -	2,200,000 6,902,482 493,796 9,596,278	2,200,000 6,902,482 493,796 9,596,278
Creditors and accruals Amounts due to other takaful /re-takaful operators Unearned wakala fees Accrued expenses Wakala and Mudarib fees payable Other creditors and accruals  TOTAL FUND AND LIABILITIES	4	2,235,153 375,000 - 2,266,550 4,876,703 53,341,804	8,055,350 - 30,900 5,403 8,091,653 22,159,122	8,055,350 2,235,153 375,000 30,900 2,271,953 12,968,356 75,500,926
CONTINGENCIES AND COMMITMENTS	5	00,041,004		/5,500,926

The annexed notes from 1 to 18 form an integral part of these financial statements.

	Note	Operator's Fund	Participants' Takaful Fund ——Rupees	Aggregate
ASSETS				
Cash and other equivalents				
Stamps in hand		41 040 051	36,106	36,106
PLS saving accounts	6	41,848,851 41,848,851	3,006,139 3,042,245	44,854,990 44,891,096
	O	41,040,031	3,042,243	44,691,096
Investments	7	10,000,000	-	10,000,000
Current assets-others				
Contribution due but unpaid		-	9,857,736	9,857,736
Accrued investment income		206,654	-	206,654
Deferred wakala fees		-	2,235,153	2,235,153
Retakaful recoveries against outstanding claims		-	2,045,500	2,045,500
Prepaid re-takaful contribution ceded Wakala and Mudarib fees receivable		30,900	3,150,427	3,150,427 30,900
Amounts due from other takaful / Re-takaful operators		30,900	1,828,061	1,828,061
Taxation	8	217,914	1,020,001	217,914
Deferred commission expense	O	1,037,485	_	1,037,485
	-	1,492,953	19,116,877	20,609,830
TOTAL ASSETS	:	53,341,804	22,159,122	75,500,926

**Ismail H. Zakaria** Chairman A. Aziz Ayoob Director Mohammad Omar Bawany Director A. Razak Ahmed Chief Executive & Managing Director

Karachi 28 March, 2017

### **Profit & Loss Account**

For the Period from May 25, 2016 to December 31, 2016

	Note	Fire and Property	Marine Aviation and Transport	Motor - Rupees —	Miscellaneous	Aggregate
				Парсез		
Revenue Account						
Participants' Takaful Fund  Net contribution revenue		556,109	6,561,427	994,774	55,290	8,167,600
Wakala expense		(450,362)		(438,843)		(6,026,405)
Direct expense	11.1	(2,194)	,	(3,925)		(32,227)
Net claims Rebate from re-takaful operations		(70,657) 117,006	(129,500) 1,828,300	(25,000)	33,851	(225,157) 1,979,157
Underwriting result		149,902	3,155,639	527,006	30,421	3,862,968
Profit on bank deposits		,	, ,	,		154,604
Modarib's Shares						(46,381)
Surplus for the period					-	3,971,191
Accumulated surplus						
Balance at the beginning for the period						
Surplus for the period Balance at the end of the period						3,971,191 3,971,191
Bulance at the one of the period						0,371,131
Revenue Account						
Operator's Fund Wakala fee	9	450,362	5,078,698	438,843	58,502	6,026,405
Commission expenses	3	(245,710)	, ,	(141,871)	,	(3,311,300)
Management expenses	10	(357,880)		(406,847)		(4,859,704)
Profit on bank deposit		(153,228)	(1,855,174)	(109,875)	(26,322)	(2,144,599) 2,230,990
Modarib's Shares						46,381
General and administrative expenses	11					(1,667,671)
Loss before taxation						(1,534,899)
Taxation Loss for the period						(1,534,899)
Loss for the period						(1,337,033)
Profit and loss appropriation account						
Balance at the beginning of the period Loss for the period						(1,534,899)
Balance at the end of the period						(1,534,899)
						, -,,,

The annexed notes from 1 to 18 form an integral part of these financial statements.

Ismail H. Zakaria Chairman A. Aziz Ayoob Director Mohammad Omar Bawany Director A. Razak Ahmed
Chief Executive & Managing Director

Karachi 28 March, 2017

## **Statement of Comprehensive Income**

For the Period from May 25, 2016 to December 31, 2016

	Operator's Fund ——————	Participants' Takaful Fund ———Rupees	Aggregate
(Loss) / surplus for the period	(1,534,899)	3,971,191	2,436,292
Other comprehensive income	-	-	-
Total comprehensive (loss) / income for the period	(1,534,899)	3,971,191	2,436,292

The annexed notes from  $1\ \text{to}\ 18$  form an integral part of these financial statements.

Ismail H. Zakaria Chairman

A. Aziz Ayoob Director Mohammad Omar Bawany Director A. Razak Ahmed
Chief Executive & Managing Director

Karachi 28 March, 2017

## **Statement of Changes in Fund**

For the Period from May 25, 2016 to December 31, 2016

		Operator's Fund			
	Statutory Fund	Statutory Fund Accumulated loss To-Rupees			
Contribution made during the period	50,000,000	-	50,000,000		
Loss for the period	-	(1,534,899)	(1,534,899)		
Balance as at December 31, 2016	50,000,000	(1,534,899)	48,465,101		

	Participants' Takaful Fund			
	Ceded Money	Total		
Ceded money	500,000	-	500,000	
Surplus for the period	-	3,971,191	3,971,191	
Balance as at December 31, 2016	500,000	3,971,191	4,471,191	

The annexed notes from 1 to 18 form an integral part of these financial statements.

