

2019 ANNUAL REPORT

SERVING RELIABLY



Reliance Insurance
Company Limited



Window Takaful

Reliance Insurance Company Limited

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Company Information



BOARD OF DIRECTORS

CHAIRMAN
ISMAIL H. ZAKARIA

DIRECTORS

MUHAMMAD OMAR BAWANY
IRFAN ZAKARIA BAWANY
NOOR M. ZAKARIA
AHMED ALI BAWANY
MUHAMMAD PATEL
NAEEM AHMED SHAFI
TASNEEM YUSUF
JAHANGIR ADAM

CHIEF EXECUTIVE & MANAGING DIRECTOR

A. RAZAK AHMED

CHIEF FINANCIAL OFFICER

HAROON A. SHAKOOR

COMPANY SECRETARY & COMPLIANCE OFFICER

GHULAM HAIDER

AUDIT COMMITTEE

TASNEEM YUSUF	CHAIRPERSON
MUHAMMAD OMAR BAWANY	MEMBER
IRFAN ZAKARIA BAWANY	MEMBER

INVESTMENT COMMITTEE

IRFAN ZAKARIA BAWANY	CHAIRMAN
AHMED ALI BAWANY	MEMBER
TASNEEM YUSUF	MEMBER
MUHAMMAD PATEL	MEMBER
A. RAZAK AHMED	MEMBER
HAROON A. SHAKOOR	SECRETARY

HUMAN RESOURCE & REMUNERATION COMMITTEE

NAEEM AHMED SHAFI	CHAIRMAN
IRFAN ZAKARIA BAWANY	MEMBER
NOOR M. ZAKARIA	MEMBER
A. RAZAK AHMED	MEMBER

CREDIT RATING

A (SINGLE A) BY VIS
OUTLOOK "POSITIVE"

AUDITORS

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

LEGAL ADVISOR

IRFAN ADVOCATE

SHARI'AH ADVISOR

MUFTI MUHAMMAD FARHAN FAROOQ

BANKERS

HABIB BANK LIMITED
MCB BANK LIMITED
ALLIED BANK LIMITED
SONERI BANK LIMITED
BANK ALFALAH LIMITED
NATIONAL BANK OF PAKISTAN
MEEZAN BANK LIMITED
DUBAI ISLAMIC BANK
MCB ISLAMIC BANK LIMITED
UNITED BANK LIMITED
THE BANK OF PUNJAB
FAYSAL BANK LIMITED
HABIB METROPOLITAN BANK LIMITED
JS BANK LIMITED
THE BANK OF KHYBER

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARES REGISTRAR

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



OUR VISION

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



OUR MISSION

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

Code of Conduct

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

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

Company Profile

Reliance Insurance Company Limited (RICL), was incorporated in 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 founded by (Late) Mr. Mohammed Amin Ahmed Bawany, both the groups having successfully implemented a number of projects are the respectable and reputed industrial houses of Pakistan.

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

The Company's results have been consist-

ently improving yielding handsome results. The Present Authorised Capital of the Company is Rs. 750 Million while Paid-up Capital has increased to 561.412 million. General Reserve to Rs. 250 million & the Shareholders' equity to Rs. 933.529 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 191 persons.

Since its establishment Reliance has progressed smoothly and steadily. Its Gross Premium Income has increased from Rs. One Million in 1983 to Rs. 979.225 million (inclusive of Takaful Contribution) at the end of the year 2019 and the Technical Reserves at Rs. 480.113 million.

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

VIS Credit Rating Company an affiliate of Japan Credit Rating Agency has assigned Insurers Financial Strength Rating (IFSR) 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 50 years covering various industrial, commercial and financial sectors. He is also Chairman of First Al Noor Modaraba, Shahmurad Sugar Mills Limited, and Chief Executive of 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.

Muhammad Omer Bawany - Director

Mr. Muhammad Omar Bawany is a Non-Executive Director of Reliance Insurance Company Limited, since 1995. He acquired his early education from Karachi American School and 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 currently the Chairman of Faran Sugar Mills and Faran Power Limited. He is also Chief Executive of B.F. Modaraba managed by E.A Management and is on the board of Unicol Limited & Uni-Food Industries 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



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 Boards of (Non-Executive Director) Al Noor Sugar Mills Limited and Shahmurad Sugar Mills Limited. He is socially very well connected active and is member of various Clubs of Karachi.

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 Faran Power Limited. He has also served as Chairman of Pakistan Sugar Mills Association-Sindh Zone in 2014. He is also Chairman B.F. Modaraba and Uni-Food Industries Limited. He also serves as Director of Unicol Limited & UniEnergy. He is a Certified Director from Pakistan Institute of Corporate Governance (P.I.C.G).



Mohammed Patel - Director

Mr. Muhammad Patel is managing various businesses of Patel Group and hold Bachelors in Business Administration from Schulich School of Business in Toronto, Canada.



Naeem Ahmed Shafi - Director

Mr. Naeem Ahmed Shafi has more than 25 years of rich experience in textiles, industry. He is Commerce Graduate. Presently he is independent Director of Shahmurad Sugar Mills Limited. Mr. Naeem Ahmed Shafi is Managing Director and CEO of International Knitwear Limited.



Directors' Profile

Tasneem Yusuf - Director

Tasneem Yusuf, who along with being a chartered accountant from ICAP is also a fellow member of ACCA and a CPA. After working for Unilever Pakistan, she moved to Dubai and worked for both Deloitte and Nasdaq Dubai. Since moving back in 2009, she has been associated with her family practice where she now heads the audit and assurance services department.

Tasneem sits on the board of the Trading Corporation of Pakistan (Private) Limited and is a member of its Audit & Risk Management Committee. She is also a member of the senate of the Pakistan Institute of Fashion & Design and chairs its Finance & Planning Committee. Tasneem has served ICAP as a member of its Auditing Standards & Ethics Committee since September 2014 and the CA Women's Committee since September 2017.

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



Jahangir Adam - Director



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

A. Razak Ahmed - Chief Executive & M.D.

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





Our Services

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



General Insurance (Conventional)

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

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



General Takaful (Islamic)

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

Reliance Takaful is offering a wide range of Sharia Compliant General Takaful Products such as Fire & Property Takaful, Marine Cargo Takaful, Motor Takaful (Private / Commercial Vehicles), Engineering Takaful, Terrorism & Political Violence Takaful and Miscellaneous Accident Takaful.

FIRE & PROPERTY INSURANCE

Fire & 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 by Road/Rail within the territory of Pakistan.

Reliance Insurance provides most comprehensive Marine Cargo insurance by Sea, by Air, by Road / Rail.

MOTOR INSURANCE

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

Comprehensive Motor Policy (Private Vehicles)

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

Commercial Vehicles

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

Third Party Liabilities Insurance

To meet requirement by law under Motor Vehicle Act 1939 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.



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, Airport Operations Insurance.

ENGINEERING INSURANCE

Engineering policies mainly cover operational loss of 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 and legal 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. Engineering risk usually provides coverage for Contractor's All Risks Insurance, Contractor's Plant & Machinery Insurance, Plant & Machinery Erection All Risks Insurance, Machinery Break-Down Insurance and Comprehensive Machinery Insurance.



BONDS & 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 Bonds and Customs & Excise Bonds are available.

MISCELLANEOUS & OTHERS

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

The Company has commenced its Window Takaful Operations which has been widely appreciated by the business fraternity, Islamic banks and financial institutions.

“**Reliance Takaful**” is operating under the guidance of renowned, qualified and certified Shariah Scholars. Our Takaful model is WAQF based; the concept of brotherhood and mutual solidarity in Islam and its operations are being managed by a team of well experienced, dedicated & competent professionals.

Reliance Takaful is providing coverage to a wide range of Shariah Compliant products details as hereunder:-

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 perils. 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 Caro Clauses ‘A’, ‘B’ or ‘C’ by 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 covers plant & machinery and projects and provides coverage for Contractor’s All Risks, Contractor’s Plant & Machinery, Erection All Risks, Machinery Breakdown Insurance and Comprehensive Machinery Insurance etc.

Miscellaneous & Others: A wide range of products available under Miscellaneous Takaful which includes, but not limited to, 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 Eight Annual General Meeting

Notice is hereby given that the **38th Annual General Meeting** of the Shareholders of **RELIANCE INSURANCE COMPANY LIMITED** will be held on Thursday the 28th May, 2020 at 12.00 noon at the Head Office of the Company at RELIANCE INSURANCE HOUSE 181-A Sindhi Muslim Housing Society near Mehdi Tower, off: Sharah-e-Faisal, Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the Minutes of the 37th Annual General Meeting of the company held on 30th April, 2019.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st December, 2019 together with Chairman's Review, Directors' and Auditors' Reports thereon.
3. To appoint auditors and fix their remuneration for the year ending December 31, 2020. The Audit Committee and the Board of Directors have recommended the name of M/s. Kreston Hyder Bhimji & Co., Chartered Accountants for re-appointment as auditors.
4. To transact any other business with the permission of the Chair.

The Share Transfer Books of the Company will remain closed from 21st May, 2020 to 28th May, 2020 (both days inclusive).

By order of the Board

(GHULAM HAIDER)
Company Secretary

Karachi: 22nd April, 2020

NOTES:

1. CORONAVIRUS CONTINGENCY PLANNING FOR ANNUAL GENERAL MEETINGS OF SHAREHOLDERS

In view of the prevailing situation due to pandemic COVID-19 and in line with the direction issued to listed companies by Securities and Exchange Commission of Pakistan, vide its Circular No.5 of 2020 dated 17th March 2020, the Company has decided to hold its AGM through electronic means. The arrangements for the 38th Annual General Meeting will be as under:

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

Name of Shareholder
CNIC No.
Folio /CDS No.
Cell No.
Email address

Login facility will be opened thirty minutes before the meeting time to enable the participants to join the meeting after identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

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

A. For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his identity by showing his Original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing Proxies:

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

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

5. ELECTRONIC TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS AND NOTICES

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

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

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

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

7. UNCLAIMED DIVIDEND

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

8. CONSENT FOR VIDEO CONFERENCING FACILITY

Pursuant to the provision to the Companies Act, 2017 the members can also avail the video Conferencing facility. In this regard, please fill the following and submit to Head Office of the Company at least 7 days before the holding of annual general meeting. If the Company receives consent from members holding aggregate 10% or more shareholding residing at the geographical location to participate in the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

I / We, _____ of _____, being a member of Reliance Insurance Co., Ltd. holder of _____ ordinary share(s) as per registered folio no. _____ hereby opt for video conferencing facility at _____.

9. E – VOTING

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

10. POSTAL BALLOT

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



**Horizontal & Vertical Analysis of
Statement of Financial Position &
Profit & Loss Account**

Horizontal Analysis

Statement of Financial Position & Profit & Loss Account

STATEMENT OF FINANCIAL POSITION	Rupees in million				% Increase / (Decrease) over preceeding year			
	2019	2018	2017	2016	2019	2018	2017	2016
Property and equipment	83.030	92.881	81.020	87.071	(10.61)	14.64	(6.95)	7.84
Investments								
Equity securities	687.115	639.873	607.301	697.739	7.38	5.36	(12.96)	22.94
Debt securities	60.037	45.104	70.169	70.833	33.11	(35.72)	(0.94)	(17.74)
Term deposits	30.160	26.131	26.749	26.719	15.42	(2.31)	0.11	(1.25)
Loan and others receivables	3.328	2.218	3.235	4.184	50.05	(31.44)	(22.68)	15.64
Insurance / Reinsurance receivables	198.886	222.267	207.787	168.685	(10.52)	6.97	23.18	(15.95)
Reinsurance recoveries against outstanding claims	112.413	165.480	167.284	172.078	(32.07)	(1.08)	(2.79)	(40.07)
Deferred Commission Expenses	62.978	65.914	60.932	61.298	(4.45)	8.18	(0.60)	6.23
Deferred Taxation	-	4.287	2.301	-	(100.00)	86.31		-
Prepayment	134.819	173.198	339.227	366.198	(22.16)	(48.94)	(7.37)	4.90
Cash & Bank	131.227	144.373	160.186	120.239	(9.11)	(9.87)	33.22	12.51
Total Assets from General Takaful operation OPF	91.493	76.927	64.930	53.342	18.93	18.48	21.72	-
Total Assets	1,595.486	1,658.653	1791.121	1828.386	(3.81)	(7.40)	(2.04)	3.50
Ordinary share capital	561.413	561.413	561.413	510.375	-	-	10.00	10.00
Reserves	250.000	250.000	250.000	220.000	-	-	13.64	10.00
Unappropriated profit /(loss)	113.364	42.153	(6.844)	138.505	168.93	715.91	(104.94)	13.48
Surplus/(deficit)on revaluation of available for sale	8.752	2.359	(5.635)	8.088	271.00	141.86	(169.67)	-
Total Equity	933.529	855.925	798.934	876.968	9.07	7.13	(8.90)	11.57
Outstanding claims including IBNR	153.320	210.197	209.590	220.508	(27.06)	0.29	(4.95)	(35.07)
Unearned premium reserves	292.212	342.271	494.451	527.368	(14.63)	(30.78)	(6.24)	6.04
Unearned Reinsurance Commission	34.581	35.596	35.347	34.712	(2.85)	0.70	1.83	10.95
Deferred taxation	4.372	-	-	3.466	100		(100.00)	-
Insurance/ Reinsurance Payable	122.865	114.934	138.627	71.402	6.90	(17.09)	94.15	83.00
Other Creditors and Accruals	23.830	72.632	84.095	81.493	(67.19)	(13.63)	3.19	14.89
Taxation-Provision less payment	5.864	7.690	13.925	7.592	(23.75)	(44.78)	83.42	219.53
Total Liabilities from General Takaful Operation OPF	24.913	19.408	16.152	4.877	28.36	20.16	231.19	-
Total Equity and Liabilities	1,595.486	1,658.653	1791.121	1828.386	(3.81)	(7.40)	(2.04)	3.50
PROFIT AND LOSS ACCOUNT								
Net insurance premium	347.797	348.240	357.654	359.414	(0.13)	(2.63)	(0.49)	13.59
Net insurance claims	(87.205)	(87.174)	(88.157)	(101.720)	0.04	(1.12)	(13.33)	13.20
Net Commission and acquisition expenses	(65.399)	(59.994)	(60.678)	(60.919)	9.01	(1.13)	(0.40)	23.35
Management Expenses	(154.371)	(152.448)	(141.736)	(132.486)	1.26	7.56	6.98	3.54
Underwriting Results	40.822	48.624	67.083	64.289	(16.05)	(27.52)	4.35	30.62
Investment Income/(loss)	92.724	46.672	(40.072)	104.363	98.67	216.47	(138.40)	20.38
Other Income	1.622	2.122	1.517	0.952	(23.56)	39.88	59.35	(25.91)
Financial Charges	-	-	-	(0.047)	-	-	(100.00)	(76.85)
Others expenses	(50.691)	(45.211)	(47.255)	(47.128)	12.12	(4.33)	0.27	2.00
Profit before tax from takaful operations-Operators fund	11.926	7.915	1.132	(1.535)	50.68	599.20	173.75	-
Profit /(Loss) before Tax	96.403	60.122	(17.595)	120.894	60.35	441.70	(114.55)	33.16
Income tax expenses	(25.192)	(11.125)	(21.198)	(14.850)	(126.44)	(47.52)	42.75	51.53
Profit /(Loss) after Tax	71.211	48.997	(38.793)	106.044	45.34	226.30	(136.58)	30.94

Vertical Analysis

Statement of Financial Position & Profit & Loss Account

Rupees in million

STATEMENT OF FINANCIAL POSITION	2019		2018		2017		2016	
	Rupees	%	Rupees	%	Rupees	%	Rupees	%
Property and equipment	83.030	5.20	92.881	5.60	81.020	4.52	87.071	4.76
Investments	-	-	-	-	-	-	-	-
Equity securities	687.115	43.07	639.873	38.58	607.301	33.91	697.739	38.16
Debt securities	60.037	3.76	45.104	2.72	70.169	3.92	70.833	3.87
Term deposits	30.160	1.89	26.131	1.58	26.749	1.49	26.719	1.46
Loan and others receivables	3.328	0.21	2.218	0.13	3.235	0.18	4.184	0.23
Insurance / Reinsurance receivables	198.886	12.47	222.267	13.40	207.787	11.60	168.685	9.23
Reinsurance recoveries against outstanding claims	112.413	7.05	165.480	9.98	167.284	9.34	172.078	9.41
Deferred Commission Expenses	62.978	3.95	65.914	3.97	60.932	3.40	61.298	3.35
Deferred Taxation	-	-	4.287	0.26	2.301	0.13	-	-
Prepayment	134.819	8.45	173.198	10.44	339.227	18.94	366.198	20.03
Cash & Bank	131.227	8.22	144.373	8.70	160.186	8.94	120.239	6.58
Total Assets from General Takaful operation OPF	91.493	5.73	76.927	4.64	64.930	3.63	53.342	2.92
Total Assets	1,595.486	100.00	1,658.653	100.00	1,791.121	100.00	1,828.386	100.00
Ordinary share capital	561.413	35.19	561.413	33.85	561.413	31.34	510.375	27.91
Reserves	250.000	15.67	250.000	15.07	250.000	13.96	220.000	12.03
Unappropriated profit/(loss)	113.364	7.11	42.153	2.54	(6.844)	(0.38)	138.505	7.58
Surplus/(deficit) on revaluation of available for sale	8.752	0.55	2.359	0.14	(5.635)	(0.31)	8.088	0.44
Total Equity	933.529	58.51	855.925	51.60	798.934	44.61	876.968	47.96
Outstanding claims including IBNR	153.320	9.61	210.197	12.67	209.590	11.70	220.508	12.06
Unearned premium reserves	292.212	18.31	342.271	20.64	494.451	27.61	527.368	28.84
Unearned Reinsurance Commission	34.581	2.17	35.596	2.15	35.347	1.97	34.712	1.90
Deferred taxation	4.372	-	-	-	-	-	3.466	0.19
Insurance/ Reinsurance Payable	122.865	7.70	114.934	6.93	138.627	7.74	71.402	3.91
Other Creditors and Accruals	23.830	1.49	72.632	4.38	84.095	4.70	81.493	4.46
Taxation-Provision less payment	5.864	0.37	7.690	0.46	13.925	0.78	7.592	0.42
Total Liabilities from General Takaful Operation OPF	24.913	1.56	19.408	1.17	16.152	0.90	4.877	0.27
Total Equity and Liabilities	1,595.486	100.00	1,658.653	100.00	1,791.121	100.00	1,828.386	100.00
PROFIT AND LOSS ACCOUNT								
Net insurance premium	348.240	100.00	348.240	100.00	357.654	100.00	359.414	100.00
Net insurance claims	(87.174)	(25.03)	(87.174)	(25.03)	(88.157)	(24.65)	(101.720)	(28.30)
Net Commission and acquisition expenses	(59.994)	(17.23)	(59.994)	(17.23)	(60.678)	(16.97)	(60.919)	(16.95)
Management Expenses	(152.448)	(43.78)	(152.448)	(43.78)	(141.736)	(39.63)	(132.486)	(36.86)
Underwriting Results	48.624	13.96	48.624	13.96	67.083	18.76	64.289	17.89
Investment Income/(loss)	46.672	13.40	46.672	13.40	(40.072)	(11.20)	104.363	29.04
Other Income	2.122	0.61	2.122	0.61	1.517	0.42	0.952	0.26
Financial Charges	-	-	-	-	-	-	(0.047)	(0.013)
Others expenses	(45.211)	(12.98)	(45.211)	(12.98)	(47.255)	(13.21)	(47.128)	(13.11)
Profit before tax from takaful operations-Operators fund	7.915	2.27	7.915	2.27	1.132	0.32	(1.535)	(0.43)
Profit/(Loss) before Tax	60.122	17.26	60.122	17.26	(17.595)	(4.92)	120.894	33.64
Income tax expenses	(11.125)	(3.19)	(11.125)	(3.19)	(21.198)	(5.93)	(14.850)	(4.13)
Profit/(Loss) after Tax	48.997	14.07	48.997	14.07	(38.793)	(10.85)	106.044	29.50