Ismail H. Zakaria Chairman A. Aziz Ayoob Director Mohammad Omar Bawany
Director

A. Razak Ahmed Chief Executive & Managing Director

Karachi 28 March, 2017

### **Statement of Cash Flow**

For the Period from May 25, 2016 to December 31, 2016

Packard   activities   Contribution received   - 16,034,477   16,034,477   16,034,477   Retakaful contribution paid   - (4,100,544)   (4,100,544)   Claims paid   - (282,628)   (282,628		Operator's Fund	Participants' Takaful Fund	Aggregate	
a) Takaful activities Contribution received Colaims paid Claims pa			Rupees -		
a) Takaful activities Contribution received Colaims paid Claims pa	Operating Cash Flow				
Retakaful contribution paid   -					
Claims paid	Contribution received	-	16,034,477	16,034,477	
Claims paid	Retakaful contribution paid	-	(4,100,544)	(4,100,544)	
Commission paid   C2,210,758	Claims paid	-			
Retakaful rebate received   8,261,558   - 2,472,953   8,261,558   Wakala fee received   8,261,558   R,261,558   Wakala fee paid   - (8,261,558)   R,261,558   R,261,581   R,	Retakaful and other recoveries received	-	211,971	211,971	
Wakala fee received         8,261,558         -         8,261,558           Wakala fee paid         -         (8,261,558)         (8,261,558)           Net cash inflows from takaful activities         6,050,800         6,074,671         12,125,471           b) Other operating activities         (217,914)         -         (217,914)           General, administration and management expenses paid         (6,152,375)         (32,227)         (6,184,602)           Other payments on operating assets         144,004         -         (3,654,803)         144,004           Net cash outflows from other operating assets         144,004         -         (3,687,030)         (9,913,315)           Total cash (outflows) / inflows from takaful activities         (175,485)         2,387,641         2,212,156           Investment activities           Increase in investments         (10,000,000)         -         (10,000,000)           Interest received         2,024,336         154,604         2,178,940           Total cash (outflows) / inflows from investing activities         (7,975,664)         154,604         (7,821,060)           Financing activities         50,000,000         500,000         500,000           Net cash inflows from financing activities         50,000,000         500,000         5	Commission paid	(2,210,758)	-	(2,210,758)	
Wakala fee paid         -         (8,261,558)         (8,261,558)           Net cash inflows from takaful activities         6,050,800         6,074,671         12,125,471           b) Other operating activities         (217,914)         -         (217,914)         -         (217,914)         -         (217,914)         -         (217,914)         -         (217,914)         -         (217,914)         -         (217,914)         -         (217,914)         -         (217,914)         -         (36,64,803)         (36,54,803)         (36,54,803)         (36,54,803)         (36,54,803)         (36,64,803)         (36,64,803)         (36,64,803)         (36,64,803)         (36,64,803)         (36,64,803)         (36,64,803)         (36,64,803)         (36,64,803)         (36,64,803)         (36,64,803)         (36,64,803)         (36,64,803)         (36,64,803)         (36,64,803)         (36,64,803)         (36,64,803)         (36,64,803)         (36,64,803) <td rows<="" td=""><td>Retakaful rebate received</td><td>-</td><td>2,472,953</td><td>2,472,953</td></td>	<td>Retakaful rebate received</td> <td>-</td> <td>2,472,953</td> <td>2,472,953</td>	Retakaful rebate received	-	2,472,953	2,472,953
Net cash inflows from takaful activities   6,050,800   6,074,671   12,125,471	Wakala fee received	8,261,558	-	8,261,558	
b) Other operating activities Income tax paid General, administration and management expenses paid Other payments on operating assets Other receipts in respect of operating assets Other receipts in respect of operating assets Interest of color of the payments on operating assets Other receipts in respect of operating assets Interest of color of the period Investment activities Increase in investments Interest received Interest received Interest received Cash and cash equivalent at the beginning of the period Cash and cash equivalent at the end of the period Cash and cash equivalent at the end of the period Increase in liabilities other than cash Increase in liabilities other than cash Investment income Increase in assets other than purpose of the statement of cash flows consists of: Cash and other equivalents    (217,914)	Wakala fee paid	-	(8,261,558)	(8,261,558)	
Income tax paid   General, administration and management expenses paid   General Gene	Net cash inflows from takaful activities	6,050,800	6,074,671	12,125,471	
General, administration and management expenses paid Other payments on operating assets Other payments on operating assets	b) Other operating activities				
Other payments on operating assets Other receipts in respect of operating assets Net cash outflows from other operating activities Total cash (outflows) / inflows from takaful activities  Increase in investments Increase in investments Increase in investments Increase in investments Interest received Total cash (outflows) / inflows from investing activities  Contribution to the Operator's Fund Ceded money Net cash inflows from financing activities  Cash and cash equivalent at the beginning of the period Cash and cash equivalent at the end of the period Increase in liabilities other than running finance Increase in liabilities other than running finance Increase in investments  (10,000,000) - (10,000,00	Income tax paid	(217,914)	-	(217,914)	
Other receipts in respect of operating assets  Net cash outflows from other operating activities  (6,226,285) (3,687,030) (9,913,315)  Total cash (outflows) / inflows from takaful activities  Increase in investments Increase in investments Increase in investments Interest received	General, administration and management expenses paid	(6,152,375)	(32,227)	(6,184,602)	
Net cash outflows from other operating activities   (6,226,285)   (3,687,030)   (9,913,315)     Total cash (outflows) / inflows from takaful activities   (175,485)   2,387,641   2,212,156     Investment activities     Increase in investments   (10,000,000)   - (10,000,000)     Interest received   2,024,336   154,604   2,178,940     Total cash (outflows) / inflows from investing activities   (7,975,664)   154,604   (7,821,060)     Financing activities   (7,975,664)   154,604   (7,821,060)     Caded money   - (500,000)   500,000     Net cash inflows from financing activities   50,000,000   500,000   500,000     Net cash inflows from all activities   41,848,851   3,042,245   44,891,096     Cash and cash equivalent at the beginning of the period   - (2,34,48,48,48,48,48,48,48,48,48,48,48,48,48	Other payments on operating assets	-	(3,654,803)	(3,654,803)	
Total cash (outflows) / inflows from takaful activities	Other receipts in respect of operating assets	144,004	-		
Investment activities	Net cash outflows from other operating activities	(6,226,285)	(3,687,030)	(9,913,315)	
Increase in investments	Total cash (outflows) / inflows from takaful activities	(175,485)	2,387,641	2,212,156	
Interest received   2,024,336   154,604   2,178,940     Total cash (outflows) / inflows from investing activities   (7,975,664)   154,604   (7,821,060)     Financing activities   (7,975,664)   154,604   (7,821,060)     Contribution to the Operator's Fund   50,000,000   - 500,000   500,000     Ceded money   - 500,000   500,000   500,000     Net cash inflows from financing activities   41,848,851   3,042,245   44,891,096     Cash and cash equivalent at the beginning of the period       Cash and cash equivalent at the end of the period   41,848,851   3,042,245   44,891,096     Reconciliation to profit and loss Account   Operating cash flows   (175,485)   2,387,641   2,212,156     Increase in assets other than cash   1,286,299   19,116,877   20,403,176     Increase in liabilities other than running finance   (4,876,703)   (17,687,931)   (22,564,634)     Investment income   2,230,990   154,604   2,385,594     (Loss) / surplus for the period   (1,534,899)   3,971,191   2,436,292     Cash for the purpose of the statement of cash flows consists of: Cash and other equivalents	Investment activities				