Key Financial Data

10 Years Growth At A Glance

Rupees '000

	2019	2018	2017 Restated	2016 Restated	2015	2014	2013	2012	2011	2010
Ordinary Share Capital	561.41	561.41	561.41	510.37	463.98	403.46	366.78	318.93	318.93	252.01
Share Holder's Equity	933.53	855.92	798.93	876.96	786.03	725.22	653.42	578.71	450.56	374.52
Reserves	250.00	250.00	250.00	220.00	200.00	180.00	160.00	90	90.00	87.50
Cash & Bank	131.22	144.37	160.18	120.24	133.93	104.50	103.08	68.76	79.82	57.54
Investment	777.31	711.11	704.22	795.29	653.67	584.86	500.32	436.86	341.67	284.60
Underwriting Provisions	480.11	588.06	739.39	782.59	868.20	764.85	679.63	947.9	465.33	437.16
Total Assets	1595.486	1658.65	1791.12	1828.38	1766.56	1595.94	1456.58	1633.02	1044.07	903.46
Return on Assets %	4.46%	2.95%	(2.16)	5.80%	4.58%	5.65%	5.13%	5.34%	6.93%	11.99%
Return on Equity %	7.63%	5.72%	(4.85)	12.09%	10.34%	12.43%	11.43%	15.07%	14.90%	13.86%
Ordinary Share Capital to Assets %	35.19%	33.85%	31.35%	27.91%	26.26%	25.28%	25.18%	19.53%	28.76%	26.04%
Total Equity / Total Assets %	58.51%	51.60%	44.60%	47.96%	44.50%	45.44%	44.86%	35.43%	46.48%	45.33%
Written Gross Premium	622.40	878.68	1155.40	1201.84	1114.40	1028.14	837.23	613.72	543.40	529.54
Net Insurance Premium	347.80	348.24	357.65	359.41	316.42	295.76	260.76	240.7	238.7	267.92
Ratio to written Gross Premium %	55.88%	39.63%	30.95%	29.90%	28.39%	28.77%	31.14%	39.22%	43.93%	50.59%
Net Insurance Claims	87.21	87.17	88.16	101.72	89.86	94.30	87.89	83.09	86.32	96.43
Ratio to Net Insurance Premium %	25.07%	25.03%	24.65%	28.30%	28.40%	31.88%	33.71%	34.52%	36.16%	35.99%
Management Expenses	205.06	197.66	188.99	179.66	174.36	164.67	155.34	142.76	128.95	130.78
Ratio to Written Gross Premium %	32.94%	22.49%	16.36%	14.95%	15.65%	16.02%	18.55%	23.26%	23.73%	24.70%
Ratio to Net Insurance Premium %	58.96%	56.76%	52.84%	49.98%	55.10%	55.68%	59.57%	59.31%	54.02%	48.81%
Investment Income/(Loss)	92.72	46.67	(40.07)	104.36	86.69	96.22	97.44	110.25	94.08	54.86
Return of Investment %	11.93%	6.56%	(5.69)	13.12%	13.26%	16.45%	19.47%	25.24%	23.33%	15.73%
Underwriting Results	40.82	48.62	67.08	64.29	49.22	39.45	19.6	17.04	15.24	31.93
Profit/(loss) Before Tax	96.40	60.12	(17.59)	120.89	90.79	96.54	81.21	93.9	82.54	56.68
Percentage to Written Gross Premium %	15.49%	6.84%	(1.52)	10.06%	8.15%	9.39%	8.92%	14.21%	14.00%	99.81%
Profit/(loss) After Tax	71.21	48.99	(38.79)	106.04	80.99	90.14	74.7	87.21	76.04	51.93
Percentage to Net Insurance Premium	20.47	14.07%	(10.85)	29.50%	25.60%	30.48%	28.65%	36.23%	31.85%	90.38%
Earnings/(loss) After Tax Per Share-Rupees	1.27	0.87	(0.69)	2.08	1.75	1.94	2.03	2.73	2.38	2.06
Dividend /Bonus %	-	-	-	10%(B) 5%(C)	10%(B) 5%(C)	15%(B)5%(C)	10%(B)5%(C)	15%(B)	12.5%(B)7.5%(C)	12.5%(B)
Break up Value Per Share	16.63	15.24	14.23	17.18	16.94	17.97	17.81	18.15	14.13	14.86
Summary of Cashflow										
Total Cash Flow from all Operating Activities	(44.956)	(44.425)	38.113	102.288	40.013	23.354	16.692	(57.429)	(6.862)	(58.624)
Total Cash Flow from Investment Activities	31.811	28.663	26.796	(66.426)	9.450	3.908	17.237	70.445	29.606	53.313
Total Cash Flow from Financing Activities	-	(0.050)	(24.963)	(22.831)	(20.035)	(18.024)	(0.111)	(24.080)	(0.461)	(0.193)
Net Cash Flow From all Activities	(13.145)	(15.812)	39.975	13.031	29.428	1.420	34.318	(11.063)	22.282	(5.504)
Cash and Cash Equivalent at the end of the year	131.227	144.372	160.185	120.239	133.927	104.499	103.078	68.760	79.824	57.541

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
2019-2020 was paid to the Pakistan Stock Exchange
and Central Depository Company (CDC) within the
prescribed time.

Stock Symbol

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

Statutory Compliance

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

Book Closure Dates

The register of Member and share transfer books of
the Company will remain closed from 21st May 2020
to 28th May 2020, (both days inclusive).

38th Annual General Meeting

Date	:	28th May, 2020
Time	:	12:00 Noon
Venue	:	Reliance Insurance House, 181-A, SMCHS, Karachi

Website of the Company

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

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

Website: www.relianceins.com

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

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

Change of Address

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

Investors' Grievances Policy

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

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

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

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

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

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

Shareholders' Information

Company Secretary

Reliance Insurance Company Limited
181-A, SMCHS Karachi.

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

SUBMISSION OF CNIC COPIES (MANDATORY)

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

ELECTRONIC DIVIDEND MANDATE

Under section 242 of Companies Act, 2017 it is mandatory for all listed Companies to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

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

In case shares are held in CDC, electronic dividend mandate form must be directly submitted to shareholder's brokers/ participant / CDC account services.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders.

ELECTRONIC TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS AND NOTICES

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

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

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

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

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

CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM

The shareholders heaving physical shares may open CDC sub-account with any of the brokers or Investor Account directly by with the Central Depository Company (CDC) of Pakistan Limited to have their physical shares converted into electronic form. This will facilitate then in many ways including safe custody. Further with the requirement of Section 72 of Companies Act, 2017, every existing company having share capital required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the commencement of the Act.

Shareholders' Information

UNCLAIMED DIVIDEND

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

CONSENT FOR VIDEO CONFERENCE FACILITY

Pursuant to the provision to the Companies Act, 2017 the members can also avail the video Conferencing facility. In this regard, please fill the following and submit to Head Office of the Company at least 7 days before the holding of annual general meeting. If the Company receives consent from members holding aggregate 10% or more shareholding residing at the geographical location to participate in the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

I / We, _____ of _____, being a member of Reliance Insurance Co., Ltd. holder of _____ ordinary share(s) as per registered folio no. _____ hereby opt for video conferencing facility at _____.

E – VOTING

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

POSTAL BALLOT

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

DECISIONS TAKEN AT THE LAST ANNUAL GENERAL MEETING

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

- Approval of the minutes of the 36th Annual General Meeting, held on 28th April 2018.
- Approval of the audited financial statements for the year ended December 31, 2018 alongwith Directors' and Auditors' reports.
- Appointment of M/s. Kreston Hyder Bhimji & Co., Chartered Accountants as auditors of the Company for the year 2019 and fixation of their remuneration.
- Elect Nine (9) Directors of the Company for the period of three (3) years commence from April 30, 2019.

Financial Calendar

26th March, 2019	Meeting of the Board of Directors for approval of the audited financial statements for the year ended December 31, 2018.
30th April, 2019	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, 2018 and appointment of auditors.
30th April, 2019	The election of Directors was held on 30th April 2019 for a period of three years from this date. The board welcomes newly elected Directors and hopes the company will benefit from their rich and varied experience. The board also like to thank and appreciate the reliable contributions made by the outgoing Directors. Mr. Aziz Ayooob, Mr. Zohair Zakaria, Mr. Hamza Omar Bawany and Mr. Mohammad Iqbal. The newly elected Directors comprises of three Independent directors including One Lady director. All the elected directors were subsequently approved by competent authority (SECP)
30th April, 2019	Meeting of the Board of Directors for approval of the unaudited first quarter financial statements for the period ended March 31, 2019.
28th August, 2019	Meeting of the Board of Directors for approval of the half yearly Unaudited financial statements for the period ended June 30, 2019.
30th October, 2019	Meeting of the Board of Directors for approval of the unaudited financial statements for the nine months period ended September 30, 2019.
31st December, 2019	VIS Credit Rating Company Limited has reaffirmed the Insurer Financial Strength Rating of Reliance Insurance Company Limited (RICL) at 'A' (Single A). Outlook on the assigned rating is 'Positive'.
31st December, 2019	Corporate briefing session conducted to brief the investors/analysts about the current financial performance of the Company.

Categories of Shareholding

as at December 31, 2019

Categories of share holders	Number of share holders	Number of shares held	Percentage of shares held%
ASSOCIATE COMPANIES UNDERTAKINGS AND RELATED PARTIES			
Anam Fabrics	1	72,897	0.13
NIT / ICP/ IDBP			
Investment Corporation of Pakistan, IDBP ICP Units	6	720	0.00
DIRECTORS, CEO & OTHER SPOUSES AND MINOR CHILDREN			
The detail are as under:			
MR. ISMAIL H. ZAKARIA	1	560,195	
MR. IRFAN ZAKARIA BAWANY	1	3,471,400	
MR. MOHD. OMER BAWANY	1	332,852	
MR. AHMED ALI BAWANY	1	2,380,725	
MR. NOOR M. ZAKARIA	1	1,484,628	
MR. MUHAMMAD PATEL	1	5,000	
MR. NAEEM AHMED SHAFI	1	5,000	
MS. TASNEEM YUSUF	1	5,000	
MR. JAHANGIR ADAM	1	5,000	
MRS. ZARINA BAI ISMAIL	1	515,833	
MRS. SHEHLA IRFAN	1	3,358,450	
MRS. RUKHSANA BAI OMER	1	1,195,040	
MRS. SHAHNAZ SATTAR ZAKARIA	1	1,484,629	
EXECUTIVE			
	-	-	-
PUBLIC SECTOR COMPANIES AND CORP.			
	-	-	-
BANK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTION, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS			
	2	649	0.00
JOINT STOCK COMPANIES			
	18	8,247,443	14.69
GOVERNMENT DEPARTMENT			
Federal Board of Revenue	2	786,621	1.40
INDIVIDUALS			
	1,397	31,506,829	56.12
ISE Tower REIT Management Co. Ltd.			
WELFARE SOCIETY	1	2,024	0.00
Pakistan Memon Educational & Welfare Society	1	223,070	0.40
CHARITABLE TRUSTS			
Begum Aisha Ahmed & Latif Foundation	1	496,611	0.88
TRADE			
Haral Sons (Pvt.) Limited	1	669	0.00
TOTAL :-	<u>1,443</u>	<u>56,141,285</u>	<u>100.00</u>
SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST.			
M/s.Irfan Ashfaq & Company (Pvt.) Ltd.,	1	6,159,833	10.97
Mr. Irfan Zakaria Bawany	1	3,471,400	6.18
Mrs.Shehla Irfan	1	3,358,450	5.98

Pattern of Shareholding

as at December 31, 2019

Number of Shareholders	Shareholdings		Total shares held
	From	To	
395	1	100	7,049
188	101	500	54,827
144	501	1000	104,892
339	1001	5000	816,963
123	5001	10000	881,493
45	10001	15000	554,224
31	15001	20000	546,879
28	20001	25000	647,128
13	25001	30000	353,325
7	30001	35000	228,198
9	35001	40000	335,317
9	40001	45000	384,851
8	45001	50000	383,633
4	50001	55000	213,136
4	55001	60000	230,508
8	60001	65000	503,364
1	65001	70000	66,604
5	70001	75000	364,482
2	75001	80000	156,736
2	80001	85000	162,187
1	85001	90000	89,839
1	95001	100000	95,308
1	100001	105000	105,000
4	105001	110000	432,238
1	110001	115000	115,000
3	115001	120000	349,576
4	120001	125000	488,571
1	125001	130000	129,841
1	135001	140000	136,987
1	140001	145000	142,617
2	145001	150000	292,182
1	150001	155000	154,035
2	160001	165000	323,049
1	185001	190000	186,150
2	195001	200000	398,852
1	200001	205000	200,317
1	205001	210000	206,828
4	215001	220000	871,905
1	220001	225000	223,070
1	225001	230000	226,428
2	230001	235000	467,017
1	235001	240000	239,805
1	245001	250000	248,962
1	250001	255000	252,397
1	260001	265000	262,581
1	305001	310000	307,665
1	330001	335000	332,852
1	345001	350000	348,427
1	370001	375000	374,312
1	375001	380000	379,000
1	395001	400000	400,000
1	415001	420000	415,032
1	445001	450000	450,000
1	465001	470000	465,569
2	495001	500000	992,037
1	515001	520000	515,833
1	560001	565000	560,195
1	595001	600000	596,820
1	610001	615000	610,185
1	630001	635000	633,934
1	640001	645000	644,004
1	650001	655000	652,134
1	680001	685000	682,501
1	700001	705000	704,000
1	720001	725000	720,905
1	740001	745000	743,988
1	785001	790000	788,992
1	790001	795000	794,367
1	840001	845000	843,844
1	1100001	1105000	1,103,733
1	1130001	1135000	1,131,486
1	1285001	1290000	1,285,912
2	1480001	1485000	2,969,257
1	1680001	1685000	1,683,816
1	1785001	1790000	1,787,583
1	2125001	2130000	2,129,188
1	2190001	2195000	2,193,970
1	2250001	2255000	2,250,884
1	2495001	2500000	2,497,976
1	3355001	3360000	3,356,700
1	6155001	6160000	6,159,833
<u>1443</u>			<u>56,141,285</u>

Sr. No.	Categories of share holders	Number of share holders	Total shares hold	Percentage %
1	INDIVIDUALS	1410	46,310,581	82.49
2	INVESTMENT COMPANIES	5	488	0
3	INSURANCE COMPANIES	1	648	0
4	JOINT STOCK COMPANIES	19	8,320,340	14.82
5	FINANCIAL INSTITUTIONS	1	232	0
6	WELFARE SOCIETY	1	223,070	0.4
7	CHARITABLE TRUSTS	1	496,611	0.88
8	MODARABA MANAGEMENT COMPANIES	1	1	0
9	TRADE	1	669	0
10	GOVERNMENT DEPARTMENT	2	786,621	1.15
11	REIT MANAGEMENT	1	2,024	0
		<u>1443</u>	<u>56,141,285</u>	<u>100</u>

Chairman's Review

It gives me pleasure to present Thirty Eight Annual Report and Performance review of your Company on behalf of the Board of Directors for the year ended 31st December, 2019.

The newly elected government is all set to take stabilization measures, higher growth trajectory and is determined to bring down circular debt by December 2020. The economic activities remain on the path of gradual recovery. The current account deficit has declined, and is likely to continue contracting in the coming months on expectation of further compression in import bill amid sluggish economic activities, Remittances have increased.

The decline in current account gap is likely to sustain only if exports managed to exceed desirable growth. In this context the government has provided subsidized credit for exporters and extending regional competitive rates on energy. However, despite devaluation of Pak rupee there does not seem phenomenal increase in exports.

Higher policy rate of 13.25% coupled with the higher tariff of electricity and gas have substantially increased the cost of doing business.

The Pakistan Stock Exchange (PSX) benchmark KSE-100 shares index is continually under pressure. As was observed previously, the unrealized gain in one quarter diluted in the next quarter. During the first eight months of CY19, the market mostly traded in negative zone with KSE-100 index bottoming out at 28,765 points in mid of August, down 22%. Subsequently it made a decent recovery to not only regain its earlier losses of the year, but also posted a net positive return of 10% for CY19 as the KSE-100 Index settled at 40,735 points.

During the year 2019 your Company posted profit after tax at Rs.71.21 million as compared to Rs.48.99 million reported last year. It is a matter of satisfaction that the Window Takaful Operations continues to grow steadily. The gross written contribution for the year was Rs.103.51 million against Rs.100.54 million of 2018. Investment income for participant Takaful Fund has increased from Rs.3.238 million to Rs.6.80 million. Surplus for Participant Takaful Fund was Rs.26.65 million compared to Rs.21.73 million in 2018. Operator's Fund posted profit of Rs.11.93 million against Rs.7.91 million of 2018.

While closing I would like to thank and convey my gratitude to the members of the Board of Directors, for their commitment and in guiding and supporting the management, and shareholders for their confidence and support in the Company. I would also like to express my appreciation to the Chief Executive and his team for their efforts, dedication and sincerity.



Ismail H. Zakaria

Chairman

Karachi. 22 April, 2020

چیئر مین کی جائزہ رپورٹ:

31 دسمبر 2019 کو ختم ہونے والے سال کے لئے بورڈ آف ڈائریکٹرز کے چیئر مین کی حیثیت سے آپ کی کمپنی کی 38 ویں سالانہ رپورٹ اور کارکردگی کا جائزہ پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

نئی منتخب حکومت اگلے مالی سال میں ترقی کے لیے ٹھوس اقدامات کر رہی ہے اور دسمبر 2020 تک گردش قرضے نیچے لانے کے لئے پرعزم ہے، معاشی سرگرمیاں بتدریج بحالی کی راہ پر گامزن ہیں۔ کرنٹ اکاؤنٹ خسارہ کم ہوا ہے جو کہ آنے والے مہینوں میں سست رفتار تجارتی سرگرمیوں کے درمیان درآمدی بل میں مزید کمی کی توقع اور ترسیلات زر میں اضافہ کی وجہ سے مزید کم ہونے کی توقع ہے۔

کرنٹ اکاؤنٹ کے فرق میں کمی اسی وقت برقرار رہ سکتی ہے جب برآمدات مطلوبہ اضافہ سے تجاوز کر جائے۔ اس ضمن میں حکومت نے برآمد کنندگان کو آسان شرائط پر کریڈٹ فراہم کیا ہے اور توانائی پر علاقائی مسابقتی شرحوں میں توسیع کی ہے۔ تاہم پاکستانی روپے کی قدر میں کمی کے باوجود برآمدات میں غیر معمولی اضافہ نہیں ہوا ہے۔

بجلی اور گیس کے نرخوں کے اضافہ اور 13.25% کی اونچی پالیسی کی شرح نے کاروباری لاگت میں کافی حد تک اضافہ کیا ہے

پاکستان اسٹاک ایکسچینج (PSX) کے ایس ای 100 حصص انڈیکس مستقل دباؤ میں ہے جیسا کہ پہلے مشاہدہ کیا تھا کہ ایک سہ ماہی کا غیر تسلیم شدہ منافع اگلی سہ ماہی میں ختم ہو جاتا ہے۔ کیلنڈر سال 2019 کے پہلے 8 مہینوں کے دوران مارکیٹ زیادہ تر منفی زون میں رہی اور اگست کے وسط میں کے ایس ای 100 انڈیکس 22% کمی کے ساتھ 28,765 پوائنٹس پر آ گیا۔ بعد میں کچھ بہتری کے نتیجے میں سال کے نقصانات کی تلافی ہوئی ہے اور کیلنڈر سال 2019 کے ایس ای 100 انڈیکس 10 فیصد بہتری کے بعد 40,735 پوائنٹس مثبت واپسی بھی ہوئی۔

آپ کی کمپنی نے سال 2019 میں 71.21 ملین روپے کا بعد از ٹیکس منافع کیا ہے جو کہ پچھلے سال 48.99 ملین روپے تھا یہ بات تسلی بخش ہے کہ ونڈو تکافل آپریشنز آہستہ آہستہ اور تیزی سے ترقی کی طرف گامزن ہے۔ 2018 کے 100.54 ملین روپے کے مقابلہ میں اس سال کے لئے مجموعی تحریری شراکت داری 103.51 ملین روپے تھی۔ شراکت داری تکافل فنڈ کیلئے سرمایہ کاری کی آمدنی 3.238 ملین روپے سے بڑھ کر 6.80 ملین روپے ہوئی ہے۔ شراکت داری تکافل فنڈ کے لئے سرپلس 26.65 ملین روپے تھا جبکہ 2018 میں 21.73 ملین روپے تھا۔ آپریٹرز کے فنڈ میں 2018 کے 7.91 ملین روپے کے مقابلے میں 11.93 ملین روپے کا منافع ہوا

آخر میں، میں بورڈ آف ڈائریکٹرز کے ممبروں کا ان کے عزم اور انتظام کے رہنمائی اور حمایت اور شیئرز ہولڈرز کے اعتماد اور کمپنی کے ساتھ تعاون کا شکریہ ادا کرنا چاہتا ہوں۔ میں چیف ایگزیکٹو اور ان کی ٹیم اپنی اعلیٰ کوششوں، اعتقاد اور اخلاقیات کے لئے نیک خواہشات کا اظہار کرتا ہوں۔



اسما ایل ایچ ذکریا

چیئر مین

کراچی 22 اپریل 2020

Directors' Report

The Directors of the Company take pleasure in presenting their report together with the audited financial statements and Auditors report thereon for the year ended December 31, 2019.

OPERATIONAL RESULTS FOR THE YEAR 2019

The comparative financial highlights of your Company for the year ended 31st December, 2019 are as follows:

	2019	2018
	Rs. in Million	
Gross Premium		
(Including Takaful Contribution)	725.912	979.224
Net Premium	347.797	348.240
Net Incurred Claims		
(including IBNR)	87.205	87.174
Management Expenses	154.372	152.448
Underwriting Profit	40.821	48.623
Investment Income	92.725	46.673
Profit/Loss before Taxation	96.404	60.122
Profit/Loss after Taxation	71.211	48.997
Earnings per Share (EPS)-Rs.	1.27	0.87

Your Company underwrote gross premium of Rs. 725.912 million (inclusive of Rs.103.512 million of Takaful Contribution) against Rs. 979.224 million (inclusive of Rs.100.538 million of Takaful Contribution) of the last year showing a decrease of Rs.253.312 million. The net premium also slightly decreased from Rs.348.240 million to Rs.347.797 million, i.e. a decrease of Rs.0.443 million. Decline in gross premium is largely due to closing down of operations by one of our largest client in the aviation segment.

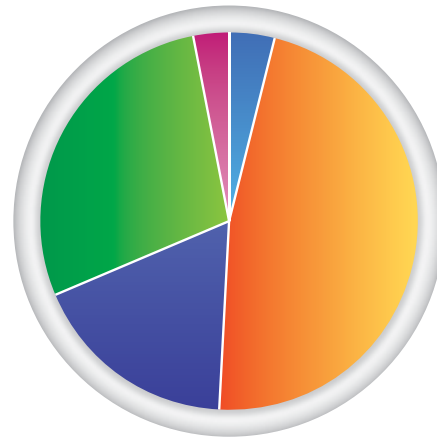
Claims incurred during the year were Rs.87.205 million against Rs.87.174 million of the previous year, showing a slight increase of Rs.0.03 million. Your Company has earned underwriting profit for Rs.40.821 million from its core business, all classes of business contributing profitability. Net profit after Tax stood at Rs.71.211 million against Rs. 48.997 million of the previous year.

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

INVESTMENT

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

Gross Premium by Class of Business -2019



Fire	341.79 Million	Engineering	21.73 Million
Marine, Aviation & Transport	127.49 Million	Miscellaneous	28.90 Million
Motor	206.00 Million		

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

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

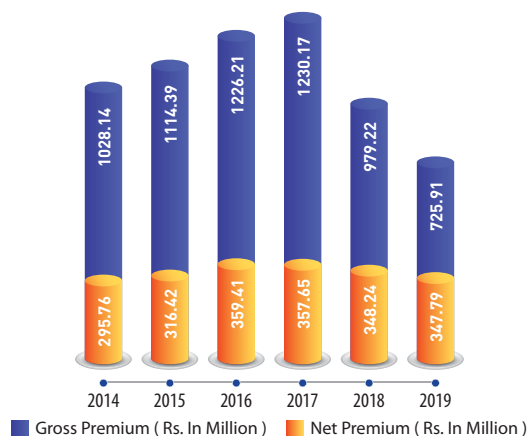
Dividend Income stood at Rs. 47.793 million in 2019 compared to previous year of Rs. 32.309 million – an increase of 15.484 million – 47.92%. Your Company has also realized capital gain of Rs. 2.859 million against Rs.1.477 million, of the previous year. Unrealized gain stood at Rs. 31.573 million compared to Rs. 7.942 million of the previous year. The total investment income for 2019 stood at Rs. 92.725 million against Rs.46.673 million of the previous year.

Your company continues generating a significant portion of its investment income from sustainable sources such as interest & dividends and capital gain ensuring regular income. Investment portfolio inter alia including Term Deposits for Rs.30.160 million stood at Rs.777.312 million as at 31st December 2019. Cash and Bank Deposits Accounts stood at Rs.131.228 million against Rs.144.373 million of the previous year.

CLAIMS

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

Gross & Net Premium



Interest and Dividend



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

REINSURANCE

Your Company successfully concluded reinsurance arrangements for the year 2020. Swiss Re world's most prestigious and renowned Re-Insurer continues to be the leader of RIC's reinsurance programme for the year 2020. Underwriting capacity for certain lines of business has improved further in 2020, thus your Company would be able to underwrite larger risks. We are thankful to all our re-insurers for their unwavering confidence, understanding and continued support.

WINDOW TAKAFUL OPERATION

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

Your Company underwrote Takaful Contribution for Rs.103.512 million compared to previous year contribution for Rs.100.538 million showing a nominal increase of Rs.2.974 million. Window Takaful Operation yielded profit of Rs.11.927 million against Rs.7.915 million of previous year.

The summarized results of Window Takaful operation for the year under review are as follows:-

	2019	2018
	Rs. in Million	
Gross Contribution	103.512	100.538
Net Contribution	65.939	64.841
Surplus for the year - PTF	26.648	21.725
Operators Fund		
Revenue Account	5.183	6.695
Operator Profit	11.927	7.915

INFORMATION TECHNOLOGY

The role of IT in the present scenario cannot be overemphasized. This has become quite essential as availability of uninterrupted IT services have attained a dynamic role in core business operations. Your Company is constantly investing to expand & upgrade its technological platform. General Insurance Software 'iGIAS'; is running successfully at branch level since last many years. The quality of 'iGIAS' is that it is integrated software with all its modules i.e., Underwriting, Claim, Accounts and Reinsurance. It is (JSP) Java scripted online web-based software with Oracle data base and its data management is hassle-free and highly secure in its modesty & safety.

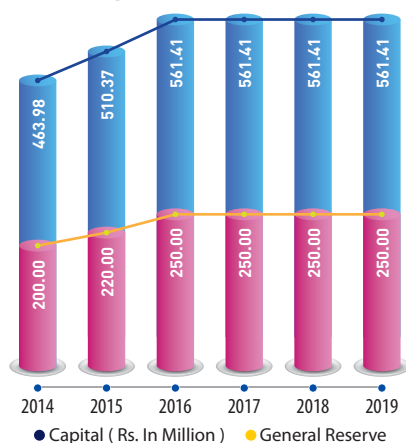
iGIAS has been incorporated with General Takaful services which has also been successfully implemented at branch user level for Takaful operations to satisfy short and long term day to day needs. Due to implementation of above module the operational capabilities of relevant department of the Company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

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

CREDIT RATING

VIS Credit Rating Company Limited (Formerly JCR-VIS) has reaffirmed the Insurer Financial Strength (IFS) rating of Reliance Insurance Corporation Limited (RICL) at 'A' (Single A). Outlook on the assigned Rating continues to be 'Positive'. The assigned rating reflects

Capital & Reserves



sound capitalization level and liquidity profile of the company. The overall liquidity profile of RICL is considered sound with positive cash flow. Reinsurance panel is considered strong with Swiss Re as the lead reinsurer. Retention level and treaty capacities have witnessed steady increase given anticipated growth in business volume.

RELATED PARTY TRANSACTIONS

All related party transactions are put up periodically 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.

LIQUIDITY MANAGEMENT

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

The company's solvency as at 31st December 2019 was Rs.469.971 million as against required solvency of Rs.150 million i.e. excess of Rs.319.971 million over minimum required solvency.

DEFERRED TAXATION

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

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

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

KNOW YOUR CUSTOMERS (KYC)

With significant employees, client, vendor and agent base that the company caters, we maintain our database which is timely authenticated through access to NADRA verisys system. In this regard a web link has been created with NADRA for verification of stakeholders' identity.

CORPORATE GOVERNANCE LEADERSHIP SKILL PROGRAM:

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

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

Three Directors have completed corporate governance leadership skill (CGLS) program of Pakistan Institute of Corporate Governance (PICG), while Five Directors meet the criteria of eligibility as director having 15 years' experience on the Board of listed companies and 14 years of Education as required under Listed Companies (Code of Corporate Governance) Regulations, 2019.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

- a) The financial statements, prepared by the management of the company fairly present its state of affairs, the results of the operations, cash flow and changes in equity.
- b) Proper books of 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 Accounting Standard, International Financial Reporting Standards (IFRS), or any other regulation or law as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) The pattern of shareholding in the Company as at 31st December, 2019 is annexed to the accounts.
- g) There are no significant doubts about the Company's ability to continue as a going concern.
- h) There has been no material departure from the best practices of Corporate Governance.
- i) Key operating and financial data for the last Ten years in summarized form is annexed.
- j) The Value of investments based on the unaudited accounts as at 31st December 2019, in respect of the Provident Fund stood at Rs.73.335 million.

BOARD OF DIRECTORS

The election of Directors was held on 30th April 2019 for a period of three years from this date. The board welcomes newly elected Directors and hopes the company will benefit from their rich and varied experience. The board would also like to thank and appreciate the contributions made by the outgoing Directors. Mr. Aziz Ayoob, Mr. Zohair Zakaria, Mr. Hamza Omar Bawany and Mr. Mohammad Iqbal. The newly elected Directors comprises of three Independent directors including One Lady director. All the elected directors were subsequently approved by competent authority (SECP)

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

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

The composition of board is as follows:-

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

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

The Board was actively involved during the year in performing its duties including those to be performed under various relevant Laws and Memorandum and 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 possess 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.

DIRECTOR'S REMUNARATION

In line with the requirement of Listed Companies (Code of Corporate Governance) Regulations, 2019 the policy of remuneration of non-executive directors including Independent directors, the Company do not pay any remuneration to its non-executive directors (including independent directors) except as meeting fee for attending the Board meetings in compliance with the requirements of Article 137 of the Company's Article of Association.

Role of Chairman & Managing Director/CEO

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

Managing Director/CEO

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

AUDIT COMMITTEE

The following are the members of audit committee.

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

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

- i. Recommending to the Board of Directors the appointment of External Auditors and consider any questions of audit fee; taking into consideration a number of factors including satisfactory rating under ICAPS quality control review program;
- ii. Consideration of questions regarding resignation or removal of External Auditors;
- iii. Determination of appropriate measures to safeguard the company's assets;
- iv. Review of quarterly, half yearly and annual financial statements of the Company, prior to the approval by the Board of Directors;
- v. Major judgmental areas;
- vi. Review of adjustments resulting from audit;
- vii. Going concern assumption.
- viii. Any changes in auditing policies and practices.
- ix. Review of preliminary announcement of results prior to publication;
- x. Review and recommend all related party transactions;
- xi. Compliance with applicable accounting standards;
- xii. Determination of Compliance with relevant statutory requirements;
- xiii. Monitoring compliance with the best practices of corporate governance and regulations and identification of any significant violations thereof;
- xiv. Consideration of major findings of internal investigation of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- xv. Consideration of any other issue or matter as may be assigned by the board of directors;
- xvi. facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- xvii. review of arrangement for staff and management to report to audit committee in confidence, concerns, if any about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- xviii. review of management letter issued by external auditors and management's response thereto;
- xix. ensuring coordination between the internal and external auditors of the company;

- xx. review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- xxi. ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- xxii. review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
- xxiii. instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body.

INVESTMENT COMMITTEE

Investment Committee consists of five members including Chief Executive Officer.

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

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

Management Committees

The Board has also constituted three Management Committees – namely Underwriting, Reinsurance & Co-insurance, and Claims Settlement and Takaful 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, Reinsurance & Co-Insurance Committee

The functions of the Underwriting Committee includes:-

- The Underwriting Committee formulates the underwriting policy of the Company.
- It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers.
- It regularly reviews the underwriting and premium policies of the Company with due regards to relevant factors such as the business portfolio and the market scenario.

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

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

The Committee consists of the following members:-

- | | | |
|----|---------------------------|----------|
| 1. | Mr. A. Razak Ahmed | Chairman |
| 2. | Mr. Rizwan Akhtar | Member |
| 3. | Mr. Mohammad Ishaque Azim | Member |
| 4. | Mr. Abdul Rahim | Member |

Claims Settlement Committee

The functions of the Committee includes:-

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

The Committee consists of the following members:-

- | | | |
|----|----------------------------|----------|
| 1. | Mr. A. Razak Ahmed | Chairman |
| 2. | Mr. Haroon A. Shakoore | Member |
| 3. | Mr. Shaikh Muhammad Siddiq | Member |

Risk Management & Compliance Committee

The functions of the committee includes:

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

The Committee consists of the following members:-

- | | | |
|----|----------------------------|----------|
| 1. | Mr. A. Razak Ahmed | Chairman |
| 2. | Mr. Rizwan Akhtar | Member |
| 3. | Mr. Shaikh Muhammad Siddiq | Member |
| 4. | Mr. Ghulam Haider | Member |
| 5. | Mr. Abdul Rahim | Member |
| 6. | Mr. Mohammad Masood Ali | Member |

Nomination Committee

The term of reference of nomination committee shall be determined by the Board ensuring is no duplication or conflict with matters stipulated under terms of reference of Human Resources and Remuneration (HR&R) Committee.

The nomination committee shall be responsible for:-

- (i) Considering and making recommendations to the board in respect of the Board committees; at the chairmanship's of the Board Committees.
- (ii) Keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary.

The Committee consists of the following members:-

- | | | |
|----|------------------------|----------|
| 1. | Mr. A. Razak Ahmed | Chairman |
| 2. | Mr. Rizwan Akhtar | Member |
| 3. | Mr. Haroon A. Shakoore | Member |

Takaful Committee

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

The following are the members of Takaful committee:

- | | | |
|----|---------------------|----------|
| 1. | Mr. A. Razak Ahmed | Chairman |
| 2. | Mr. Rizwan Akhtar | Member |
| 3. | Mr. Najmullah Khan | Member |
| 4. | Mr. Kashif Wadiwala | Member |

Board of Director's Meetings

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

Name of Directors	Attendance
1. Mr. Ismail H. Zakaria	4
2. Mr. A. Aziz Ayooob	2
3. Mr. Irfan Zakaria Bawany	4
4. Mr. Muhammad Omer Bawany	3
5. Mr. Ahmed Ali Bawany	3
6. Mr. Noor M. Zakaria	3
7. Mr. Hamza Omer Bawany	2
8. Mr. Muhammad Iqbal	2
9. Mr. Muhammad Patel	1
10. Mr. Naeem Ahmed Shafi	1
11. Ms. Tasneem Yusuf	2
12. Mr. Jahangir Adam	2

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 COMPANYS SHARES

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

PATTERN / CATEGORIES OF SHAREHOLDING

The pattern of shareholding of the company is annexed.

STATEMENT OF THE ETHICS AND BUSINESS PRACTICES

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

TRAINING PROGRAM STAFF TRAINING IS CARRIED ON A CONTINUOUS BASES THROUGHT THE YEAR.

During the year staff and senior officers were nominated to attend various Seminars and training courses, as recommended by nomination committee.

AUDITORS

M/s. Kreston Hyder Bhimji Chartered Accountants retire at the conclusion of the Annual General Meeting and being eligible, offer themselves for re-appointment for the financial year ending 31st December 2020, at a fee to be mutually agreed.

The Audit Committee has recommended and the Board has endorsed the appointment of M/s. Kreston Hyder Bhimji Chartered Accountant, as auditors for the year ending 31st December 2020.

FUTURE OUTLOOK

The year 2020 would be a challenging year. GDP growth projection ranges between 2.5% to 3.0%.

The double digitted key discount rate continues to be the main hindrance and cause of concern and merits due attention to kick off the economy. The Insurance industry is likely to remain under stress until law and order situation, geo political stability and business friendly policies are implemented / enforced. 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.