Total cash (outflows) / inflows from investing activities  Financing activities  Contribution to the Operator's Fund Ceded money  Net cash inflows from financing activities  Cash and cash equivalent at the beginning of the period Cash and cash equivalent at the end of the period  Coperating cash flows  Increase in liabilities other than running finance Investment income  (Loss) / surplus for the period  Cash and other equivalents  (7,975,664)  154,604  (7,821,060)  (7,821,060)  (7,821,060)  50,000,000  500,000  500,000  500,000  50,500,000  41,848,851  3,042,245  44,891,096  41,848,851  3,042,245  44,891,096  Cash and cash equivalent at the end of the period  (175,485) (175,485) (175,485) (175,485) (175,487) (176,87,931) (1	Increase in investments	(10,000,000)	-	(10,000,000)	
Financing activities  Contribution to the Operator's Fund Ceded money  Net cash inflows from financing activities  Net cash inflows from financing activities  So,000,000  So0,000  At,848,851  So,000,000  So0,000  Soo,000  Soo,000  Soo,000  Soo,000  Soo,000  At,848,851  Soo,000,000  Soo,000  Soo,00	Interest received	2,024,336	154,604	2,178,940	
Contribution to the Operator's Fund Ceded money  Net cash inflows from financing activities  Net cash inflows from financing activities  S0,000,000  S00,000  S00,00  S00,000	Total cash (outflows) / inflows from investing activities	(7,975,664)	154,604	(7,821,060)	
Ceded money         -         500,000         500,000           Net cash inflows from financing activities         50,000,000         500,000         50,500,000           Net cash inflows from all activities         41,848,851         3,042,245         44,891,096           Cash and cash equivalent at the beginning of the period         -         -         -         -           Cash and cash equivalent at the end of the period         41,848,851         3,042,245         44,891,096           Reconciliation to profit and loss Account         0perating cash flows         (175,485)         2,387,641         2,212,156           Increase in assets other than cash         1,286,299         19,116,877         20,403,176           Increase in liabilities other than running finance         (4,876,703)         (17,687,931)         (22,564,634)           Investment income         2,230,990         154,604         2,385,594           (Loss) / surplus for the period         (1,534,899)         3,971,191         2,436,292    Cash and other equivalents	Financing activities				
Net cash inflows from financing activities  Net cash inflows from financing activities  Net cash inflows from all activities  Cash and cash equivalent at the beginning of the period  Cash and cash equivalent at the end of the period  Cash and cash equivalent at the end of the period  Reconciliation to profit and loss Account  Operating cash flows  Increase in assets other than cash Increase in liabilities other than running finance Investment income  (4,876,703)  Investment income  (2,230,990)  (1,534,899)  Cash for the purpose of the statement of cash flows consists of:  Cash and other equivalents	Contribution to the Operator's Fund	50,000,000	-	50,000,000	
Net cash inflows from all activities  Cash and cash equivalent at the beginning of the period  Cash and cash equivalent at the beginning of the period  Cash and cash equivalent at the end of the period  Reconciliation to profit and loss Account  Operating cash flows  Increase in assets other than cash Increase in liabilities other than running finance Investment income  (Loss) / surplus for the period  Cash and other equivalents  41,848,851 3,042,245 44,891,096  41,848,851 3,042,245 44,891,096  41,848,851 3,042,245 44,891,096  41,848,851 3,042,245 44,891,096  41,848,851 3,042,245 44,891,096  41,848,851 3,042,245 44,891,096  41,848,851 3,042,245 44,891,096  41,848,851 3,042,245 44,891,096  41,848,851 3,042,245 44,891,096	Ceded money	-	500,000	500,000	
Cash and cash equivalent at the beginning of the period Cash and cash equivalent at the end of the period  Reconciliation to profit and loss Account Operating cash flows Increase in assets other than cash Increase in liabilities other than running finance Investment income (Loss) / surplus for the period  Cash and other equivalents  Operating cash flows (175,485) (175,485) (175,485) (2,387,641) (2,212,156) (17,687,931) (17,687,931) (17,687,931) (17,687,931) (17,687,931) (17,534,899) (17,534,899) (17,534,899) (17,534,899) (17,534,899) (17,534,899) (17,534,899) (17,534,899) (17,534,899) (17,534,899) (17,534,899)	Net cash inflows from financing activities	50,000,000	500,000	50,500,000	
Cash and cash equivalent at the end of the period       41,848,851       3,042,245       44,891,096         Reconciliation to profit and loss Account       (175,485)       2,387,641       2,212,156         Increase in assets other than cash       1,286,299       19,116,877       20,403,176         Increase in liabilities other than running finance       (4,876,703)       (17,687,931)       (22,564,634)         Investment income       2,230,990       154,604       2,385,594         (Loss) / surplus for the period       (1,534,899)       3,971,191       2,436,292	Net cash inflows from all activities	41,848,851	3,042,245	44,891,096	
Reconciliation to profit and loss Account  Operating cash flows  Increase in assets other than cash Increase in liabilities other than running finance Investment income  (Loss) / surplus for the period  Cash and other equivalents  (175,485)  (175,485)  2,387,641  2,212,156  (1,286,299  19,116,877  20,403,176  (22,564,634)  (22,564,634)  2,385,594  (1,534,899)  3,971,191  2,436,292	Cash and cash equivalent at the beginning of the period			-	
Operating cash flows         (175,485)         2,387,641         2,212,156           Increase in assets other than cash         1,286,299         19,116,877         20,403,176           Increase in liabilities other than running finance         (4,876,703)         (17,687,931)         (22,564,634)           Investment income         2,230,990         154,604         2,385,594           (Loss) / surplus for the period         (1,534,899)         3,971,191         2,436,292    Cash for the purpose of the statement of cash flows consists of:  Cash and other equivalents	Cash and cash equivalent at the end of the period	41,848,851	3,042,245	44,891,096	
Increase in assets other than cash   1,286,299   19,116,877   20,403,176     Increase in liabilities other than running finance   (4,876,703)   (17,687,931)   (22,564,634)     Investment income   2,230,990   154,604   2,385,594     (Loss) / surplus for the period   (1,534,899)   3,971,191   2,436,292      Cash for the purpose of the statement of cash flows consists of: Cash and other equivalents	Reconciliation to profit and loss Account				
Increase in liabilities other than running finance (4,876,703) (17,687,931) (22,564,634) Investment income 2,230,990 154,604 (Loss) / surplus for the period (1,534,899) 3,971,191  Cash for the purpose of the statement of cash flows consists of: Cash and other equivalents	Operating cash flows	(175,485)	2,387,641	2,212,156	
Investment income  (Loss) / surplus for the period  Cash for the purpose of the statement of cash flows consists of:  Cash and other equivalents  2,230,990 154,604 2,385,594 (1,534,899) 3,971,191 2,436,292	Increase in assets other than cash	1,286,299	19,116,877	20,403,176	
(Loss) / surplus for the period (1,534,899) 3,971,191 2,436,292  Cash for the purpose of the statement of cash flows consists of: Cash and other equivalents	Increase in liabilities other than running finance	(4,876,703)	(17,687,931)	(22,564,634)	
Cash for the purpose of the statement of cash flows consists of:  Cash and other equivalents	Investment income	2,230,990	154,604	2,385,594	
Cash and other equivalents	(Loss) / surplus for the period	(1,534,899)	3,971,191	2,436,292	
	• •				
Current and bank deposits 41.848.851 3.042.245 44.891.096	Cash and other equivalents				
12,5 15,652	Current and bank deposits	41,848,851	3,042,245	44,891,096	