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

ACKNOWLEDGMENT

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


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

The Directors also 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



Ismail H. Zakaria
Chairman

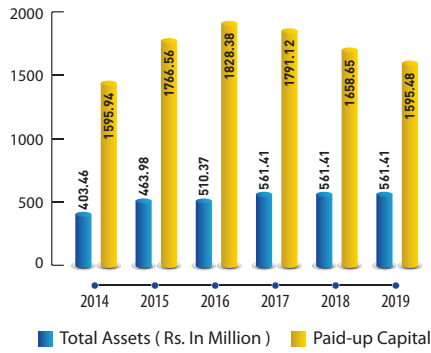


A. Razak Ahmed
Chief Executive &
Managing Director

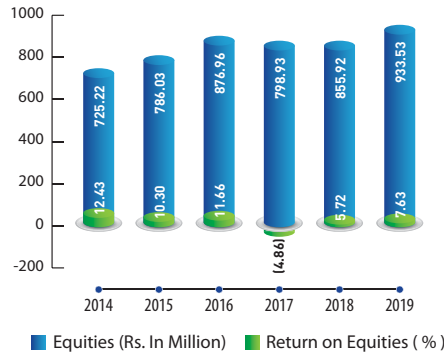
Karachi: 22nd April, 2020

Graphical Presentation

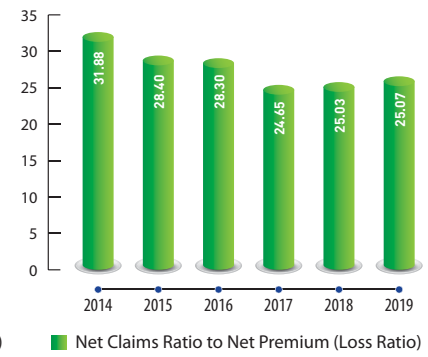
Total Assets & Paid-up Capital (Rs. In Million)



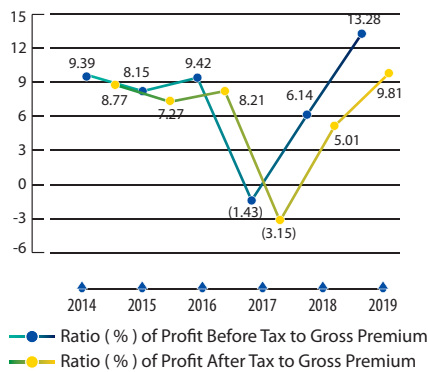
Equities & Return on Equities



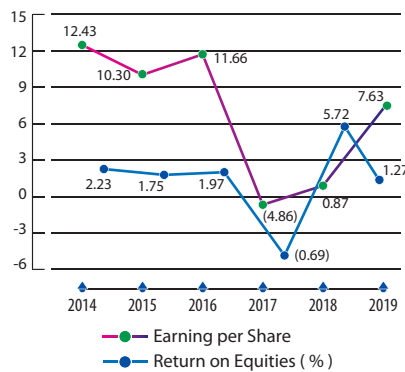
Net Claims Ratio to Net Premium (Loss Ratio)



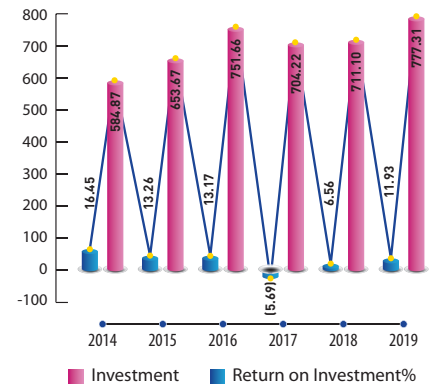
Ratio of Profit Before & After Tax to Gross Premium



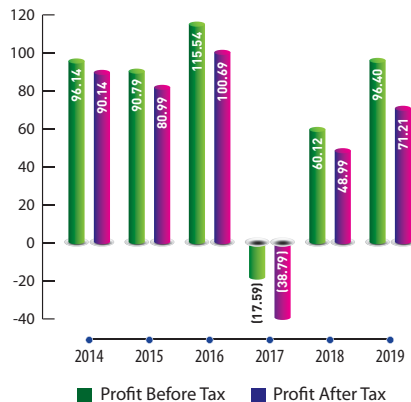
Return on Equity & Earning per Share



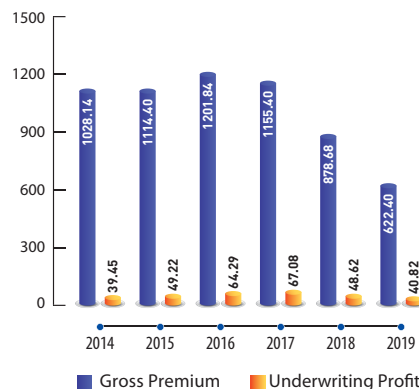
Return on Investment



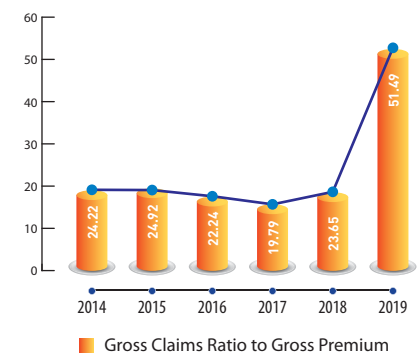
Profit Before Tax & After Tax



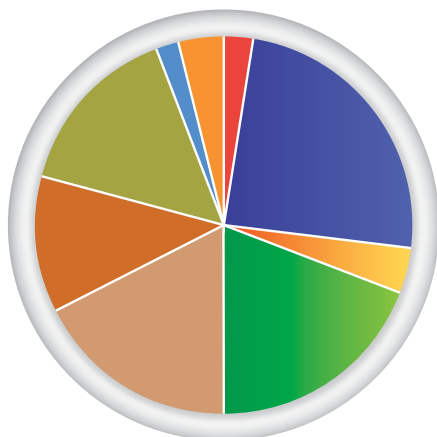
Gross Premium & Underwriting Profit



Gross Claims Ratio to Gross Premium

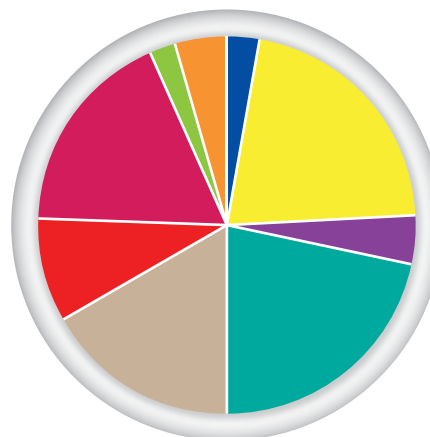


Assets, Liabilities & Equities 2019



Property and Equipment	2.60%	Reserves and Retained earnings	11.66%
Investment	24.36%	Underwriting Provisions	15.05%
Cash & Bank	4.11%	Others Creditors and Acurals	1.85%
Others Assets	18.93%	Others Liabilities	3.85%
Ordinary share capital	17.59%		

Assets, Liabilities & Equities 2018



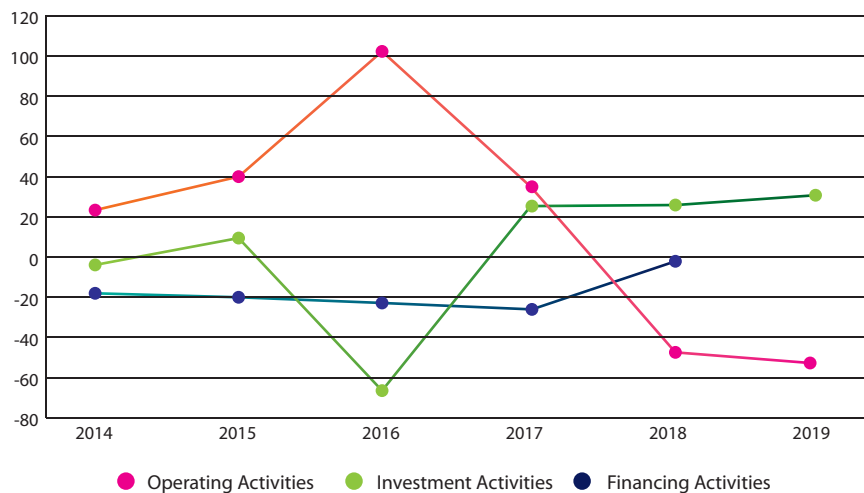
Property and Equipment	2.80%	Reserves and Retained earnings	8.88%
Investment	21.44%	Underwriting Provisions	17.73%
Cash & Bank	4.35%	Others Creditors and Acurals	2.19%
Others Assets	21.41%	Others Liabilities	4.28%
Ordinary share capital	16.92%		

Summary of Cash Flow

Cash Flow Statement

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

	2019	2018	2017	2016	2015	2014
NET CASH FLOW FROM OPERATING ACTIVITIES	(44.956)	(44.425)	38.113	102.288	40.013	23.354
NET CASH FLOW FROM INVESTING ACTIVITIES	31.811	28.663	26.825	(66.426)	9.450	3.908
NET CASH FLOW FROM FINANCING ACTIVITIES	-	(0.050)	(24.963)	(22.831)	(20.035)	(18.024)



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

کمپنی کے شیئرز کی ٹریڈنگ

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

پیٹرن / کیٹیگریز آف شیئرز ہولڈنگ

کمپنی کے شیئرز ہولڈنگ منسلک ہے۔

ضابطہ اخلاق اور کاروباری طریقہ کار کا اسٹیٹمنٹ

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

اسٹاف ٹریننگ پروگرام:

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

آڈیٹرز:

کرسٹن حیدر بھیجی چارٹرڈ اکاؤنٹنٹس کی سالانہ جنرل اجلاس کے اختتام پر مدت ختم ہو رہی ہے اور 31 دسمبر 2020 کو ختم ہونے والے مالی سال کے لئے اپنے آپ کو متفقہ معاوضہ پر پیش کرتے ہیں۔ آڈٹ کمیٹی 31 دسمبر 2020 کو ختم ہونے والے سال کے لئے میسرز کرسٹن حیدر بھیجی، جی، چارٹرڈ اکاؤنٹنٹس کی بحیثیت آڈیٹرز کی تقرری کی سفارش کی ہے اور بورڈ نے اسکی توثیق کر دی ہے۔

مستقبل پر ایک نگاہ

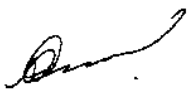
سال 2020 ایک چیلنج سال ہوگا۔ جی ڈی پی ترقی 2.5 فیصد سے 3.0 فیصد پر نگاہ ہے۔ دو عددی شرح سود ر معیشت کی بہتری میں بدستور بنیادی رکاوٹ اور تشریح کا سبب بنی ہوئی ہے انشورنس انڈسٹری داؤ میں رہے گی جب تک کہ بہتر قانون اور امن و عامہ کی صورتحال، سیاسی استحکام اور دوستانہ کاروباری پالیسیوں کا نفاذ نہ ہو۔ آپ کی کمپنی مجموعی کوششوں، سسٹم میں بہتری اور محتاط و بروقت فیصلوں پر عملدرآمد کے سلسلے میں کوالٹی مینجمنٹ انفارمیشن سسٹم کے ذریعے طویل مدتی منافع بخش ترقی پر نگاہ رکھے ہوئے ہے۔ مزید برآں، تکافل آپریشنز آپ کی کمپنی کے کاروبار کو بڑھانے کے لئے مزید مواقع اور نئی راہیں فراہم کرے گا۔

اظہار تشکر

ہم اپنے معزز صارفین کا ان کی مستقل سرپرستی اور تعاون کے لئے شکر ادا کرنا چاہتے ہیں۔ ہم اس موقع کا فائدہ اٹھاتے ہوئے اپنے تمام ری انشوررز بشمول پاکستان ری انشورنس کمپنی لمیٹڈ اور بروکرز کا بھی ان کی رہنمائی اور قابل قدر سپورٹ کے لئے شکر ادا کرتے ہیں۔ ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور اسٹیٹ بینک آف پاکستان (SBP) کے سالہا سال سے مستقل تعاون اور رہنمائی کے لئے ان کی پیشہ ورانہ رہنمائی، معاونت اور سپورٹ پر شکر گزار ہیں۔


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

حسب الحکم بورڈ



اے رزاق احمد

چیف ایگزیکٹو آفیسر ڈائریکٹر



اسما اے ایچ ذکریا

چیرمین

کراچی 22 اپریل 2020

نومینیشن کمیٹی

نومینیشن کمیٹی کے نکات کا تعین بورڈ کرے گا، اس بات کو یقینی بنانا کہ ہیومن ریسورس وری میونزیشن کمیٹی (HR&R) کمیٹی کے شرائط کے تحت طے شدہ معاملات سے کوئی نقل یا تنازعہ نہ ہو۔
نومینیشن کمیٹی کی ذمہ داریاں:

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

کمیٹی درج ذیل ممبران پر مشتمل ہے:

- | | | |
|----|--------------------|----------|
| 1- | جناب اے رزاق احمد | چیئر مین |
| 2- | جناب رضوان اختر | ممبر |
| 3- | جناب ہارون اے شکور | ممبر |

بہ کافل کمیٹی

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

- | | | |
|----|---------------------|----------|
| 1- | جناب اے رزاق احمد | چیئر مین |
| 2- | جناب رضوان اختر | ممبر |
| 3- | جناب نجم اللہ خان | ممبر |
| 4- | جناب کاشف واڈی والا | ممبر |

بورڈ آف ڈائریکٹرز کے اجلاس

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

ڈائریکٹرز کے نام	اجلاس میں حاضری
1- جناب اسماعیل ایچ ڈکریا	4
2- جناب اے عزیز ایوب	2
3- جناب عرفان ذکر یا باوانی	4
4- جناب محمد عمر باوانی	3
5- جناب احمد علی باوانی	3
6- جناب نور ایم ذکر یا	3
7- جناب حمزہ عمر باوانی	2
8- جناب محمد اقبال	2
9- جناب محمد پٹیل	1
10- جناب نعیم احمد شفیق	1
11- محترمہ تسنیم یوسف	2
12- جناب جہانگیر آدم	2

ری انشورنس اور کو انشورنس کمیٹی کے فرائض میں شامل ہے:

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

کمیٹی درج ذیل ممبران پر مشتمل ہے۔

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

کلیمز کمیٹی

کمیٹی کے فرائض میں شامل ہے:

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

کمیٹی درج ذیل ممبران پر مشتمل ہے:

1-	جناب اے رزاق احمد	چیئر مین
2-	جناب ہارون اے شکور	ممبر
3-	جناب شیخ محمد صدیق	ممبر

رسک مینیجمنٹ و کمپلائنس کمیٹی

کمیٹی کے فرائض میں شامل ہے:

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

1-	جناب اے رزاق احمد	چیئر مین
2-	جناب رضوان اختر	ممبر
3-	جناب شیخ محمد صدیق	ممبر
4-	جناب غلام حیدر	ممبر
5-	جناب عبدالرحیم	ممبر
6-	جناب محمد مسعود علی	ممبر

- (xxi) داخلی کنٹرول سسٹم بشمول مالی اور آپریشنل کنٹرولز، خریداری اور فروخت کی بروقت اور مناسب ریکارڈنگ کے لئے اکاؤنٹنگ سسٹم، رسیدیں اور ادائیگیوں، اثاثے اور واجبات اور رپورٹنگ ڈھانچے مناسب اور موثر ہونے کے بارے میں معلومات
- (xxii) بورڈ آف ڈائریکٹرز اور داخلی آڈٹ رپورٹس کی توثیق سے قبل داخلی کنٹرول سسٹم کے بارے میں کمپنی کے بیان کا جائزہ
- (xxiii) چیف ایگزیکٹو آفیسر کے مشورے سے، بورڈ آف ڈائریکٹرز کے ذریعہ متعین کسی بھی معاملے پر خصوصی منصوبوں، value of money studies یا دیگر کسی بھی معاملہ کی تفتیش کرنا اور بیرونی آڈیٹرز یا کسی بھی بیرونی ادارہ کو کسی بھی معاملے کی تریل پر غور کرنا۔

انویسٹمنٹ کمیٹی

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

- | | | |
|----|-------------------------|---------------------------------|
| 1- | جناب عرفان ذکریا باوانی | چیئرمین (نان ایگزیکٹو ڈائریکٹر) |
| 2- | جناب احمد علی باوانی | ممبر (نان ایگزیکٹو ڈائریکٹر) |
| 3- | محترمہ تنسیم یوسف | ممبر (انڈپنڈنٹ ڈائریکٹر) |
| 4- | محمد پٹیل | ممبر (نان ایگزیکٹو ڈائریکٹر) |
| 5- | جناب اے رزاق احمد | ممبر (ایگزیکٹو ڈائریکٹر) |
| 6- | جناب ہارون اے شکور | (سیکرٹری) |

ہیومن ریسورس وری میونریشن کمیٹی:

کمیٹی چار ممبران بشمول اس کمیٹی کے چیئرمین پر مشتمل ہے

- | | | |
|----|-------------------------|------------------------------|
| 1- | جناب نعیم احمد شفیق | چیئرمین (انڈپنڈنٹ ڈائریکٹر) |
| 2- | جناب عرفان ذکریا باوانی | ممبر (نان ایگزیکٹو ڈائریکٹر) |
| 3- | جناب نور محمد ذکریا | ممبر (نان ایگزیکٹو ڈائریکٹر) |
| 4- | جناب اے رزاق احمد | ممبر (ایگزیکٹو ڈائریکٹر) |

میلنجنٹ کمیٹیاں

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

انڈر رائٹنگ، ری انشورنس اور کو انشورنس کمیٹی

انڈر رائٹنگ کمیٹی کے فرائض میں شامل ہے:

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

ایم ڈی کی کارکردگی کا جائزہ:

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

بورڈ کمیٹی:

بورڈ نے درج ذیل نان ایگزیکٹو ڈائریکٹرز پر مشتمل آڈٹ، انویسٹمنٹ اور ہیومن ریسورس و ری میوزیشن کمیٹیاں تشکیل دی ہیں۔ آڈٹ کمپنی کے ممبران درج ذیل ہیں:

آڈٹ کمیٹی

1-	محترمہ تنہیم یوسف	چیئر پرسن (انڈپنڈنٹ ڈائریکٹر)
2-	جناب عمر باوانی	ممبر (نان-ایگزیکٹو ڈائریکٹر)
3-	جناب عرفان ذکریا باوانی	ممبر (نان-ایگزیکٹو ڈائریکٹر)
4-	جناب محمد سلیم میمن	سیکرٹری

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

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

آئی۔ گزشتہ دس سالوں کے لئے اہم آپریٹنگ اور مالیاتی مواد مختصر شکل میں منسلک ہے۔
 بے۔ 31 دسمبر 2019 کے مطابق پراویڈنٹ فنڈ کی قیادت کے سلسلے میں غیر آڈٹ شدہ اکاؤنٹس پر منحصر سرمایہ کاریوں کی ویلیو 73.335 ملین روپے پر برقرار ہے۔

بورڈ آف ڈائریکٹرز:

30 اپریل 2019 کو تین سال کی مدت کے لئے کوڈائریکٹرز کا انتخاب ہوا۔ بورڈ نو منتخب ڈائریکٹرز کا خیر مقدم کرتا ہے اور امید کرتا ہے کہ کمپنی کو ان کے تجربے سے فائدہ ہوگا۔
 بورڈ سکدوش ہونے والے ڈائریکٹرز جناب عزیز ایوب، جناب زوہیر ذکریا، جناب حمزہ عمر باوانی اور جناب محمد اقبال کا شکریہ ادا کرتا اور ان کی کاوشوں کی تعریف کرتا ہے۔ نو منتخب ڈائریکٹرز ایک لیڈی ڈائریکٹر سمیت تین آزاد ڈائریکٹرز پر مشتمل ہیں۔ بعد ازاں تمام منتخب ڈائریکٹرز کی مجاز اتھارٹی (SECP) نے منظوری دے دی ہے۔

بورڈ کی تشکیل مندرجہ ذیل ہے:	ڈائریکٹرز کی کل تعداد درج کے مطابق 9 ہے
3 - انڈپنڈنٹ ڈائریکٹر	8 - اے۔ مرد
6 - نان ایکزیکیٹیو ڈائریکٹر	1 - بی۔ خواتین
1 - ایکزیکیٹیو ڈائریکٹر	

جناب اے رزاق احمد کمپنی کے چیف ایکزیکیٹیو اور میجنگ ڈائریکٹر ہیں۔ کمپنی کے چیف ایکزیکیٹیو ہونے کی وجہ سے انہیں ڈائریکٹر تصور کیا جاتا ہے
 بورڈ پورے سال کے دوران اپنے فرائض کو انجام دینے میں موثر طور پر مصروف عمل رہا بشمول ان امور کے جو متعلقہ قوانین اور کمپنی کے میمورنڈم اور آرٹیکل آف ایسوسی ایشن کے
 تحت انجام دیئے گئے اور ان سب کا بنیادی مقصد حصص یافتگان کے مفادات کا تحفظ کرنا، کمپنی کے منافع جات میں اضافہ کرنا تھا اور بنیادی ہدف شیئرز ہولڈرز کے اثاثہ جات میں
 اضافہ اور مارکیٹ میں اعتماد کو فروغ دینا تھا۔

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

ڈائریکٹر کا مشاہرہ:

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

چیئرمین و ایم ڈی سی ای او کا کردار:

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

ایم ڈی / سی ای او:

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

ڈیفنڈ ٹیکسیشن

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

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

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

اپنے صارفین کو جانیں (KYC)

کمپنی اپنے کلیدی ملازمین، صارفین، فروخت کنندہ اور ایجنٹ کا دائرہ کار جن کے ساتھ کمپنی معاملات کرتی ہے اس کے ساتھ ساتھ ہم نے اپنا ڈیٹا بیس بھی مرتب کیا ہوا ہے جو نادرا (NADRA) کے Verisys سسٹم تک رسائی کے ذریعہ بروقت تصدیق کر لیا جاتا ہے۔ اس سلسلے میں اسٹیک ہولڈرز کی شناخت کی تصدیق کے لئے نادرا کے ساتھ ایک ویب لنک تشکیل دیا گیا ہے

کارپوریٹ گورننس لیڈرشپ اسکل پروگرام

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

- ۱۔ جناب عرفان ذکریا بادانی
- ۲۔ جناب احمد علی بادانی
- ۳۔ محترمہ تنہیم یوسف

تین ڈائریکٹرز نے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) کے کارپوریٹ گورننس لیڈرشپ اسکل (CGLS) پروگرام کو مکمل کر لیا جبکہ پانچ ڈائریکٹرز کارپوریٹ گورننس 2019 کے تحت اہلیت کے معیار کے مطابق، کمپنیوں کے بورڈ پر 15 سال ڈائریکٹر کے تجربے کے اور 14 سال کی تعلیم رکھتے ہیں۔

کوڈ آف کارپوریٹ گورننس پر عملدرآمد کا اسٹیٹمنٹ:

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

کارپوریٹ اور فنانشل رپورٹنگ کا فریم ورک:

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

۱۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی حسابات شفاف انداز میں امور کار، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں میں واضح کردیئے گئے ہیں

۲۔ کمپنی کے اکاؤنٹس کی کتابیں قواعد و ضوابط کے مطابق تیار کی گئی ہیں

۳۔ مالی تفصیلات اور بہمی تخمینوں کو مرتب کرنے کے لئے مناسب حساب داری پالیسیوں کا تسلسل سے اطلاق کیا جاتا ہے جو کہ مناسب اور محتاط فیصلوں پر منحصر ہیں۔

۴۔ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) جیسا کہ پاکستان میں نافذ العمل ہیں، مالیاتی گوشواروں کی تیاری میں لاگو کئے جاتے ہیں اور مستحکم فیصلوں پر منحصر ہوتی ہیں۔

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

۶۔ 31 دسمبر 2019 کے مطابق کمپنی میں بیٹرن آف شیئرز ہولڈنگ کھاتوں کے ساتھ منسلک ہے۔

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

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

سال کا جائزہ لینے کے لئے ونڈو مکافل آپریشن کے خلاصہ نتائج مندرجہ ذیل ہیں

2018	2019	
	ملین روپے	
100.538	103.512	مجموعی شراکت داری
64.841	65.939	خالص شراکت داری
21.725	26.648	سال کا اضافہ۔ پی ٹی ایف
6.695	5.183	آپریٹنگ فنڈ۔ آمدنی اکاؤنٹ
7.915	11.927	آپریٹنگ کا منافع

انفارمیشن ٹیکنالوجی:

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

iGIAS میں جنرل مکافل کی سروسز کو شامل کیا گیا ہے اور مختصر اور طویل مدتی مکافل کارروائیوں کے لئے برانچ کی سطح پر نافذ العمل ہے۔ اپنے صارفین کو سونفٹ خدمات فراہم کرنے کے لئے کمپنی کی انفارمیشن ٹیکنالوجی کی حکمت عملی مکمل طور پر میں اس کی آپریشنل ضروریات کے ساتھ منسلک کیا گیا ہے

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

کریڈٹ ریٹنگ:

وی آئی ایس کریڈٹ ریٹنگ کمپنی نے ریٹائمنس انشورنس کمپنی لمیٹڈ کی "Single A" پر انشورر فنانشل اسٹریٹیج (IFS) کی دوبارہ تصدیق کر دی ہے۔ اور آؤٹ لک مثبت "Postive Outlook" ہے۔ ریٹنگ میں مستحکم لیکویڈیٹی پروفائل، موزوں و مناسب سرمایہ کارا اشاریے اور ری انشورنس پروگرام سمیت بہتر ہوتی ہوئی انڈر رائٹنگ کارکردگی شامل ہے۔ Swiss Re کی موجودگی کمپنی کے ری۔ انشورنس پینل کو مضبوط بناتی ہے۔

متعلقہ پارٹی ٹرانسکیشنز:

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

لیکویڈیٹی مینجمنٹ

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

آپ کی کمپنی کی سالوینسی 31 دسمبر 2019 تک 469.971 ملین روپے تھی جبکہ قانونی طور پر درکار سالوینسی 150 ملین روپے ہے یعنی کم از کم مطلوبہ سالوینسی سے 319.971 ملین روپے سے زائد ہے

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

منافع منقسمہ کی آمدنی 2019 میں 47.793 ملین روپے تھی جبکہ گزشتہ سال یہ رقم 32.309 ملین روپے تھی اس طرح اس سال 15.484 ملین روپے کے اضافے سے 47.92 فیصد اضافہ ہوا ہے۔ آپ کی کمپنی نے گزشتہ سال کے 1.477 ملین روپے کے مقابلے میں 2.859 ملین روپے کا کمپیٹل گین حاصل کیا اور گزشتہ سال کے 7.942 ملین روپے کے مقابلے میں 31.573 ملین روپے کے لئے غیر تسلیم شدہ نقصان کا اندراج کیا ہے۔ گزشتہ سال کے 46.673 ملین روپے کے مقابلے میں 2019 میں سرمایہ کاری پر نفع 92.725 ملین روپے رہا۔

آپ کی کمپنی پائیدار ذرائع مثلاً شرح سود اور منافع منقسمہ اور کمپیٹل گین سے اسکی سرمایہ کار آمدنی کا ایک بڑا حصہ حاصل کرنے کی کوششوں کو جاری رکھے ہوئے ہے تاکہ مناسب کیش حصول کا ذریعہ پیدا کیا جائے۔ سرمایہ کاری کے پورٹ فولیو کی مارکیٹ ویلیو 31 دسمبر 2019 کو 777.312 ملین روپے بشمول ٹرم ڈپازٹ 30.160 ملین روپے پر برقرار تھی۔ نقد اور بینک ڈپازٹس اکاؤنٹس سرمایہ کاری کی سطح گزشتہ سال کے 144.373 ملین روپے کے مقابلے میں 131.228 ملین روپے رہی

کلیمز:

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

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

ری۔ انشورنس:

آپ کی کمپنی نے سال 2020 کے لئے ری۔ انشورنس انتظامات نہایت معتبر ہیں۔ معروف اور اعلیٰ شہرت یافتہ سوئس ری (Swiss Re) سال 2020 کے آرائی سی ایل کے ری انشورنس پروگرام کے لیزر بننے کا عمل جاری ہے۔ سال 2020 کے لئے کاروبار کے تمام مراحل کے لیے انڈر رائٹنگ کی گنجائش میں مزید اضافہ کر دیا ہے اس طرح آپ کی کمپنی کو بڑے خطرات کو انڈر رائٹ کرنے کی صلاحیت حاصل ہو گئی ہے۔ ہم غیر متزلزل اعتماد اور مستقل سپورٹ و تعاون کے لئے اپنے تمام ری انشوررز کے انتہائی ممنون اور شکر گزار ہیں

ونڈ و تکافل آپریشن:

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

آپ کی کمپنی نے اس سال 103.512 ملین روپے کی تحریری شراکت داری کی ہے جبکہ گزشتہ سال تحریری شراکت داری 100.538 ملین روپے تھی۔ یہ 2.974 ملین روپے کا معمولی اضافہ ظاہر کرتی ہے۔ خالص شراکت داری آمدنی 11.927 ملین روپے رہی جبکہ گزشتہ سال 7.915 ملین روپے تھی۔

ڈائریکٹرز رپورٹ:

آپ کے ڈائریکٹرز ہمسرت 31 دسمبر 2019 کو ختم ہونے والے سال کے لئے سالانہ رپورٹ بشمول آڈٹ شدہ حسابات پیش کر رہے ہیں

سال 2019 کے لئے آپریشنل نتائج:

31 دسمبر 2019 کو ختم ہونے والی مدت کے لئے آپ کی کمپنی کی تقابلی مالی جھلکیاں مندرجہ ذیل ہیں:

2018	2019	
ملین میں	روپے	
979.224	725.912	مجموعی پرییم (ہکافل شراکت سمیت)
348.240	347.797	خالص پرییم
87.174	87.205	خالص حاصل کردہ کلیم (بشمول IBNR)
152.448	154.372	انتظامی اخراجات
48.623	40.821	انڈر رائٹنگ آمدنی
46.672	92.725	سرمایہ کار آمدنی
60.122	96.404	نفع / نقصان قبل از ٹیکس
48.997	71.211	نفع / نقصان بعد از ٹیکس
0.87	1.27	آمدنی فی شیئر (EPS)

آپ کی کمپنی نے 725.912 ملین روپے (بشمول 100.538 ملین روپے ہکافل شراکت داری) کا مجموعی پرییم ظاہر کیا ہے اسکے برخلاف گزشتہ سال کا حجم 979.224 ملین روپے (بشمول 100.538 ملین روپے ہکافل شراکت داری) تھا جس سے 253.312 ملین روپے کی کمی ظاہر ہوتی ہے۔ خالص پرییم بھی 348.240 ملین روپے سے قدرے کم ہو کر 347.797 ملین روپے رہا یعنی 0.443 ملین روپے کم رہا۔ مجموعی پرییم میں کمی کا بنیادی سبب ہمارے سب سے بڑے کلائنٹ کا ایوی ایشن کے کاروبار بند ہونے کی وجہ سے ہے۔

سال کے دوران کلیمز پر 87.205 ملین روپے صرف کئے گئے جبکہ گزشتہ سال 87.174 ملین روپے صرف کئے گئے تھے جو کہ 0.03 ملین روپے کا معمولی اضافہ ہے۔ آپ کی کمپنی کو اپنے بنیادی کاروبار سے 40.821 ملین روپے منافع ہوا ہے، کاروبار کی تمام کلاسز نے منافع میں کردار ادا کیا ہے۔ خالص آمدنی بعد از ٹیکس 71.211 ملین روپے ہے جبکہ گزشتہ سال 48.997 ملین روپے تھی۔ برسوں سے ہم نام نہاد 'بینک حدود' (Bank Limits) کی یکطرفہ اور صوابدیدی فکسنگ کو اجاگر کر رہے ہیں اور کچھ بینکوں، DFI کے مالیاتی اداروں اور مختلف اتھارٹیوں/تنظیموں کا فہرست سازی/نان لسٹنگ/پری کوایفائنگ کرنا مارکیٹ کے تمام شرکا کو یکساں مواقع فراہم نہیں کرتا ہے اس الگ منظر نامے پر صنعت کے وسیع تر مفاد کیلئے متعلقہ حلقوں کے ذریعہ سنجیدگی سے فوراً توجہ دینے کی ضرورت ہے

سرمایہ کاری:

آپ کی کمپنی سرمایہ پالیسی اسی انداز میں جاری ہے اور شریعہ کمپلائنس طویل مدتی سرمایہ کاری کی خطرات سے تحفظ..... بے خطر منافع جات پر ترجیح دی گئی ہے

آر آئی سی ایل کا شیئر ز پورٹ فولیو خوب اچھی طرح پھیلا ہوا اور مختلف شعبوں میں تقسیم شدہ ہے اور بنیادی طور پر منافع بخش (Blue Chip) اسکرپٹس پر توجہ رکھی گئی ہے جو بہترین منافع منقسمہ کے حصول، بونس کی ادائیگیوں اور مستقبل میں ترقی کے امکانات کی حامل ہے۔ پورٹ فولیو سرمایہ کاری کمیٹی کی زیر نگرانی رہتا ہے۔

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 and Code of Corporate Governance for Insurer, 2016

Name of company: RELIANCE INSURANCE COMPANY LIMITED
Year ended: 31st December 2019

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

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

1. The total numbers of Director are nine (9) as per the following:-
 - (a) Male = 08
 - (b) Female = 01
2. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors (the Board). The composition of the Board is as follows:

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

Mr. A. Razak Ahmed is the Chief Executive of the company. Being the Chief Executive of the company is deemed to be a Director.

The independent directors meet the criteria of independence as laid down under the Regulations and the Code.

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

10. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
11. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
12. Five Directors of the Company possess sufficient experience and qualification so they are exempt from attending the Directors' Training Program. Whereas three Directors, namely Mr. Irfan Zakaria Bawany, Mr. Ahmed Ali Bawany and Ms. Tasneem Yusuf have acquired certifications from Pakistan Institute of Corporate Governance in the preceding years. The management of the Company also carries out orientation sessions of the Board during board meetings, as and when required, in order to apprise them of their duties and responsibilities and the new developments and pronouncements of relevant laws and regulations.
13. There was no change of Chief Financial Officer (CFO) and Head of Internal Audit during the year. The Board of Directors has appointed Mr. Ghulam Haider as Company Secretary of the Company during the year 2019. The Board approved their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations and the Code.
14. The Directors' Report for this year has been prepared in compliance with the requirements of the Regulations and the Code and fully describes the salient matters required to be disclosed.
15. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
16. The directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
17. The Company has complied with all the corporate and financial reporting requirements of the Code and the Regulations.
18. The Board has formed the following Management Committees:

Underwriting, Reinsurance & Co-insurance Committee:

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Rizwan Akhtar	Executive Vice President	Member
Mr. Mohammad 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. Haroon A. Shakoor	Chief Financial Officer	Member
Mr. Shaikh Muhammad Siddiq	Dep. Chief Manager Claims	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 Financial Officer	Member
Mr. Ghulam Haider	Company Secretary & Compliance Officer	Member
Mr. Shaikh Muhammad Siddiq	Dy. Chief Manager	Member
Mr. Abdul Rahim	Deputy Chief Manager	Member
Mr. Muhammad Masood Ali	Dy. Chief Manager (IT)	Member

Nomination 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 Financial Officer	Member

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

a) HR and Remuneration Committee:

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

b) Investment Committee

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

c) Audit Committee:

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

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

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

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

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

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

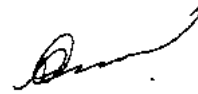
23. The Chief Executive Officer, Chief Financial Officer, Company Secretary and Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance functions / 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 of the Person	Designation
Mr. A. Razak Ahmed	Chief Executive Officer & Managing Director
Mr. Haroon A. Shakoor	Chief Financial Officer
Mr. Ghulam Haider	Company Secretary & Compliance Officer
Mr. Shuja Baig	Head of Internal Audit
Mr. Mohammad Ishaque Azim	Head of Underwriting
Mr. Shaikh Muhammad Siddiq	Head of Claims
Mr. Abdul Rahim	Head of Reinsurance
Mr. Rizwan Akhtar	Head of Risk Management and Grievance Dept.
Mr. Najmullah Khan	Head of Window Takaful Operations

24. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
25. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
26. The Board ensures that the Investment policy of the Company has been drawn up in accordance with the provisions of the Code.
27. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code.
28. The Company has set up a risk management function / department, which carries out its tasks as covered under the Code.
29. The Board ensures that as part of the risk management system, the Company gets itself rated from VIS, which is being used by its risk management function / department and the respective committee as a risk monitoring tool. The rating assigned by the said rating agency on December 31, 2019 is A (single A) with positive outlook.
30. The Board has set up a grievance department/function, which fully complies with the requirements of the Code.
31. The Company has not obtained any exemption(s) from the Securities and Exchange Commission of Pakistan in respect of any requirement of the Code and the Regulations.
32. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
33. We confirm that all other material principles contained in the Code have been complied with.



ISMAIL H. ZAKARIA
Chairman



A. RAZAK AHMED
Chief Executive & Managing Director

Karachi: 22nd April, 2020

Independent Auditors' Report to the Members of Reliance Insurance Company Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) and the Code of Corporate Governance for Insurers, 2016 (the Code) prepared by the Board of Directors of Reliance Insurance Company Limited ('the Company') for the year ended December 31, 2019 in accordance with the requirements of regulation 36 of the Regulations and provision Ixxviii of the Code.

The responsibility for compliance with the Regulations and the Code is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and the Code and report if it does not and to highlight any non-compliance with the requirements of the Regulations and 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 Regulations and the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations and the Code require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. 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.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations and the Code as applicable to the Company for the year ended December 31, 2019.

Karachi: 22nd April, 2020



Kreston Hyder Bhimji & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Mohammad Hanif Razzak

INDEPENDENT AUDITOR'S REPORT

To the members of Reliance Insurance Company Limited Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of the Reliance Insurance Company Limited (the Company), which comprise of the statement of financial position as at December 31, 2019, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017(XIXof2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2019 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 19.1 (c) of the financial statements which discloses a contingent liability relating to an aviation claim reported on November 3, 2015. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Following are the Key audit matters:

S. No	Key Audit Matters	How the matters were addressed in our audit
1	<p>Revenue Recognition and Unearned Premium Reserve</p> <p>Refer notes 3.13, 11 & 20 to the financial statements.</p> <p>Premium written under a policy is recognized as income over the period of insurance or in accordance with the pattern of the incidence of risk. We identified revenue (premium) as a key audit matter because of significant amounts and potential risk of revenue being overstated resulting from the pressure management may feel to achieve premium / performance targets. Further there are also estimates involved in recognition and calculation of revenue over the period of policy as there is risk of error in terms of the calculation of unearned premium reserve due to manual calculations.</p>	<p>Our audit procedures in respect of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> Assessed the appropriateness of the company's revenue recognition policies by comparing them with applicable International Financial Reporting Standards (IFRS), SECP's Insurance Rules 2017 and SECP's Insurance Accounting Regulations, 2017. Obtained an understanding of and testing the designs and operating effectiveness of controls designed to ensure that revenue is recognized in appropriate accounting period and reserve for unearned premium is accurately calculated. Compared, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period and whether premium has been received in case of policies issued on installment basis. Assessed and evaluated the appropriateness of judgments, assumptions and estimates made by

		<p>the management in determining unearned portion of revenue.</p> <ul style="list-style-type: none"> Recalculated reserve of unearned premium and performed analytical procedures to correlate the different audit evidences. <p>Performed test of details to ensure that the policies are genuine and critically assessing manual posting of journal entries to entity's MIS to identify unusual or irregular items.</p>
2	<p>Valuation of Insurance Contract Liabilities / Expense- Claims</p> <p>Refer note 3.9 and 3.16.1</p> <p>The estimation of insurance contract liabilities / claims involves a significant degree of judgment. The liabilities are based on the best-estimate ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs. Number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims are involved in determining the expected costs claims including those incurred but not reported (IBNR). Provision for IBNR Claims is estimated using chain ladder method in accordance with guidelines issued by SECP which also involves various assumptions and judgments. Therefore this area has been identified as key audit matter.</p>	<p>Our audit procedures in this respect, amongst others, included the following;</p> <ul style="list-style-type: none"> Obtaining understanding of the Company's process to record and estimate liabilities and testing the controls designed by the Company. Performed analytical procedures to evaluate the reasonableness of the claims and estimates of liabilities. Performed test of details on sample of selected claims to verify the source documents including surveyor reports and payments made before and subsequent to year end to ensure that claims are recorded completely in proper period. Obtained actuarial valuation of estimate of IBNR and evaluated the reasonableness of the estimate by applying our industry knowledge and experience and comparison of the methodology and assumptions used against guidelines of SECP. Performed procedures for evaluation of the competence, capabilities and objectivity of the

		<p>actuary, obtaining understanding of the work of expert and evaluation of appropriateness of using that expert's work as audit evidence for the relevant assertion.</p> <p>Evaluated whether the liabilities in respect of claims have been adequately disclosed and presented in the financial statements.</p>
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Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises of the information included in the Annual report of the Company, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017(XIXof2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017(XIXof2017), and are in agreement with the books of account.
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and
- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980(XVIIIof1980).

The engagement partner on the audit resulting in this independent auditor's report is **Mohammad Hanif Razzak**.