The annexed notes from 1 to 18 form an integral part of these financial statements.

Ismail H. Zakaria Chairman

A. Aziz Ayoob Director Mohammad Omar Bawany Director A. Razak Ahmed
Chief Executive & Managing Director

Karachi 28 March, 2017

### **Statement of Contribution**

For the Period from May 25, 2016 to December 31, 2016

Business underwritten inside Pakistan.

		Unearned (	Contribution			Prepaid i	e-takaful		
	Contributions	Rese	erve Contributions		Re-takaful	Contribution ceded		Re-takaful	Net contribution
Class	written	Opening	Closing	earned	Contributions ceded	Opening	Closing	expense	revenue
					— Rupees -				
Direct and facultative									
Fire and Property Damage	3,583,431	-	2,296,689	1,286,742	1,992,398	-	1,261,765	730,633	556,109
Marine, Aviation and Transport	15,679,342	-	1,168,781	14,510,561	8,589,016	-	639,882	7,949,134	6,561,427
Motor	4,545,256	-	3,082,456	1,462,800	1,454,400	-	986,374	468,026	994,774
Miscellaneous	567,290	-	354,556	212,734	419,850	-	262,406	157,444	55,290
Grand total	24,375,319	-	6,902,482	17,472,837	12,455,664	-	3,150,427	9,305,237	8,167,600

The annexed notes from 1 to 18 form an integral part of these financial statements.

Ismail H. Zakaria Chairman A. Aziz Ayoob Director Mohammad Omar Bawany Director A. Razak Ahmed Chief Executive & Managing Director

Karachi 28 March, 2017

### **Statement of Claims**

For the Period from May 25, 2016 to December 31, 2016

Business underwritten inside Pakistan.

Class	Claims paid	Provisi outstandi		Claims expenses	Re-takaful and other recoveries received	and other reco	akaful veries in respect ding claims"	Re-takaful and other recoveries	Net claims expense
5,455		Opening	Closing		receiveu	Opening	Closing	revenue	
					— Rupees -				
Direct and facultative									
Fire and Property Damage	282,628	-	-	282,628	211,971	-	-	211,971	70,657
Marine, Aviation and Transport	-	-	2,175,000	2,175,000	-	-	2,045,500	2,045,500	129,500
Motor	-	-	25,000	25,000	-	-	-	-	25,000
Miscellaneous	-	-	-	-	-	-	-	-	
Grand Total	282,628	-	2,200,000	2,482,628	211,971	-	2,045,500	2,257,471	225,157

The annexed notes from 1 to 18 form an integral part of these financial statements.

Ismail H. Zakaria Chairman A. Aziz Ayoob Director Mohammad Omar Bawany Director A. Razak Ahmed Chief Executive & Managing Director

Karachi 28 March, 2017

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### **Statement of Expenses-Participants Takaful Fund**

For the Period from May 25, 2016 to December 31, 2016

Business underwritten inside Pakistan.

Class	Gross wakala fee	Deferred wakala fee		Net expense	Participants' Takaful Fund	Rebate from retakaful	Net Participants' Takaful Fund	
		Opening	Closing		Direct expenses	operators*	expenses	
				Rupees -				
Direct and facultative								
Fire and Property Damage	1,254,203	-	803,841	450,362	2,194	117,006	335,550	
Marine, Aviation and Transport	5,487,771	-	409,073	5,078,698	25,890	1,828,300	3,276,288	
Motor	1,363,579	-	924,736	438,843	3,925	-	442,768	
Miscellaneous	156,005	-	97,503	58,502	218	33,851	24,869	
Grand total	8,261,558	-	2,235,153	6,026,405	32,227	1,979,157	4,079,475	

<sup>\*</sup> Rebate from re-takaful operators is arrived at after taking the impact of opening and closing unearned re-takaful rebate.

The annexed notes from 1 to 18 form an integral part of these financial statements.

Ismail H. Zakaria Chairman

A. Aziz Ayoob Director Mohammad Omar Bawany Director

A. Razak Ahmed Chief Executive & Managing Director

Karachi 28 March, 2017

# Statement of Expenses-Operators's Fund

For the Period from May 25, 2016 to December 31, 2016

Business underwritten inside Pakistan.

Class	Commissions paid or	paid or commission		"Net commission	Management expenses	Net Operators' Fund
	payable	Opening	Closing	expense"		expenses
				Rupees ————		
Direct and facultative						
Fire and Property Damage	696,874	-	451,164	245,710	357,880	603,590
Marine, Aviation and Transport	3,131,819	-	233,756	2,898,063	4,035,809	6,933,872
Motor	450,117	-	308,246	141,871	406,847	548,718
Miscellaneous	69,975	-	44,319	25,656	59,168	84,824
Grand total	4,348,785	-	1,037,485	3,311,300	4,859,704	8,171,004

The annexed notes from 1 to 18 form an integral part of these financial statements.

Ismail H. Zakaria Chairman

A. Aziz Ayoob Director Mohammad Omar Bawany Director A. Razak Ahmed
Chief Executive & Managing Director

Karachi 28 March, 2017

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### **Statement of Investment Income**

(Window Takaful Operations) For the Period from May 25, 2016 to December 31, 2016

	December 31, 2016 ——Rupees———
PARTICIPANTS' TAKAFUL FUND	
Profit on bank deposits	154,604
OPERATOR'S FUND-OPF	
Profit on bank deposits	2,230,990

The annexed notes from 1 to 18 form an integral part of these financial statements.

Ismail H. Zakaria Chairman

A. Aziz Ayoob Director Mohammad Omar Bawany Director A. Razak Ahmed
Chief Executive & Managing Director

Karachi 28 March, 2017

For the Period from May 25, 2016 to December 31, 2016

#### 1. STATUS AND NATURE OF BUSINESS

Reliance Insurance Operator Limited (the Operator) has been allowed to undertake Window Takaful Operations (WTO) on May 25, 2016 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan. For the purpose of carrying on the Takaful business, the Operator has formed a Waqf (Participants' Takaful Fund (PTF)) on May 30, 2016 under the Waqf deed with a Ceded money of Rs. 500,000. The Waqf deed and PTF policies (Waqf Rules) which govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund are approved by the Shariah Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of Waqf remain separately identifiable. The financial statements of the Operator are prepared such that the financial position and results from the operations of Waqf and the Operator are shown separately.

#### 2. BASIS OF PREPARATION

These financial statements have been prepared in line with format issued by SECP through SEC (Insurance) Rules, 2002, vide SRO 938 dated December 12, 2002 and circular 25 of 2015 dated July 9, 2015.

These financial statements reflect the financial position and results of operations of both the Operator's Fund and Participant's Takaful Fund in a manner that the assets, liabilities, income and expenses of the Operator's Fund and PTF remain separately identifiable. These are the first set of annual financial statements of Reliance Insurance Operator Limited-Window Takaful operations for the period from May 25, 2016 to December 31, 2016.

#### 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, SEC (Insurance) Rules, the insurance Ordinance 2000, the SEC (Insurance) Rules, 2002 and SECP Takaful Rules, 2012. In case where requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 the SEC (Insurance) Rules, 2002 and SECP Takaful Rules, 2012 shall prevail. Companies Ordinance, 1984 or the requirements of the said directives shall take precedence.

In case where the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Securities and Exchange Commission (Insurance) Rules, 2002 and Takaful Rules, 2012 has been followed.

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

#### 2.3 Functional and presentation currency

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

#### 2.4 Use of estimates and judgments

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

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

- Classification of Takaful Contracts
- Provision for unearned contribution
- Provision for contribution due but unpaid and amount due but unpaid
- Provision for outstanding claims including IBNR and re-takaful
- Contribution deficiency reserve

For the Period from May 25, 2016 to December 31, 2016

- Provision for unearned wakala fee
- Classification of Investments
- Allocation of management expenses
- Taxation
- Segment reporting
- Impairment

#### 2.5 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

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

The Operator has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

Standard	d or Interpretation	(annual periods beginning on or after)
IFRS 10	Consolidated Financial Statements - Amendments regarding 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 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 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 application of the consolidation exception	e 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

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2012 - 2014) Cycle:

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

#### 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:

IFRS 2 Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions

January 01, 2018

Effective date

For the Period from May 25, 2016 to December 31, 2016

	(annual periods beginning on or after)
IFRS 4 Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitel
IAS 7 Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12 Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	January 01, 2017
IAS 40 Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018

Effective date

The Annual Improvements to IFRSs that are effective from the dates mentioned below against the respective standard are as follows:

Annual Improvements to IFRSs (2014 - 2016) Cycle.

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 12 Disclosure of Interests in Other
- IAS 28 Investments in Associates and Joint

#### Standards or interpretations not vet 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
- IFRS 16 Leases

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 Operator's future financial statements.

The Operator 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 Operator's financial statements in the period of initial application.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 TAKAFUL CONTRACTS

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

Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the participant) by agreeing to compensate the participant if a specified uncertain future event (the takaful event) adversely affects the participant are classified as takaful contracts. Takaful risk is a significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to it's non happening. once contract has been classified as a takaful contract, it remains a takaful contract for the remainder of it's lifetime, even if the takaful risk reduces significantly during the period, unless all rights and obligations are extinguished or expired.

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For the Period from May 25, 2016 to December 31, 2016

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

#### a) Fire and property

Fire and property takaful contracts mainly compensate the participants for damage suffered to their properties or for the value of property lost. Participants who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the coverd properties in their business activities. These contracts are generally one year contracts except some contracts that are of three months period.

#### b) Marine, aviation and transport

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

#### c) Motor

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

#### d) Miscellaneous

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

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

#### 3.2 Contribution

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

#### 3.2.1 Provision for unearned contributions

The portion of contribution written relating to the unexpired period of coverage is recognized as unearned contribution by the Company. The unearned portion of contribution income is recognized as a liability. The liability is calculated by applying 1/24 method as specified in the Securities and Exchange Commission (Insurance) Rules, 2002.

#### 3.3 Re-takaful contracts

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

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

Amount due from other takaful / re-takaful operators are carried at cost less provision for impairment, if any. Cost represents the fair value of consideration to be received in the future.

Amount due to takaful / re-takaful companies represent the balance due to re-takaful companies.

Re-takaful assets or liabilities are derecognised when the contractual rights are extinguished or expired.

For the Period from May 25, 2016 to December 31, 2016

#### 3.4 Claims expense

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

The PTF recognised liability in respect of all claims incurred upto 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 a takaful contract.

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

#### 3.5 Retakaful recoveries against outstanding claims

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

#### 3.6 Commission

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

Commission income from retakaful is recognised at the time of issuance of the underlying takaful policy. These are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the retakaful contributions.

#### 3.7 Contribution deficiency reserve

The PTF is required as per SEC (Insurance) Rules, 2002 and IFRS-4, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful, from claims and other expenses, including retakaful expense, commissions and other underwriting 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 contribution deficiency reserve is recorded as an expense in the profit and loss account and the same shall be recognised as a liability.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, contribution deficiency is determined.

#### 3.8 Wakala and Mudarib fees

The Takaful operator manages the general takaful operations for the Participants and charge 35% of gross contribution for fire and marine, aviation and transport, 30% for motor and 27.5% for miscellaneous as Wakala Fee against the services given to Participant's Takaful Fund. Wakala fee under a policy is recognised on the same basis on which related revenue is recognized. Unexpired portion of Wakala fee is recognized as a liability of OPF and an asset of PTF.

The Takaful operator also manages the participants' investment as Mudarib and charges 30% of the investment / deposit income earned by the Participants' Takaful Fund as Mudarib's share.

#### 3.9 Qard-e-Hasna

Qard-e-Hasna is provided by Operator's Fund to PTF in case of deficit or to fulfill cash flow requirements.

#### 3.10 Rebate from Re-Takaful Operators

Rebate from retakaful operators is deferred and recognized as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates.

For the Period from May 25, 2016 to December 31, 2016

#### 3.11 Profit on bank accounts and deposits

Profit on bank accounts and deposits is recognise on accrual basis.

#### 3.12 Management expenses

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

#### 3.13 Takaful surplus

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

#### 3.14 Creditors, accruals and provisions

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

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

#### 3.15 Investments

#### 3.15.1 Classification and recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for investment 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:

Investment at fair value through profit or loss Held to maturity Available-for-sale

The classification depends on the purpose for which the financial assets were acquired.

#### 3.15.2 Measurement

#### 3.15.2.1 Investment at fair value through profit or loss

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.

Investments which are designated at fair value through profit or loss upon initial recognition. Subsequent to initial recognition, these investments are premeasured at fair value. Gains or losses on remeasurement of these investments are recognised in profit and loss account.

#### 3.15.2.2 Held to maturity

Investments with fixed determinable payments and fixed maturity, where Operations has both the intent and the ability to hold to maturity, are classified as held to maturity. Subsequently, these are measured at amortised cost less provision for impairment, if any.

#### 3.15.2.3 Available-for-sale

Investments which are not eligible to be classified as "held for trading" or "held to maturity" are classified as 'available-for-sale'. These investments are intended to be held for an indefinite period of time which 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 SEC (Insurance) Rules, 2002 vide S.R.O. 938 dated December 2002.

For the Period from May 25, 2016 to December 31, 2016

The SECP has allowed the insurance companies to defer the application of International Accounting Standard (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.