Place: Karachi

Date: 22nd April, 2020



Kreston Hyder Bhimji & Co.
CHARTERED ACCOUNTANTS

Statement of Financial Position

As at December 31, 2019

	Note	December 31, 2019	December 31, 2018
Rupees			
ASSETS			
Property and equipment	5	83,029,726	92,880,920
Intangible assets	6	-	-
Investment			
Equity securities	7	687,114,861	639,872,879
Debt securities	8	60,036,671	45,104,169
Term deposits	9	30,159,978	26,130,453
		777,311,510	711,107,501
Loan and other receivables	10	3,327,768	2,217,906
Insurance / Reinsurance receivables	11	198,885,699	222,267,199
Reinsurance recoveries against outstanding claims	21	112,413,375	165,480,348
Deferred Commission Expense	22	62,977,589	65,913,719
Deferred taxation	12	-	4,287,468
Prepayments	13	134,819,584	173,198,218
Cash and Bank	14	131,227,604	144,372,805
Total Assets of Window Takaful Operations - Operator's Fund	2	91,493,527	76,927,440
TOTAL ASSETS		1,595,486,382	1,658,653,524
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	15	561,412,850	561,412,850
Reserves	16	250,000,000	250,000,000
Unappropriated profit		113,364,249	42,152,779
Surplus on revaluation of available for sale investment		8,752,130	2,359,153
Total Equity		933,529,229	855,924,782
Liabilities			
Underwriting Provisions			
Outstanding claims including IBNR	21	153,319,708	210,197,626
Unearned premium reserves	20	292,211,950	342,270,710
Unearned reinsurance commission	22	34,581,713	35,596,302
Deferred taxation	12	4,370,718	-
Insurance / Reinsurance Payables	17	122,865,424	114,933,742
Other creditors and accruals	18	23,830,684	72,632,028
Taxation - provision less payments		5,864,217	7,689,859
Total Liabilities of Window Takaful Operations - Operator's Fund	2	24,912,739	19,408,475
Total Liabilities		661,957,153	802,728,742
CONTINGENCIES AND COMMITMENTS	19	-	-
TOTAL EQUITY AND LIABILITIES		1,595,486,382	1,658,653,524

The annexed notes from 1 to 40 form an integral part of these financial statements.



Ismail H. Zakaria
Chairman



Muhammad Omar Bawany
Director



Irfan Zakaria Bawany
Director



Haroon A. Shakoor
Chief Financial Officer



A. Razak Ahmed
Chief Executive &
Managing Director

Karachi 22nd April, 2020

Profit and Loss Account

for the year ended December 31, 2019

	Note	December 31, 2019	December 31, 2018
Rupees			
Net insurance premium	20	347,797,749	348,240,930
Net insurance claims	21	(87,205,105)	(87,174,228)
Net Commission and other acquisition costs	22	(65,399,590)	(59,994,556)
Insurance claims and acquisition expenses		(152,604,695)	(147,168,784)
Management Expenses	23	(154,371,714)	(152,448,471)
Underwriting results		40,821,340	48,623,675
Investment income	24	92,724,807	46,672,881
Other income	25	1,622,219	2,121,529
Other expenses	26	(50,691,171)	(45,211,008)
		43,655,855	3,583,402
Results of operating activities		84,477,195	52,207,077
Profit from takaful operations- Operators' Fund	2	11,926,746	7,914,749
Profit before tax		96,403,941	60,121,826
Income tax expense	27	(25,192,471)	(11,124,699)
Profit after tax		71,211,470	48,997,127
Earnings after tax per share - Rupees	28	1.27	0.87

The annexed notes from 1 to 40 form an integral part of these financial statements.


Ismail H. Zakaria
Chairman


Muhammad Omar Bawany
Director


Irfan Zakaria Bawany
Director


Haroon A. Shakoore
Chief Financial Officer


A. Razak Ahmed
Chief Executive &
Managing Director

Karachi 22nd April, 2020

Statement of Comprehensive Income

for the year ended December 31, 2019

	December 31, 2019	December 31, 2018
	Rupees	
Profit after tax	71,211,470	48,997,127
Other Comprehensive Income		
Surplus on revaluation of available for sale securities	6,261,273	6,372,131
Net loss transferred to profit and loss account on disposal / redemption of available for sale investment	2,192,537	4,014,507
Surplus on revaluation of available for sale securities - window takaful	593,833	826,243
Impact of related deferred taxation including change in tax rate	(2,654,666)	(3,218,970)
Other comprehensive income for the year	6,392,977	7,993,911
Total comprehensive income for the year	77,604,447	56,991,038

The annexed notes from 1 to 40 form an integral part of these financial statements.

Ismail H. Zakaria
Chairman

Muhammad Omar Bawany
Director

Irfan Zakaria Bawany
Director

Haroon A. Shakoor
Chief Financial Officer

A. Razak Ahmed
Chief Executive &
Managing Director

Karachi 22nd April, 2020

Statement of Changes in Equity

for the year ended December 31, 2019

Attributable to equity holders of the Company

	Revenue Reserves			Accumulated loss / Unappropriated profit	Total
	Share capital	General reserves	(Deficit) / Surplus on revaluation of Available for sale investments		
	Rupees				
Balance as at January 1, 2018	561,412,850	250,000,000	(5,634,758)	(6,844,348)	798,933,744
Total comprehensive income for the year ended December 31, 2018	-	-	7,993,911	48,997,127	56,991,038
Balance as at December 31, 2018	561,412,850	250,000,000	2,359,153	42,152,779	855,924,782
Balance as at January 1, 2019	561,412,850	250,000,000	2,359,153	42,152,779	855,924,782
Total comprehensive income for the year ended December 31, 2019	-	-	6,392,977	71,211,470	77,604,447
Balance as at December 31, 2019	561,412,850	250,000,000	8,752,130	113,364,249	933,529,229

The annexed notes from 1 to 40 form an integral part of these financial statements.


Ismail H. Zakaria
Chairman


Muhammad Omar Bawany
Director


Irfan Zakaria Bawany
Director


Haroon A. Shakoor
Chief Financial Officer


A. Razak Ahmed
Chief Executive &
Managing Director

Karachi 22nd April, 2020

Cash Flow Statement

for the year ended December 31, 2019

December 31,
2019

December 31,
2018

— Rupees —

Operating cash flows

a) Underwriting activities

Insurance premium received	645,533,253	862,908,791
Reinsurance premium paid	(277,569,489)	(538,403,883)
Claims paid	(320,477,700)	(207,784,319)
Reinsurance and other recoveries received	229,461,650	123,020,741
Commission paid	(134,360,637)	(139,460,817)
Commission received	70,882,588	74,733,829
Management expenses paid	(154,371,714)	(152,448,471)
Net cash flow from underwriting activities	59,097,951	22,565,871

b) Other operating activities

Income tax paid	(17,555,837)	(22,565,424)
Other operating payments	(86,430,369)	(44,771,163)
Loan repayment received	(68,430)	345,450
Net cash flow from other operating activities	(104,054,636)	(66,991,137)
Total cash flow from all operating activities	(44,956,685)	(44,425,266)

Investment activities

Profit / return received	11,852,696	9,101,583
Dividend received	46,828,550	32,952,713
Payments for investments	(166,794,570)	(59,784,464)
Proceeds from investments	142,138,221	68,572,973
Fixed capital expenditures	(5,997,449)	(37,033,329)
Proceeds from sale of property and equipment	3,784,036	14,853,647
Total cash flow from investing activities	31,811,484	28,663,123

Financing activities

Dividend paid	-	(50,588)
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Net cash flow from all activities

(13,145,201)	(15,812,731)
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Cash and cash equivalent at the beginning of the year	144,372,805	160,185,536
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Cash and cash equivalent at the end of the year

131,227,604	144,372,805
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Cash Flow Statement

for the year ended December 31, 2019

	December 31, 2019	December 31, 2018
	Rupees	
Reconciliation to profit and loss account		
Operating cash flows	(44,956,685)	(44,425,266)
Depreciation expense	(13,686,826)	(12,440,787)
Gain on disposal of property, plant and equipment	1,622,219	2,121,529
Profit on disposal of investments	2,858,707	1,477,404
Dividend income	47,792,797	32,309,177
Other investment income	42,073,303	12,886,300
(Decrease) in assets other than cash	(117,603,085)	(148,715,350)
Decrease in liabilities other than borrowings	150,646,570	192,664,454
Deferred Taxation	(6,003,520)	5,204,917
Profit after tax from Takaful operations - Operators' Fund	8,467,990	7,914,749
Profit after taxation	71,211,470	48,997,127

The annexed notes from 1 to 40 form an integral part of these financial statements.

Ismail H. Zakaria
Chairman

Muhammad Omar Bawany
Director

Irfan Zakaria Bawany
Director

Haroon A. Shakoor
Chief Financial Officer

A. Razak Ahmed
Chief Executive &
Managing Director

Karachi 22nd April, 2020

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Statement of compliance

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

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

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

In terms of requirements of Takaful Rules, 2012, read with SECP Circular 25 of 2015 dated July 9, 2015, the assets, liabilities and profit or loss of Operator Fund of General Takaful Operations of the Company have been presented as a single line item in the statement of financial position 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.

2.1 Basis of measurement

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

2.2 Functional and presentation currency

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

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

There are new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or do not have any significant effect on the Company's operations hence not enlisted in these financial statements except as follows;

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

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Company has adopted the temporary exemption which allows the Company to defer the application of IFRS 9 until December 31, 2021. For the companies adopting the temporary exemption, the IFRS 4 requires certain disclosures which have been disclosed as follows:

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

Temporary exemption from application of IFRS 9

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

Fair value of financial assets as at December 31, 2019 and change in fair value during the year

	31-Dec-19	31-Dec-18	Change during the year
	Rupees		
Financial assets with contractual cash flows that meet the SPPI criteria excluding those held for trading			
Debt securities - GoP Ijara Sukuk Bonds - Held to maturity	59,364,000	59,198,000	166,000
Financial assets that do not meet the SPPI criteria			
Equity Securities / Mutual Funds - Available for sale	336,814,368	312,103,106	24,711,262
Equity Securities / Mutual Funds - Held for trading	350,300,493	333,401,886	16,898,607

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

- 2.3.2 IFRS 16 'leases' (effective annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating leases-Incentive and SIC-27 'Evaluating the Substance of Transactions Involving the legal Form of a lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term lease and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company's leases are cancellable at option of both the Company and the lessor and are of less than one year therefore the application of this standard do not have material impact.

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

The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations;

		Effective for the period beginning on or after
IAS-1	Presentation of Financial Statements (amendments)	January 01, 2020
IAS-8	"Accounting policies, change in accounting estimates and errors (amendments)"	January 01, 2020
IFRS-3	Business Combinations (amendments)	January 01, 2020

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Companies' accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

2.5 New Standards issued by IASB but not yet notified by SECP

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

International Financial Reporting Standards (IFRSs)

	IASB effective date annual periods beginning on or after
IFRS -1 - First time adoption of IFRS	January 01, 2004
IFRS -14 - Regulatory Deferral Accounts	January 01, 2016
IFRS -17 - Insurance Contracts	January 01, 2021

The Company expects that these standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application except for IFRS - 17 "Insurance contracts".

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and Equipment

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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

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

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

3.2 Intangible

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

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

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

3.3 Capital work-in-progress

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

3.4 Insurance contracts

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

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

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

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

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

3.5 Deferred Commission expense / Acquisition cost

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

3.6 Unearned premium

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

3.7 Premium deficiency

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

The Company is required to maintain a provision in respect of premium deficiency for the individual class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the statement of financial position date in respect of the unexpired policies in that class of business at the statement of financial position date. The movement in the premium deficiency reserve is recognised as an expense in the profit and loss account. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims.

The management considers that the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the statement of financial position date in respect of policies in those classes of business in force at the statement of financial position date. Hence, no reserve for the same has been made in these financial statements.

3.8 Reinsurance contracts held

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired. The Company assesses its reinsurance assets for impairment on statement of financial position date. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the profit and loss account. In addition, the Company also monitors the financial ratings of its reinsurers on each reporting date.

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

3.9 Receivables and payables related to insurance contracts

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

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

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

3.9.1 Insurance / Reinsurance receivable

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

3.9.2 Reinsurance recoveries against outstanding claims

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

3.10 Segment reporting

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

The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017. The reported segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

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

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

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

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

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

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

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

3.11 Financial instrumentst

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

3.12 Cash and cash equivalents

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

3.13 Revenue recognition

a. Premiums

Premium written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

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

b. Commission income

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

c. Investment income

Gains and losses on sale of investments are taken to the profit and loss account for the year at the time of disposal / sale. Income on bank deposits 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.

d. Dividend income

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

3.14 Investments

3.14.1 Initial Recognition

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

These are recognized and classified as follows:

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

3.14.2 Subsequent Measurement

3.14.2.1 In equity securities

a) Available for sale

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

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

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

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

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

3.14.2.2 In debt securities

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

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

3.14.2.3 In term deposits

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

3.15 Offsetting of financial assets and liabilities

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

3.16 Provisions

3.16.1 Claims expense

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

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

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

3.16.2 Outstanding claims including incurred but not reported (IBNR)

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

3.16.3 Claims reported but not settled

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

3.16.4 Claims incurred but not reported

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

3.17 Taxation

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

Current

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

Deferred

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

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

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

3.18 Staff retirement benefits

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

3.19 Impairment of assets

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

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

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

3.20 Dividend distribution

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

3.21 Management expenses

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

3.22 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and / or services received. Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimates.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

3.23 Related party transactions and transfer pricing

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

3.24 Bonus shares and reserves appropriation

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

3.25 Foreign currency translations

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

3.26 Earnings per share

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on periodic basis. Revisions to accounting estimates are recognized in the period in which the revision has been made.

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

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

5. Property and Equipment

	Note	2019 Rupees	2018 Rupees
Operating assets	5.1	83,029,726	92,880,920
		83,029,726	92,880,920

5.1 Operating Assets

2019										
Cost				Accumulated Depreciation				Book value		Depreciation Rate %
As at 1 January 2019	Additions	Disposals	As at 31 December 2019	As at 1 January 2019	Charge for the year	Disposals	As at 31 December 2019	As at 31 December 2019		
Rupees										
Land and Buildings (5.1.1)	30,218,901	-	-	30,218,901	23,500,732	671,817	-	24,172,549	6,046,352	10
Furniture and fixtures	13,439,352	452,500	-	13,891,852	10,743,134	444,984	-	11,188,118	2,703,734	15
Office equipments	15,202,638	729,005	-	15,931,643	11,894,975	538,743	-	12,433,718	3,497,925	15
Computer equipments	6,979,467	187,000	-	7,166,467	6,674,809	124,129	-	6,798,938	367,529	30
Motor Vehicles	137,625,105	4,628,944	(6,826,612)	135,427,437	57,770,893	11,907,153	(4,664,795)	65,013,251	70,414,186	15
	203,465,463	5,997,449	(6,826,612)	202,636,300	110,584,543	13,686,826	(4,664,795)	119,606,574	83,029,726	

2018										
Cost				Accumulated Depreciation				Book value		Depreciation Rate %
As at 1 January 2018	Additions	Disposals	As at 31 December 2018	As at 1 January 2018	Charge for the year	Disposals	As at 31 December 2018	As at 31 December 2018		
Rupees										
Land and Buildings	30,218,901	-	-	30,218,901	22,754,269	746,463	-	23,500,732	6,718,169	10
Furniture and fixtures	13,439,352	-	-	13,439,352	10,267,328	475,806	-	10,743,134	2,696,218	15
Office equipments	14,808,044	394,594	-	15,202,638	11,337,610	557,365	-	11,894,975	3,307,663	15
Computer equipments	6,979,467	-	-	6,979,467	6,544,215	130,594	-	6,674,809	304,658	30
Motor Vehicles	123,546,406	36,638,735	(22,560,036)	137,625,105	57,068,252	10,530,559	(9,827,918)	57,770,893	79,854,212	15
	188,992,170	37,033,329	(22,560,036)	203,465,463	107,971,674	12,440,787	(9,827,918)	110,584,543	92,880,920	

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

5.1.2 Disposal of fixed assets

	Cost	Accumulated Depreciation	Written down value	Sale proceeds	Net gain/ (loss)	Mode of disposals	Sold to	Address
	Rupees							
Vehicles								
Suzuki Mehran LRN-6999	393,000	370,104	22,896	200,000	177,104	Negotiation	Mrs. Tooba	H.No.15 St. Khanna, Sham Nagar, Chawborji, Lahore
Santro LEE-1234	699,000	595,675	103,325	150,000	46,675	Negotiation	Mr. Mirza Rizwan Baig	H.No. P-67, B Nasrullah Tow, Aisha Masjid, Faisalabad
Santro LEA-2234	783,240	599,161	184,079	265,000	80,921	Negotiation	Mr. Mirza Ahmed Ali	H.No.P-65, Nasrullah Town, Saeed Colony 2, Faisalabad
Honda City LEB-1838	1,566,720	576,259	990,461	1,675,000	684,539	Negotiation	Mr. Habibur Rehman	H. No.459, Gali No.3, Mohammad Bibi Colony, Faisalabad
Honda City LEA-5090	1,422,690	1,012,217	410,473	550,000	139,527	Negotiation	Mr. Umer Fareed	H. No. P.251, St. 25, Block B, Ali housing colony, Faisalabad.
Honda Civic HU-279	862,720	788,802	73,918	200,000	126,082	Negotiation	Mr. Sajid Ali Goraya	H. No. 687, Garibabad, Block-6, Jahania, Khanewal
Suzuki Alto LEC-5303	753,358	526,944	226,414	580,000	353,586	Negotiation	Mian Faisal Azmat	H. No.5, Block-G, Canal Burg Housing Society, Lahore
Suzuki Bike KIW-8353	128,500	47,265	81,235	80,000	(1,235)	Negotiation	Mr. Muhammad Javed	Flat No.29, Karachi Centre, Block 17-A, PIB Colony, Karachi
Items having book value less than Rs. 50,000								
Motor cycle	217,384	148,368	69,016	72,000	2,984	Negotiation		
Total - 2019	6,826,612	4,664,795	2,161,817	3,772,000	1,610,183			
Total - 2018	22,560,036	9,827,918	12,732,118	14,738,000	2,005,882			

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

6. INTANGIBLE ASSETS

	2019										
	Cost				Accumulated Depreciation				Written down value		Amortization period
	As at 1 January 2019	Additions	Disposals	As at 31 December 2019	As at 1 January 2019	Charge for the year	Disposals	As at 31 December 2019	As at 31 December 2019		
Rupees											
Computer software	3,477,823	-	-	3,477,823	3,477,823	-	-	3,477,823	-	3 years	

	2018										
	Cost				Accumulated Depreciation				Written down value		Amortization period
	As at 1 January 2018	Additions	Disposals	As at 31 December 2018	As at 1 January 2018	Charge for the year	Disposals	As at 31 December 2018	As at 31 December 2018		
Rupees											
Computer software	3,477,823	-	-	3,477,823	3,477,823	-	-	3,477,823	-	3 years	

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

	Note	2019	2018
Rupees			
7. INVESTMENT IN EQUITY SECURITIES			
Available for sale (AFS)			
Related parties	7.1	6,369,109	7,388,140
Other listed shares	7.2	74,278,663	71,092,792
Mutual funds	7.3	256,166,596	243,078,486
		336,814,368	321,559,418
Investments at fair value through profit or loss - held for trading			
Quoted shares	7.4	350,300,493	318,313,461
		687,114,861	639,872,879

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

2019				2018			
Cost	Impairment / Provision	Revaluation Surplus / (Deficit)	Carrying Value	Cost	Impairment / Provision	Revaluation Surplus / (Deficit)	Carrying Value
Rupees				Rupees			

7.1 Related parties*

First Al Noor Modaraba Ltd.	5,212,200	(3,648,540)	-	1,563,660	5,212,200	(3,648,540)	-	1,563,660
B. F Modaraba Ltd.	512,566	-	42,909	555,475	512,566	-	505,805	1,018,371
Faran Sugar Mills Ltd	369,220	-	1,022,134	1,391,354	369,220	-	1,131,742	1,500,962
Shahmurad Sugar Mills Ltd	464,162	-	2,394,458	2,858,620	464,162	-	2,840,985	3,305,147
	<u>6,558,148</u>	<u>(3,648,540)</u>	<u>3,459,501</u>	<u>6,369,109</u>	<u>6,558,148</u>	<u>(3,648,540)</u>	<u>4,478,532</u>	<u>7,388,140</u>