Had the Operator adopted International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" in respect of recognition of gain / loss on remeasurement of available- for-sale securities directly into Operator's Fund, the investments of the Operator would have been higher by Rs. 39 thousands and the net Operator's Fund would have increased by the same amount.

Any premium paid or discount availed on government securities and term finance certificates is deferred and amortised over the period to maturity of investment using the effective yield.

#### Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from Reuters page (PKRV) where applicable. For investments in quoted marketable securities, other than Term Finance Certificates, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on reporting date. The fair market value of Term Finance Certificates is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

#### Date of recognition

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

#### 3.16 Segment reporting

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

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

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

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

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

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

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

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

#### 3.17 Cash and cash equivalents

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

For the Period from May 25, 2016 to December 31, 2016

#### 3.18 Impairment

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

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

#### 3.19 Taxation

#### Current

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

#### Deferred

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

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduce to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the Profit and loss account except in the case of items credited or charged to equity in which case it is included in equity.

For the Period from May 25, 2016 to December 31, 2016

		Note	Operator's Fund	"Participant Fund" ——Rupees———	Aggregate
4	OTHER CREDITORS AND ACCRUALS				
	Others Others Audit fees payable Commission payable		28,523 100,000 2,138,027 2,266,550	5,403 - - - - - 5,403	5,403 28,523 100,000 2,138,027 2,271,953
5	CONTINGENCIES AND COMMITMENTS				
	There is no contingency and commitment as at December 31, 2016.				
6	CASH AND OTHER EQUIVALENTS				
	Saving accounts Stamps in hand	6.1	41,848,851	3,006,139 36,106 3,042,245	44,854,990 36,106 44,891,096

6.1 The Operator has opened the account under Special modaraba pool arrangements with the banks as per requirement of Islamic standards with effect from September 1, 2016. The applicable profit sharing ratio of Madarib (Bank) and Rab ul Maal (Customer) shall be 20% and 80% under which the operator has earned return on deposits at 5.5% per annum.

#### 7 INVESTMENTS

 Available for sale

 Mutual Funds
 7.1
 10,000,000
 10,000,000

7.1 The Operator has made investment in Alhamra Islamic Active Allocation Plan I. The market value of these units as at December 31, 2016 amounted to Rs. 10.017 million.

#### **8 ADVANCE INCOME TAX**

Income tax deducted at source on bank profit u/s 151 of Income Tax Ordinance, 2001.

		Gross Wakala Income ————————————————————————————————————	Unearned Wakala Fees ——Rupees———	Net Income
9	WAKALA FEE INCOME			
	Direct and facultative Fire and Property Damage Marine, Aviation and Transport Motor Miscellaneous	1,254,203 5,487,771 1,363,579 156,005 8,261,558	803,841 409,073 924,736 97,503 2,235,153	450,362 5,078,698 438,843 58,502 6,026,405

For the Period from May 25, 2016 to December 31, 2016

		Aggregate —— Rupees ——
10	MANAGEMENT EXPENSES	
	Salary and other benefits Printing and stationary Ceded money expenses Fee and Subscription Rent Expense Others Computer software maintenance	1,726,186 80,390 500,000 150,000 375,000 1,689,128 339,000 4,859,704
11	GENERAL AND ADMINISTRATIVE EXPENSES	
	Auditors' remuneration Others Advertisement expenses	100,000 31 1,567,640 1,667,671
11.1	Direct expenses - PTF	
	Other Expenses	32,227 32,227

#### 12 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 the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at December 31, 2016, unallocated capital expenditure and non-cash expenses during the period:

	Fire and Property	Marine Aviation & Transport		Miscellaneous	Aggregate
-			Rupees —		
SEGMENT ASSETS Segment assets	2,160,500	25,043,091	3,165,260	240,979	30,609,830
Unallocated assets Participant's Takaful Fund Operator's Fund					3,042,245 41,848,851
Consolidated total assets				-	75,500,926
SEGMENT LIABILITIES Segment liabilities					
Participant's Takaful Fund	1,203,95	14,205,228	2,153,646	119,701	17,682,529
Unallocated liabilities-Operator's Fund					2,610,153
Consolidated total assets				-	20,292,682

For the Period from May 25, 2016 to December 31, 2016

#### 13 FINANCIAL INSTRUMENTS

The operations has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk

#### 13.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of interest rate risk, foreign currency risk and other price risk. The objective of market risk management is to manage and control market risk exposures within an acceptable.

#### 13.1.1 Profit rate risk

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to change in the market profit rate.

All financial assets of the operations as are not profit bearing except for cash and bank deposits ranging 4.5% to 5.75%.

#### 13.1.2 Foreign Currency risk

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

#### 13.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Operations at present, is not materially exposed to other price risk.

#### 13.2 Liquidity risk

Liquidity risk is the risk that the Operations will not be able to meet its financial obligations as they fall due. The Operations' approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the operation's reputation. The following are the contractual maturities of financial liabilities based on the remaining period at the reporting date to maturity date.

		20	016	
	Within one year	Over one year to five years	Over five years	Total OPF
		Rup	oees ———	
nancial liabilities				
Accorded avances	275.000			275 000
Accrued expenses Other creditors and accruals	375,000 2,266,550	-	-	375,000
Other creditors and accruais	2,266,550			2,266,550 2,641,550
				2,041,550
			)15	
	Within one year	Over one year to five years	Over five years	Total OPF
			oees ———	
nancial liabilities				
Accrued expenses	-	-	-	-
Other creditors and accruals	-	-	-	-
	-	-	-	-

For the Period from May 25, 2016 to December 31, 2016

#### 13.3 Credit risk

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

#### 13.3.1 Concentration of credit risk

The bank balances and investment in mutual fund represents low credit risk as they are placed with reputed financial institutions with strong credit ratings.

The management monitors exposure to credit risk in premium receivable from customers and amount due from co-takaful operators and re-takaful operators through regular review of credit exposure. The amount due from co-takaful and re-takaful operators represents low credit risk as they have strong credit ratings and have sound financial stability.

#### 14 TAKAFUL RISK

The risk under any takaful contract is the possibility that the covered event occurs and the uncertainty in the amount of compensation to the participant. Generally, most takaful contracts carry the takaful risk for a period of one year (refer note 3.1).

The Operator accept takaful through issuance of general takaful contracts. For these general takaful contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes. For health takaful contracts, significant risks arise from epidemics.

#### Frequency and severity of claims

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

The Operator class wise major risk exposure is as follows:

Fire and property Marine, aviation and transport Motor Miscellaneous

The re-takaful arrangements against major risk exposure include excess of loss, quota share arrangements, facultative arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on operation's net retentions. As the major re-takaful arrangements are on excess of loss basis, therefore the re-takaful coverage against PTF's risk exposures is not quantifiable.

#### Uncertainty in the estimation of future claims payment

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

An estimated amount of the claim is recorded immediately on the intimation to the operations. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The operations takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount.

#### Claim development

The development of claims against takaful contracts written is not disclosed as uncertainty about the amount and timing of claim settlement is usually resolved within one year. Statement of age-wise breakup of unclaimed takaful benefits is not presented as there are no claims that are past due for more than 6 months.

For the Period from May 25, 2016 to December 31, 2016

#### 15. RE-TAKAFUL RISK

Re-takaful ceded does not relieve the Participants' Takaful Fund from its obligation towards participants and, as a result, the Participants' Takaful Fund remains liable for the portion of outstanding claims covered through re-takaful to the extent that re-takaful operators fails to meet the obligation under the re-takaful agreements.

#### 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### 17. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on March 28, 2017 by the Board of Directors of the Operator.

#### 18. GENERAL

Figures have been rounded off to the nearest rupee.

Ismail H. Zakaria Chairman A. Aziz Ayoob Director

Mohammad Omar Bawany
Director

A. Razak Ahmed
Chief Executive & Managing Director

Karachi 28 March, 2017

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### **Offices**

#### Head Office

"Reliance Insurance House" PABX : 34539415-17
181-A, Sindhi Muslim Co-operative Fax : 34539412
Housing Society, E-mail : reli-ins@cyber.net.pk.

Karachi.

Web : www.relianceins.com

Mr. A. Razak Ahmed Direct : 34539413, 34539414 Chief Executive & Managing Director Extension : 204

Mr. Haroon A. Shakoor Direct : 34539409 Chief Accountant & Extension : 203

Company Secretary

Mr. Syed Rizwan Akhtar Direct : 34304067 Executive Vice President (Operations) Extension : 210

Mr. Muhammad Ishaque Azim
Vice President (Underwriting)

Direct : 34304068
Extension : 212

Mr. Sadruddin Hussain Direct : 34550403

Vice President (Claims) Extension : 208

Mr. Najamullah Khan Direct : 34557079 Head of Takaful Extension : 201

Mr. Muhammad Kashif Wadiwala Extension : 216

Sharia Complaince Officer

Mr. Ghulam Mujaddid Extension : 205 Chief Manager (Accounts)

Mr. Abdul Rahim Patni Direct : 34539411
Deputy Chief Manager (Reinsurance) Extension : 215

Mr. Muhammad Saleem Memon Extension : 214
Deputy Chief Manager (Investment/shares)

Mr. Muhammad Masood Ali Extension : 202

Deputy Chief Manager (I.T. Deptt.)

Mr. Muhammad Masood Alam
Manager (Administration)

Direct : 34539411
Extension : 206

Mr. Mahmood Shuja Baig Extension : 209 Manager (Internal Audit)

South Zone Offices & Branches

407, 4th floor, Business Plaza, Mr. Muhammad Iqbal Dhedhi Ph (021) 32419581, 32419582 Off. I.I.Chundrigar Road, Karachi. Executive Vice President Fax (021) 32421314, 32421317

Tarig Road Branch

Business Plaza Branch

Namco Centre Branch

Main Tariq Road, Karachi.

1-A, 5th Floor, Campbell Street, Karachi. Mr. Iqbal Umer Bawany Vice President Ph (021) 32624504, 32624427 Fax (021) 32624783

ric-re@cyber.net.pk.

# **Offices**

Land Mark Plaza Branch 405, 4th Floor, Land Mark Plaza, Off. I. I. Chundrigar Road, Karachi.	Mr. Muhammad Reza Rajani Assistant Vice President	Ph Fax	(021) (021)	32628777, 32628778 32628779
M. A. Jinnah Road Branch 101, Japan Plaza, M. A. Jinnah Road, Karachi.	Mr. Rizwan Ahmed Khan Branch Manager	Ph Fax	(021) (021)	32727076, 32729961 32722601
Hyderabad Branch 1st Floor, Al-Falah Chamber, Tilak Road, Hyderabad.	Mr. Abdullah Ahmed Regional Manager	Ph Fax	(022) (022)	2615774 2623029
North Zone Offices & Branches				
Zonal Office, Lahore (North Zone) 4th Floor, Gardee Trust Building. No.2, Napier Road, Lahore.	2, Mr. Hassan Sabih Chief Manager		(042)	37239063, 37353292 37234255, 37351353
	omor managor	Direct Fax	(042) (042)	37354689 37312526
Regional Office, Lahore 90-A/3, 1st Floor, Canal Park,	Mr. Fahd Barlas	Ph	(042)	35761077, 35761078
Gulberg-II, Lahore.	Vice President	Fax	(042)	35763446, 35763447 35761235
Gulberg Branch House No.17-A, Block-E/1,	Mr. Tehseen Ahmed Khan	Ph	(042)	35752245, 35752989
Gulberg-III, Lahore.	Executive Vice President	Fax	(042)	35751971, 35756557 35756217
Al-Rehman Branch 2nd Floor, Al-Rehman Building,	Mr. Nisar Ahmed Chughtai	Ph	(042)	37323113, 37322473
Regal Cinema Lane, 65, The Mall, Lahore.	Senior Vice President	Fax	(042)	37354848 37247925
Garden Town Branch Suit No.17, 1st Floor, Shan Arcade, New Garden Town, Lahore.	Mr. Basit Anwar Butt Executive Vice President	Ph Fax	(042) (042)	35889258, 35889259 35889260
Eden Centre Branch 321, Eden Centre, 43 Ghausal Azam Road, (Jail Road) Lahore.	Mr. Ch. H.S. Asghar Vice President	Ph Fax	(042) (042)	37423613, 37423614 37425649
Empress Tower Branch Room No.18,1st Floor, Empress Tower, 46 Empress Road, Lahore.	Mr. S.Azhar Ali Shah Senior Vice President	Ph Fax	(042) (042)	36297253, 36297254 36297255
Khan Plaza Branch 4th Floor, Khan Plaza, G. T. Road, Gujranwala.	Mr. Sohailuddin Zafar Assistant Vice President	Ph Fax	(055) (055)	4215422, 4216422 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,	Mr. A. Majeed Abid	Ph	(041)	2611938, 2611939
Bilal Road, Civil Lines, Faisalabad.	Senior Vice President	Fax	(041)	2626480 2621033

# **Offices**

Taj Plaza Branch Room No.16, 2nd Floor, Taj Plaza,	Mr. Muhammad Akhlaq	Ph	(041)	2617277, 2622182
Kotwali Road, Faisalabad.	Vice President	Fax	(041)	2615922 2412010
United Plaza Branch 3,3rd Floor, United Plaza, Shamsabad, Murree Rd. Rawalpindi.	Mr. Abdul Karim Siddiqi Vice President	Ph Fax	(051) (051)	4854200 4580008
Peshawar Branch T-3 & 4, Bilour Shopping Plaza, 3rd Floor, Saddar Road, . Peshawar Cantt.	Mr. Shah Mast Khan Branch Manager	Ph Fax	(091) (091)	5274617, 5277328 5284683
Regional Office Multan 1st Floor, 5-Commercial Plaza, Opp. Civil Hospital, Abdali Road, Multan.	Mr. Syed Mohsin Bukhari Assistant Vice President	Ph Fax	(061) (061)	4517349 4510049
Hasilpur Branch 27-B, 1st Floor, Main Bazar, Hasilpur.	Mr. Muhammad Shafi Anjum Senior Vice President	Ph Fax	(062) (062)	2442473 2448073
Sialkot Branch Room No.4 & 5, 1st Floor, Mughal Plaza, Kutchery Road, Sialkot.	Mr. Ghulam Rasool Farrukh Zahidi Branch Manager	Ph Fax	(052) (052)	4296075, 4296076 4296077
Gojra Branch P-132, Post Office Road, Gojra.	Mrs. Shahnaz Akhtar Branch Manager	Ph Fax	(046) (046)	3511917 3513111
Rahimyar Khan Gulshan-e-Iqbal	Mr. Shamsul Haq ch. Resident Representative	Cell		8717172 7717172
Sukkur Minara Road, Sukkur.	Mr. Anees Memon Resident Representative	Ph Cell	(071)	) 5622619 )-3138090

### **Proxy Form**

I/we	of		
being a Member of Reliance Insurance Company Limite	ed holding	ordina	ry shares, HEREBY
APPOINT of him/her of			
attend and to vote and act for me/us and on my/our be			
Saturday April 29, 2017 and at any adjournment thereo	f.		
As witness my/our hand(s) this	_day of 2017.	Γ	
(Signature of Witness 1)	(Signature of Witness 2	2)	Ten Rupees Revenue Stamp
Name of Witness:	Name of Witness:	L	_
CNIC	CNIC		]
Address:	Address:		
(Name in Block Letters) Folio No	Signature of Shareho	older	

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
- 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.

# مختارنامه (پراکسی فارم)

$\overline{(z_{\zeta})}$	<u>دار.</u> (رن)	میں اہم
		يحيثيب شراكت دارريلائينس انشو نرسكميني لميثاثه موجوده خصص
( <sub>zç</sub> )	<u>ځاږ</u> (۲۵)	آرڈ زی خصص لِطور شئیر زنقر ری کرتا 1 کرتی ہوں 1 کرتے ہیں
وگی ۔ اس میں کوئی تبدی <mark>لی لائی جائے۔</mark>	کرنے، بولنے اور ووٹ دینے کی ، جو برو زہفتہ مور خد 29 اپریل 2017 کو منعقد ہ	میری/ہماری پراکسی کے طور پرمیری/ہماری جانب سے کمپنی کے سالا ندا جلاس میں شرکت
	_مورخ2017	میرے اہمارے طرف سے گواہان بمطابق
( دَل روپ ماليت کار يو نيونک چېال کرکےاس پرونتخط کریں )	گواہ کے دستخط ۲۰	گواہ کے دستخط
	گواه کانام	
	شاختی کارڈنمبر	شاختی کارونمبر
_	<i>7</i> %	
	 شراکت دار کا نام	
		فيونمر: <b>اهم نكات</b> :
		ا۔ شراکت داروں سے التماس ہے کہ: (۱) او پر ہتائیگئی جگہ پردس روپے مالیت کاریو نیونکٹ چسپاں کریر
		(ب) سمینی میں رجٹر ڈ کرائے ہوئے دستخطاستعمال کریں (ج) اپنافولیونمبر درج کریں
و پریٹو ہاؤسنگ سوسائٹی	ردستخط شدہ ہوکمپنی کے ہیڈ آفس بمقام 181/Aریائنس انشورنس ہاؤس سندھی مسلم کوا	۲۔ میٹنگ سے ۴۸ گھنے قبل پراکسی کا بیفارم جو ہر لحاظ سے ممل او کراچی میں جمع کرادیا جائے۔
		۳۔ کو ائف میں کسی بھی قتم کی ترمیم کی صورت میں شراکت دار کے 
	ضارائز ڈکیا گیاہو، کی جانب سے دستخط کیا جائے ،اگرممبرکوئی کارپوریشن ہے قواس کی عام ں دوسر مےمبرکواپنے اپنی پراکسی کے طور پرمیٹنگ میں شھولیت اورووٹ دیئے کیلئے ناموز	

برائے CDC اکا ؤنٹ ہولڈرز / کارپوریٹ ادارے:

مزيد برال درج ذيل شرائط كو پورا كياجائے:

- i) پراکسی کیلیے وہ لوگوں نے گواہی دی ہوجن کے نام، پیۃ اور شناختی کارڈیا پاسپورٹ نمبر فارم پر درج ہوں۔
  - (ii) پرائسی فارم کے ہمراہ مالکان کے شاختی کارڈیا یا سپورٹ کی تصدیق شدہ نقول بھی دی جا نمیں۔
    - (iii) برائسی کواپنااصل شناختی کارڈیا یا سپورٹ میٹنگ کے وقت دکھا ناہوگا۔

علاوہ ازیں کارپوریشن ایسے تخص کونا مز دکر سکتی ہے جومبر نہ ہو۔

کار پوریٹ ادارے کی صورت بیں بورڈ آف ڈائر مکٹرز کی قرارداد آپاورآف اٹارنی مع دستخط کے نمونے پرائسی فارم کے ہمراہ (اگر پہلے جمع نہ کرایا ہو) کمپنی بیں جمع کرانی ہوگی۔



### **Reliance Insurance Company Limited**

### **Bank Mandate Form**

To, The Share Registrar Reliance Insurance Company Limited, M/s. C & K Management Associates (Pvt.) Limited Near Hotel Metropolitan, Karachi.	I, 404-Trade Tower, Abdullah Haroon Road,
Sub: Bank Mandate for Dividend Warrants	
authorize Reliance Insurance Co. Ltd. to depo dividend if any, is declared by the Company	S/o. D/o. W/o. Mr hereby posit my dividend warrant directly to my Bank Account when the cash y in the below mentioned bank account. I hereby further authorize below in the member register of the company.
( i ) Shareholder's detail	
Name of the Shareholder	
Folio No. / CDC Participants ID A/C NO.	
CNIC No.	
Passport No. (in case of foreign shareholder)**	
Land Line Phone Number	
Cell Number	
E-Mail address	
(ii) Shareholder's bank detail	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and code No.	
Branch Address	
It is stated that the above-mentioned information to the company and the concerned information to the concerned i	cion is correct, that I will intimate the changes in the above-mentioned and Share Registrar as soon as these occur.
Signature of the Shareholder	Date

<sup>\*</sup> Please attach attested photocopy of the CNIC. \*\* Please attach attested photocopy of the Passport.





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