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

7.2 Other listed shares

Nimir Industrial Chemical Ltd.	391,008	-	607,192	998,200	391,008	-	711,317	1,102,325
Fauji Fertilizer Company Ltd.	43,852,609	-	(3,690,783)	40,161,826	43,852,609	-	(7,102,579)	36,750,030
Nishat Chunian Power Ltd.	9,829,760	(6,229,760)	-	3,600,000	9,829,760	(5,423,510)	-	4,406,250
Pakistan Oilfield Ltd.	5,149,600	-	2,891,360	8,040,960	5,149,600	-	2,497,160	7,646,760
Pakistan Petroleum Ltd.	7,686,200	-	1,776,460	9,462,660	7,686,200	-	919,250	8,605,450
Fauji Cement Ltd.	675,580	(364,380)	-	311,200	675,580	(256,980)	-	418,600
Thatta Cement Company Ltd.	3,375,000	(2,353,500)	-	1,021,500	3,375,000	(2,178,000)	-	1,197,000
Meezan Bank Ltd.	194,100	-	151,222	345,322	194,100	-	110,787	304,887
Engro Fertilizer Company Ltd.	3,431,000	-	240,500	3,671,500	3,431,000	-	21,500	3,452,500
Nishat Power Ltd.	1,825,250	(1,021,375)	-	803,875	1,825,250	(1,025,800)	-	799,450
D.G. Khan Cement Ltd.	5,151,570	(2,774,930)	-	2,376,640	5,151,570	(2,586,770)	-	2,564,800
Indus Motor Co. Ltd.	4,235,500	-	(750,520)	3,484,980	4,235,500	-	(576,460)	3,659,040
Engro Polymer & Chemicals Ltd.	-	-	-	-	170,500	-	15,200	185,700
	<u>85,797,177</u>	<u>(12,743,945)</u>	<u>1,225,431</u>	<u>74,278,663</u>	<u>85,967,677</u>	<u>(11,471,060)</u>	<u>(3,403,825)</u>	<u>71,092,792</u>

7.3 Other mutual funds

Meezan Balance Fund	-	-	-	-	6,215,041	-	(470,556)	5,744,485
Meezan Cash Fund	22,958,495	-	1,319,796	24,278,291	10,000,000	-	9,306	10,009,306
Meezan Islamic Fund	-	-	-	-	3,251,529	-	(909,390)	2,342,139
Meezan Islamic Income Fund	38,524,582	-	1,332,011	39,856,593	35,181,961	-	1,177,037	36,358,998
HBL Investment Fund A	186,940	(64,912)	-	122,028	186,940	-	(36,339)	150,601
HBL Investment Fund B	165,249	-	130,893	296,142	165,249	-	91,308	256,557
HBL Islamic Money Market Fund	32,466,887	-	353,966	32,820,853	15,000,000	-	12,058	15,012,058
Al Hamra MCB Islamic Income Fund	57,629,051	-	3,895,537	61,524,587	106,396,253	-	2,917,879	109,314,132
NBP Islamic Sarmaya Izafa Fund	10,763,848	-	(532,851)	10,230,997	10,763,848	-	(1,516,902)	9,246,946
Al-Ameen Islamic Agg. Income Fund	-	-	-	-	25,742,946	-	650,759	26,393,705
Al-Ameen Islamic Cash Fund	66,497,585	-	286,911	66,784,496	20,042,253	-	-	20,042,253
Askari Islamic Income Fund	-	-	-	-	7,937,178	-	270,128	8,207,306
ABL Islamic Income Fund	20,000,000	-	252,609	20,252,609	-	-	-	-
	<u>249,192,637</u>	<u>(64,912)</u>	<u>7,038,872</u>	<u>256,166,596</u>	<u>240,883,198</u>	<u>-</u>	<u>2,195,288</u>	<u>243,078,486</u>
Total AFS investments	<u>341,547,962</u>	<u>(16,457,397)</u>	<u>11,723,804</u>	<u>336,814,368</u>	<u>333,409,023</u>	<u>(15,119,600)</u>	<u>3,269,995</u>	<u>321,559,418</u>

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

2019				2018			
Cost	Impairment / Provision	Revaluation Surplus / (Deficit)	Carrying Value	Cost	Impairment / Provision	Revaluation Surplus / (Deficit)	Carrying Value

Rupees

Rupees

7.4 Fair value through profit & loss - held for trading

Orix Modaraba.	802,591	-	(22,798)	779,793	930,540	-	(127,949)	802,591
Meezan Bank Ltd.	26,228,412	-	3,478,404	29,706,816	17,317,168	-	8,911,244	26,228,412
Cyan Ltd.	845,961	-	(163,734)	682,227	726,842	-	119,119	845,961
Lucky Cement Ltd.	652,005	-	(9,405)	642,600	679,395	-	(27,390)	652,005
Hub Power Company Ltd.	26,036,415	-	3,630,122	29,666,537	25,798,500	-	(1,477,035)	24,321,465
National Refinery Ltd.	685,872	-	(347,280)	338,592	1,034,088	-	(348,216)	685,872
Oil & Gas Development Co. Ltd.	3,209,728	-	359,088	3,568,816	4,082,122	-	(872,394)	3,209,728
Pakistan Oilfield Ltd.	18,260,888	-	941,371	19,202,259	21,286,987	-	(3,026,099)	18,260,888
Pakistan State Oil Co. Ltd.	11,839,809	-	238,302	12,078,111	12,829,055	-	(989,246)	11,839,809
Pakistan Petroleum Ltd.	22,645,504	-	2,255,692	24,901,196	27,093,020	-	(4,447,516)	22,645,504
Sui Northern Gas Co. Ltd.	983,876	-	(11,490)	972,386	1,207,791	-	(223,915)	983,876
Sui Southern Gas Co. Ltd.	393,000	-	(26,880)	366,120	518,726	-	(125,726)	393,000
Nishat Power Ltd.	2,710,000	-	15,000	2,725,000	3,400,000	-	(690,000)	2,710,000
Kot Addu Power Company.	6,193,750	-	(2,252,500)	3,941,250	6,737,500	-	(543,750)	6,193,750
Pakistan Telecommunication Co. Ltd.	480,500	-	(12,500)	468,000	652,500	-	(172,000)	480,500
Engro Corporation Ltd.	14,361,014	-	4,375,704	18,736,718	13,555,341	-	805,673	14,361,014
Engro Fertilizer Ltd.	8,880,424	-	513,696	9,394,120	8,393,793	-	(285,044)	8,108,749
Fauji Fertilizer Co. Ltd.	90,147,137	-	8,369,071	98,516,208	77,993,758	-	13,546,129	91,539,887
Fauji Fertilizer Bin Qasim Ltd.	10,029,916	-	(4,776,791)	5,253,125	9,564,347	-	465,569	10,029,916
Fatima Fertilizer Co. Ltd.	6,856,360	-	(1,857,440)	4,998,920	5,805,440	-	1,050,920	6,856,360
Highnoon Laboratories Ltd.	28,455,849	-	19,917,430	48,373,279	33,548,034	-	(2,974,650)	30,573,384
ICI Pakistan Ltd.	21,177,110	-	(3,186,284)	17,990,826	20,472,779	-	704,331	21,177,110
Akzo Nobel Pakistan Ltd.	3,762,500	-	2,814,598	6,577,098	5,147,406	-	(1,384,906)	3,762,500
Wah Noble Chemical Ltd.	350,000	-	(137,000)	213,000	188,300	-	161,700	350,000
Cherat Packaging Ltd.	11,301,180	-	(2,495,684)	8,805,496	11,407,675	-	(106,495)	11,301,180
Lottee Chemical Pakistan.	1,437,750	-	(35,750)	1,402,000				
Total Held for Trading	318,727,551	-	31,572,942	350,300,493	310,371,107	-	7,942,354	318,313,461
Grand Total	660,275,513	(16,457,397)	43,296,746	687,114,861	643,780,130	(15,119,600)	11,212,349	639,872,879

Note

2019

2018

Rupees

8. INVESTMENT IN DEBT SECURITIES

Held to maturity
GOP Ijara Sukuk Bonds

8.1 & 8.2 60,036,671 45,104,169

8.1 These carry profit at the rate of 5.24% per annum (December 31, 2018: 5.24% per annum) due on maturity.

8.2 Government of Pakistan Ijara Sukuk Bonds (GOPI) having face value amounted to Rs.60 million and market value amounted to Rs.59.364 million (December 31, 2018: Rs.45 million and market value amounted to Rs.44.195 million) are placed with State Bank of Pakistan as deposit under Section 29 of Insurance Ordinance, 2000.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

	Note	2019	2018
		Rupees	
9. INVESTMENT IN TERM DEPOSIT			
Deposit maturing within 12 months	9.1 & 9.2	<u>30,159,978</u>	<u>26,130,453</u>
<p>9.1 These carry profit at the rate of 11% to 13% per annum (December 31, 2018: 5.30% to 9.50% per annum) payable on maturity.</p> <p>9.2 These deposits include an advantage account amounting to Rs.11.10 million (2018: Rs.11.10 million) which is pledged against the running finance facility. The facility carry markup at rates of 2% over from the profit rate to be paid on the advantage account and 3 months KIBOR plus 175 bps. Total sanctioned limit of the facilities amounts to Rs.10.00 million (2018 Rs.10.00 million).</p>			
10. LOANS AND OTHER RECEIVABLES			
Considered good			
Loan to employees		1,059,180	990,750
Deposits		591,441	499,719
Accrued investment income		1,677,147	727,437
		<u>3,327,768</u>	<u>2,217,906</u>
11. INSURANCE / REINSURANCE RECEIVABLE			
Unsecured			
Due from insurance contract holders			
Considered good		198,185,522	221,317,973
Considered doubtful		12,361,742	11,411,742
		<u>210,547,264</u>	<u>232,729,715</u>
Less: Allowance for impairment against doubtful of receivables from insurance contract holders		(12,361,742)	(11,411,742)
		<u>198,185,522</u>	<u>221,317,973</u>
Due from other insurers / reinsurers - considered good		700,177	949,226
		<u>198,885,699</u>	<u>222,267,199</u>
12. DEFERRED TAXATION			
Deferred tax credits / (debits) arising in respect of:			
Provision for impairment of doubtful receivables from insurance contract holders		3,584,905	3,195,288
Unrealized (gain) on held for trading investments		(9,156,153)	(2,223,859)
Impairment loss on available for sale investments		4,772,645	4,233,488
Surplus on revaluation of available for sale securities		(3,572,115)	(917,449)
		<u>(4,370,718)</u>	<u>4,287,468</u>

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

	Note	2019	2018
		Rupees	
12.1 Reconciliation of deferred tax			
Opening provision		4,287,468	2,301,521
(Debit) / Credit to profit and loss account		(6,003,520)	5,204,917
(Debit) to other comprehensive income		(2,654,666)	(3,218,970)
Closing balance		<u>(4,370,718)</u>	<u>4,287,468</u>
13. PREPAYMENTS			
Prepaid reinsurance premium ceded	20	132,009,972	170,921,565
Prepaid Rent		490,025	570,102
Prepaid miscellaneous expenses		1,901,587	1,288,551
Others		418,000	418,000
		<u>134,819,584</u>	<u>173,198,218</u>
14. CASH AND BANK BALANCES			
Cash and cash equivalent			
Revenue stamps, Bond papers		187,500	330,471
Cash at bank			
Current accounts		44,419,237	71,592,042
Saving accounts	14.1	86,620,867	47,450,292
Cash deposited with State Bank of Pakistan	14.2	-	25,000,000
		<u>131,040,104</u>	<u>144,042,334</u>
		<u>131,227,604</u>	<u>144,372,805</u>
14.1 These accounts carry profit at rates ranging between 9% to 12% (2018: 5% to 9.50%) per annum.			
14.2 This represents cash deposit of Rs. 25 million with State Bank of Pakistan under Section 29 of Insurance Ordinance, 2000 (2018).			
Cash and cash equivalent for the purpose of statement of cash flows:			
Cash and cash equivalents		<u>131,227,604</u>	<u>144,372,805</u>
15. SHARE CAPITAL			
15.1 Authorized Capital			
		2019	2018
		(Number of shares)	
		<u>75,000,000</u>	<u>75,000,000</u>
		75,000,000	75,000,000
		Ordinary shares of Rs.10 each	Ordinary shares of Rs.10 each
15.2 Issued, subscribed and paid-up share capital			
		(Number of shares)	
		1,156,680	1,156,680
		1,156,680	1,156,680
		Ordinary shares of Rs. 10 each allotted for consideration paid in cash	Ordinary shares of Rs. 10 each allotted for consideration paid in cash
		54,984,605	54,984,605
		54,984,605	54,984,605
		Ordinary shares of Rs.10 each allotted as fully paid bonus shares	Ordinary shares of Rs.10 each allotted as fully paid bonus shares
		<u>56,141,285</u>	<u>56,141,285</u>
		56,141,285	56,141,285
		<u>561,412,850</u>	<u>561,412,850</u>
		561,412,850	561,412,850

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

	2019	2018
	Rupees	
16. RESERVES		
Revenue reserves		
General reserve	<u>250,000,000</u>	<u>250,000,000</u>
17. INSURANCE / REINSURANCE PAYABLES		
Due to other insurers / reinsurers	<u>122,865,424</u>	<u>114,933,742</u>
18. OTHER CREDITORS AND ACCRUALS		
Accrued expenses	<u>2,975,606</u>	4,457,612
Unpaid and unclaimed dividend	<u>2,170,665</u>	2,170,665
Other creditors	<u>18,684,413</u>	66,003,751
	<u>23,830,684</u>	<u>72,632,028</u>

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

- a. In the year 2016, the Commissioner of Inland Revenue (FBR) had issued show cause notices and then passed orders under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) related to preceding tax years, by initializing 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. In the year 2016, the Commissioner Inland Revenue (Appeals) has annulled all the assessments under section 122(5A) in which dividend was taxed at normal corporate tax 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. The Assistant Commissioner (AC) Sindh Revenue Board has passed an order for assessment under section 23(1) and (1A) of the Sindh Sales Tax on Services Act, 2011 (the Act) in respect of audit for the tax year December 2016 levied Sindh Sales tax at RS 110 Million on exempt marine activities and re-insurance under foreign treaties. The company have filed an appeal before the Commissioner-Appeals –SRB and in view of the tax advisor contesting the matter no eventual financial impact is likely to arise.
- c. 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 million would arise. The impact on the Company's net account would be Rs.2.5 million and the rest would be recoverable under fronting arrangements as per agreed terms.

19.2 Commitments

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

	2019	2018
	Rupees	
Not more than one year	<u>2,502,561</u>	-

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

Note	2019	2018
	Rupees	
20. NET INSURANCE PREMIUM		
Written Gross Premium	622,400,802	878,686,380
Add: Unearned premium reserve opening	342,270,710	494,450,943
Less: Unearned premium reserve closing	(292,211,950)	(342,270,710)
Premium earned	672,459,562	1,030,866,613
Less: Reinsurance premium ceded	285,750,220	516,008,292
Add: Prepaid reinsurance premium opening	170,921,565	337,538,956
Less: Prepaid reinsurance premium closing	(132,009,972)	(170,921,565)
Reinsurance expense	324,661,813	682,625,683
	347,797,749	348,240,930
21. NET INSURANCE CLAIMS		
Claim Paid	320,477,700	207,784,319
Add: Outstanding claims including IBNR closing	153,319,708	210,197,626
Less: Outstanding claims including IBNR opening	(210,197,626)	(209,590,488)
Claims expense	263,599,782	208,391,457
Less: Reinsurance and other recoveries received	229,461,650	123,020,741
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment (if any) closing	112,413,375	165,480,348
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment (if any) opening	(165,480,348)	(167,283,860)
Reinsurance and other recoveries revenue	176,394,677	121,217,229
Net claims expenses	87,205,105	87,174,228

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

21.1 Claim development

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

Analysis on gross tables

Accident year

2015	2016	2017	2018	2019	Total
------	------	------	------	------	-------

(Rupees in 000)

Estimate of ultimate claims cost:

At the end of accident year	160,850	69,760	72,081	99,218	88,450	490,359
One year later	27,210	11,100	13,942	15,730	-	67,982
Two years later	19,941	7,547	7,498	-	-	34,986
Three years later	16,227	3,487	-	-	-	19,714
Four years later	4,995	-	-	-	-	4,995
Current estimate of cumulative claims	7,695	10,992	18,144	118,785	285,012	440,628
Cumulative payment to date	(2,700)	(7,505)	(10,655)	(103,055)	(196,562)	(320,477)
	<u>4,995</u>	<u>3,487</u>	<u>7,489</u>	<u>15,730</u>	<u>88,450</u>	

Liability in respect of prior years 33,168

Total liability recognised in the statement of financial position 33,168

22. NET COMMISSION EXPENSE / ACQUISITION COST

	2019	2018
	Rupees	
Commission paid or payable	134,360,637	139,460,817
Add: Deferred commission expense opening	65,913,719	60,932,042
Less: Deferred commission expense closing	(62,977,589)	(65,913,719)
Net Commission	137,296,767	134,479,140
Less: Commission received or recoverable	70,882,588	74,733,829
Add: Unearned Reinsurance Commission opening	35,596,302	35,347,057
Less: Unearned Reinsurance Commission closing	(34,581,713)	(35,596,302)
Commission from reinsurers	71,897,177	74,484,584
	<u>65,399,590</u>	<u>59,994,556</u>

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

	Note	2019	2018
		Rupees	
23. MANAGEMENT EXPENSES			
Employee benefit cost	23.1	88,895,938	82,592,999
Travelling expenses		625,888	1,000,961
Advertisements & sales promotion		966,050	988,875
Printing and stationery		3,507,341	3,886,316
Depreciation		9,580,778	8,708,551
Rent, rates and taxes		5,588,698	5,552,649
Electricity, gas and water		5,010,261	4,788,426
Entertainment		3,355,785	4,444,120
Vehicle running expenses		19,247,469	21,078,368
Office repairs and maintenance		4,473,836	4,155,627
Bank charges		786,104	894,507
Postages, telegrams and telephone		3,787,220	3,578,917
Annual Supervision fee SECP		2,310,804	2,452,432
Other		6,235,542	8,325,723
		154,371,714	152,448,471
23.1 Employee benefit cost			
Salaries, allowance and other benefits		85,588,154	79,593,545
Charges for post employment benefit (contribution to employee's provident fund)		3,307,784	2,999,454
		88,895,938	82,592,999
24. INVESTMENT INCOME			
Income from equity securities			
Dividend income			
Available for sale investments		25,424,495	12,173,049
Held for trading investments		22,368,302	20,136,128
		47,792,797	32,309,177
Income from debt securities - Held to maturity			
Return on debt securities		3,017,513	3,720,631
Income from deposits			
Return on term deposits and PLS accounts		8,835,183	5,380,950
		59,645,493	41,410,758
Net realised gains/(losses) on investments			
Realised gains on - Equity securities and mutual funds			
Available for sale investments		3,612,055	1,150,351
Held for trading investments		1,521,241	4,341,560
		5,133,296	5,491,911
Realised loss on - Equity securities and mutual funds			
Available for sale investments		(2,274,589)	(4,014,507)
Held for trading investments		-	-
		(2,274,589)	(4,014,507)
		2,858,707	1,477,404
Net unrealised gains on investments at fair value through profit or loss (Held for trading purposes)		31,572,941	7,942,352
Total investment income		94,077,141	50,830,514
Less: Impairment in value of available for sale securities			
Equity Securities		(1,337,797)	(4,129,545)
Investment related expenses		(14,537)	(28,088)
Net investment income		92,724,807	46,672,881

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

	Note	2019	2018
		Rupees	
25. OTHER INCOME			
Gain on sale of property & equipment	5.1.2	<u>1,622,219</u>	<u>2,121,529</u>
26. OTHER EXPENSES			
Employee benefit cost		38,098,259	35,396,999
Legal and professional charges		1,893,000	241,500
Auditors' remuneration	26.1	902,600	972,000
Subscription		3,994,215	4,096,076
Donations	26.2	-	56,550
Depreciation		4,106,048	3,732,236
Provision for doubtful premium due but unpaid		950,000	-
Loss on disposal of property & equipment	5.1.2	12,036	115,647
Others		735,013	600,000
		<u>50,691,171</u>	<u>45,211,008</u>
26.1 Auditors' remuneration			
Audit fee		450,000	425,000
Interim review		100,000	100,000
Special certifications and sundry advisory service		295,000	375,000
Sindh sales tax on services		57,600	72,000
		<u>902,600</u>	<u>972,000</u>
26.2	None of the directors, sponsor shareholders, key management personnel and their spouses had any interest in the Donee.		
27. INCOME TAX EXPENSE			
For the year			
Current		19,188,951	16,329,616
Deferred		6,003,520	(5,204,917)
		<u>25,192,471</u>	<u>11,124,699</u>
27.1 Relationship between tax expense and accounting profit			
Profit/(loss) before taxation		<u>96,403,941</u>	<u>60,121,826</u>
Tax at enacted rate of 29% (2018: 29%)		27,957,143	17,435,330
Effect of items not allowed for tax purposes		(2,764,672)	(6,310,631)
		<u>25,192,471</u>	<u>11,124,699</u>

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

	2019	2018
	Rupees	
28. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after tax	<u>71,211,470</u>	<u>48,997,127</u>
	(Number of Shares)	
Weighted average number of Ordinary shares of Rs. 10 each	<u>56,141,285</u>	<u>56,141,285</u>
Earning per share basic and diluted - Rupees	<u>1.27</u>	<u>0.87</u>

No figures for diluted earnings per share has been presented as the Company has not issued any instrument which would have dilutive effect on earnings per share when exercised.

29. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	Rupees							
Meeting Fees	-	-	725,000	600,000	-	-	725,000	600,000
Managerial remuneration	9,912,000	7,716,000	-	-	7,543,500	6,807,600	17,455,500	14,523,600
Bonus	1,929,000	1,929,000	-	-	1,760,550	1,622,550	3,689,550	3,551,550
House rent allowance	4,460,400	3,472,200	-	-	3,392,400	3,070,800	7,852,800	6,543,000
Others	561,600	541,800	-	-	4,180,920	3,801,120	4,742,520	4,342,920
	<u>16,863,000</u>	<u>13,659,000</u>	<u>725,000</u>	<u>600,000</u>	<u>16,877,370</u>	<u>15,302,070</u>	<u>34,465,370</u>	<u>29,561,070</u>
Number of persons	<u>1</u>	<u>1</u>	<u>9</u>	<u>9</u>	<u>5</u>	<u>5</u>	<u>15</u>	<u>15</u>

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

30. RELATED PARTY TRANSACTIONS

Related parties comprise companies having common directorship, group companies, directors, key management personnel and retirement benefit funds. Investment in related parties have been disclosed in the relevant notes. Directors fees and remuneration to the key management personnel are included in note 29 to these financial statements and are determined in accordance with the terms of their appointment.

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

Relation with the Company	Nature of transaction	Note	2019	2018
			Rupees	
Transactions during the year				
Associated companies	Premium underwritten		69,494,902	65,003,122
	Premium collected		78,284,240	66,045,367
	Claims paid		16,728,430	16,553,064
	Dividend received		469,101	164,857
Key management personnel	Remuneration and other benefits	29	34,465,370	29,561,070
Staff retirement benefits	Contribution to provident fund	23.1	3,307,784	2,999,454
Balances as at the year end				
Associated companies	Premium due but unpaid		65,990,014	66,552,732
Provision for outstanding claims	Provision for outstanding claims		7,803,084	8,715,364

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

31. SEGMENT INFORMATION

	2019				
	Fire & property damage	Marine aviation & transport	Motor	Miscellaneous	Total
	(Rupees)				
Gross written premium (inclusive of Administrative surcharge)	339,064,384	112,790,918	144,623,307	25,922,193	622,400,802
Insurance premium earned	324,296,594	150,950,321	164,270,035	32,942,612	672,459,562
Insurance premium ceded to reinsurers	(195,106,623)	(103,377,653)	(4,403,795)	(21,773,742)	(324,661,813)
Net insurance premium	129,189,971	47,572,668	159,866,240	11,168,870	347,797,749
Commission income	47,327,493	17,957,590	-	6,612,094	71,897,177
Net underwriting income	176,517,464	65,530,258	159,866,240	17,780,964	419,694,926
Insurance claims	(201,711,701)	2,138,513	(59,442,962)	(4,583,632)	(263,599,782)
Insurance claims recovered from reinsurers	178,982,471	(6,282,700)	415,100	3,279,806	176,394,677
Net claims	(22,729,230)	(4,144,187)	(59,027,862)	(1,303,826)	(87,205,105)
Commission expense	(85,240,003)	(27,429,635)	(17,845,894)	(6,781,235)	(137,296,767)
Management expense	(57,341,593)	(21,115,359)	(70,957,404)	(4,957,358)	(154,371,714)
Net insurance claims & expenses	(165,310,826)	(52,689,181)	(147,831,160)	(13,042,419)	(378,873,586)
Underwriting result	11,206,638	12,841,077	12,035,080	4,738,545	40,821,340
Net Investment income					92,724,807
Other income					1,622,219
Other expenses					(50,691,171)
Profit before tax from takaful operations-Operators' Fund					11,926,746
Profit before tax					96,403,941
Segment assets	140,288,927	51,659,727	173,600,653	12,128,409	377,677,716
Unallocated assets					1,217,808,666
					1,595,486,382
Segment liabilities	235,824,761	86,839,659	291,821,553	20,387,776	634,873,749
Unallocated liabilities					27,083,404
					661,957,153

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	2018				Total (Restated)
	Fire & property damage	Marine aviation & transport	Motor	Miscellaneous	
	(Rupees)				
Gross written premium (inclusive of Administrative surcharge)	322,573,508	339,171,638	183,499,555	33,441,679	878,686,380
Insurance premium earned	328,907,630	501,680,199	174,005,364	26,273,420	1,030,866,613
Insurance premium ceded to reinsurers	(212,213,981)	(451,005,208)	(3,074,132)	(16,332,362)	(682,625,683)
Net insurance premium	116,693,649	50,674,991	170,931,232	9,941,058	348,240,930
Commission income	50,448,859	19,415,387	18,066	4,602,271	74,484,583
Net underwriting income	167,142,508	70,090,378	170,949,298	14,543,329	422,725,513
Insurance claims	(146,038,708)	4,026,140	(62,602,705)	(3,776,184)	(208,391,457)
Insurance claims recovered from reinsurers	129,146,211	(10,897,128)	-	2,968,146	121,217,229
Net claims	(16,892,497)	(6,870,988)	(62,602,705)	(808,038)	(87,174,228)
Commission expense	(84,420,247)	(27,972,937)	(17,150,227)	(4,935,729)	(134,479,140)
Management expense	(51,084,657)	(22,183,851)	(74,828,094)	(4,351,870)	(152,448,471)
Net insurance claims & expenses	(152,397,401)	(57,027,776)	(154,581,026)	(10,095,637)	(374,101,839)
Underwriting result	14,745,107	13,062,602	16,368,272	4,447,692	48,623,675
Net Investment income					46,672,881
Other income					2,121,529
Other expenses					(45,211,008)
Profit before tax from takaful operations-Operators' Fund					7,914,749
Profit before tax					60,121,826
Segment assets	152,949,780	66,419,456	224,038,707	13,029,695	456,437,638
Unallocated assets					1,202,215,886
					1,658,653,524
Segment liabilities	261,758,999	113,670,582	383,420,937	22,299,084	781,149,602
Unallocated liabilities					21,579,140
					802,728,742

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32. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P & L	Total
	Rupees			
As at 1st January, 2018	96,917,656	284,003,360	323,298,144	704,219,160
Additions	-	79,989,451	5,478,045	85,467,496
Disposals (sale and redemptions)	(25,031,854)	(48,690,486)	(18,405,080)	(92,127,420)
Fair value net gains/loss (excluding net realised gains)	-	10,386,638	7,942,352	18,328,990
Impairment losses	-	(4,129,545)	-	(4,129,545)
Amortisation of premium / discount	(651,180)	-	-	(651,180)
As at 31 December 2018	71,234,622	321,559,418	318,313,461	711,107,501
Additions	19,032,524	143,908,271	3,924,376	166,865,171
Disposals (sale and redemptions)	-	(135,769,334)	(3,510,285)	(139,279,619)
Fair value net gains (excluding net realised gains)	-	8,453,810	31,572,941	40,026,751
Impairment losses	-	(1,337,797)	-	(1,337,797)
Amortisation of premium / discount	(70,497)	-	-	(70,497)
As at 31 December 2019	90,196,649	336,814,368	350,300,493	777,311,510

33. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

33.1 Insurance Risk Management

33.1.1 Insurance Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, the risk is random and therefore unpredictable. The principal risk that the Company faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random, and the actual number and amount of claims will vary from year to year from the level established.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

a. Frequency and severity of claims

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

Insurance contracts which are divided into direct and facultative arrangements are further subdivided into four segments: fire, marine, motor and miscellaneous. The insurance risk arising from these contracts is concentrated in the territories in which the Company operates, and there is a balance between commercial and personal properties / assets in the overall portfolio of insured properties / assets. The Company underwrites insurance contracts in Pakistan.

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

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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 claim payments

Claims reported and otherwise are analysed separately. The development of large losses / catastrophes is analyzed separately. The shorter settlement period for claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims including IBNR. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value, reinsurance and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established. The liability comprises amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs and a provision for unexpired risks at the end of the reporting period.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in prior financial years in relation to such claims) and an estimate based upon actual claims experience using predetermined basis where greater weight is given to actual claims experience as time passes.

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

c. Process used to decide on assumptions

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

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

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

d. Changes in assumptions

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

Notes to and Forming Part of the Financial Statements

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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 statement of financial position is adequate. However, actual experience will differ from the expected outcome.

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance. The impact of 10% increase / decrease in incidence of insured events on profit before tax and shareholder's equity is as follows:

Pre tax profit		Shareholders' equity	
2019	2018	2019	2018

— Rupees —

Impact of change in claim liabilities by +10%

Fire and property	(1,369,705)	(1,543,759)	(972,491)	(1,096,069)
Marine, aviation and transport	(553,921)	(690,137)	(393,284)	(489,997)
Motor	(2,089,742)	(2,183,317)	(1,483,717)	(1,550,155)
Miscellaneous	(77,265)	(54,515)	(54,858)	(38,706)
	<u>(4,090,633)</u>	<u>(4,471,729)</u>	<u>(2,904,350)</u>	<u>(3,174,927)</u>

Impact of change in claim liabilities by -10%

Fire and property	1,369,705	1,543,759	972,491	1,096,069
Marine, aviation and transport	553,921	690,137	393,284	489,997
Motor	2,089,742	2,183,317	1,483,717	1,550,155
Miscellaneous	77,265	54,515	54,858	38,706
	<u>4,090,633</u>	<u>4,471,729</u>	<u>2,904,350</u>	<u>3,174,927</u>

f. Concentration of insurance risk

A concentration of risk may also arise from a single insurance contract issued to a particular type of policyholder, within a geographical location or to types of commercial business. The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey.

The concentration of risk by type of contracts is summarised below by reference to liabilities.

	Gross sum insured		Reinsurance		Net Amount	
	2019	2018	2019	2018	2019	2018

— Rupees in '000' —

Fire and property	215,683,046	213,798,111	142,940,523	149,830,596	72,742,523	63,967,515
Marine, aviation and transport	113,444,663	107,598,325	72,500,636	67,446,450	40,944,027	40,151,875
Motor	6,485,867	7,784,747	-	7,146	6,485,867	7,777,601
Miscellaneous	3,376,916	3,597,062	2,124,613	2,170,666	1,252,303	1,426,396
	<u>338,990,492</u>	<u>332,778,245</u>	<u>217,565,772</u>	<u>219,454,858</u>	<u>121,424,720</u>	<u>113,323,387</u>

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g. Claim development table

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

h. Sensitivity analysis

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

	Change in claims assumption	Impact on gross liabilities	Impact on revenue account
Rupees			
December 31, 2019			
Current claims	+10%	49,036	(49,036)
	-10%	(49,036)	49,036
December 31, 2018			
Current claims	+10%	53,451	(53,451)
	-10%	(53,451)	53,451

34. REINSURANCE RISK

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

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

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

Rating	Due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2019	2018
Rupees					
A or above including Pakistan Reinsurance Company Limited	700,177	107,605,328	126,396,409	234,701,914	326,896,764
BBB	-	4,808,047	5,613,563	10,421,610	10,454,375
	700,177	112,413,375	132,009,972	245,123,524	337,351,139

35. FINANCIAL RISK MANAGEMENT

35.1 Financial risk management objectives and policies

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

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

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

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35.2 Market risk

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

35.3 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:

	2019	2018	2019	2018
	Effective interest rate %		Rupees	
Fixed rate instruments				
Government securities	5.24	5.24	60,036,671	45,104,169
Term deposits	11 to 13	5.30 to 9.50	30,159,978	26,130,453
Variable rate instruments				
PLS saving accounts	9 to 12	5 to 9.50	86,620,867	47,450,292

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

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

	Profit and loss before tax		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
As at December 31, 2019				
Cash flow sensitivity	866,209	(866,209)	615,008	(615,008)
As at December 31, 2018				
Cash flow sensitivity	474,503	(474,503)	336,897	(336,897)

35.4 Foreign currency risk

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

35.5 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in equity securities and mutual funds having carrying value of Rs. 687.115 million (2018: Rs.639.873 million) as at the statement of financial position date.

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

Market prices are subject to fluctuation, consequently, the amount realized by the sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The analysis summarizes Company's price risk as at 2019 and 2018 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.35.030 million (2018: Rs.31.831 million).

For available for sale investments, in case of 10% decrease in prices at the reporting date, the net income and equity would have been lower by Rs.33.681 million (2018: Rs.32.156 million) if the decline is considered permanent.

35.6 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.

Financial liabilities

Outstanding claims including IBNR
Insurance / Reinsurance payables
Other Creditors & Accruals

2019			
Within one year	Over one year to five years	Over five years	Total
Rupees			
153,319,708	-	-	153,319,708
122,865,424	-	-	122,865,424
19,339,509	-	-	19,339,509
295,524,641	-	-	295,524,641

Financial liabilities

Outstanding claims including IBNR
Insurance / Reinsurance payables
Other Creditors & Accruals

2018			
Within one year	Over one year to five years	Over five years	Total
Rupees			
210,197,626	-	-	210,197,626
114,933,742	-	-	114,933,742
68,140,853	-	-	68,140,853
393,272,221	-	-	393,272,221

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for the year ended December 31, 2019

35.7 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	2019	2018
Rupees			
Investments	7, 8 & 9	777,311,510	711,107,501
Loan and other receivable	10	3,327,768	2,217,906
Insurance / Reinsurance receivable	11	198,885,699	222,267,199
Reinsurance recoveries against outstanding claims	21	112,413,375	165,480,348
Cash at Bank	14	131,040,104	144,042,334
		<u>1,222,978,456</u>	<u>1,245,115,288</u>

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

Rating		Rating agency
Short term	Long term	
Rupees		

Banks

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

Concentration of credit risk

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner.

During the year no assets have been impaired other than available for sale investments against which allowance for impairment of Rs.16.457 million (2018: Rs.13.837 million) has been made. In addition the Company has also provided impairment allowance against doubtful premium receivables of Rs. 12.362 million.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

35.8 Financial instruments

	Interest / mark-up bearing			Non-mark-up bearing			Total	
	Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	2019	2018
Rupees								
Financial assets								
Held to maturity investments	30,159,978	60,036,671	90,196,649	-	-	-	90,196,649	71,234,622
Available for sale investments	-	-	-	336,814,368	-	336,814,368	336,814,368	321,559,418
Held for trading investment	-	-	-	350,300,493	-	350,300,493	350,300,493	318,313,461
Loans & other receivable	-	-	-	3,327,768	-	3,327,768	3,327,768	2,217,906
Insurance / Reinsurance receivables	-	-	-	198,885,699	-	198,885,699	198,885,699	222,267,199
Reinsurance recoveries against outstanding claims	-	-	-	112,413,375	-	112,413,375	112,413,375	165,480,348
Cash and bank deposits	86,620,867	-	86,620,867	44,419,237	-	44,419,237	131,040,104	144,042,334
	<u>116,780,845</u>	<u>60,036,671</u>	<u>176,817,516</u>	<u>1,046,160,940</u>	<u>-</u>	<u>1,046,160,940</u>	<u>1,222,978,456</u>	<u>1,245,115,288</u>
Financial liabilities								
Financial liabilities at amortized cost								
Outstanding claims including IBNR	-	-	-	153,319,708	-	153,319,708	153,319,708	210,197,626
Insurance / Reinsurance Payables	-	-	-	122,865,424	-	122,865,424	122,865,424	114,933,742
Other Creditors and Accruals	-	-	-	6,904,273	-	6,904,273	6,904,273	68,140,853
	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,089,405</u>	<u>-</u>	<u>283,089,405</u>	<u>283,089,405</u>	<u>393,272,221</u>
	<u>116,780,845</u>	<u>60,036,671</u>	<u>176,817,516</u>	<u>763,071,535</u>	<u>-</u>	<u>763,071,535</u>	<u>939,889,051</u>	<u>851,843,067</u>

35.9 Fair value of financial assets and liabilities

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

35.9.1 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, 2019.

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

As at December 31, 2019		As at December 31, 2018	
Carrying amount	Fair Value	Carrying amount	Fair Value

Rupees

Financial Assets

Investments

Available for sale					
Ordinary shares - listed					
Related Parties	4,249,974	4,249,974	4,806,109	4,806,109	
Others	74,278,663	74,278,663	71,092,792	71,092,792	
Mutual fund units	256,166,596	256,166,596	243,078,486	243,078,486	
Modarba certificates					
Related Parties	2,119,135	2,119,135	2,582,031	2,582,031	
Held to maturity					
Government of Pakistan Ijara sukuk bonds	60,036,671	59,365,000	45,104,169	44,195,000	
Deposit maturing within 12 months	30,159,978	30,159,978	26,130,453	26,130,453	
Investments at fair value through profit or loss-					
held for trading-ordinary shares - listed	350,300,493	350,300,493	318,313,461	318,313,461	
	777,311,510	776,639,839	711,107,501	710,198,332	
Loan and other receivables	3,327,768	3,327,768	2,217,906	2,217,906	
Insurance/Reinsurance Receivable	198,885,699	198,885,699	222,267,199	222,267,199	
Reinsurance recoveries against outstanding claims	112,413,375	112,413,375	165,480,348	165,480,348	
Cash and other equivalents	187,500	187,500	330,471	330,471	
Current and other accounts	131,040,104	131,040,104	144,042,334	144,042,334	
Total assets of Window Takaful Operations	91,493,527	91,493,527	76,927,440	76,927,440	

Financial Liabilities

Outstanding claims including IBNR	153,319,708	153,319,708	210,197,626	210,197,626	
Insurance / Reinsurance Payables	122,865,424	122,865,424	114,933,742	114,933,742	
Other creditors and accruals	19,339,509	19,339,509	68,140,853	68,140,853	
Total Liabilities of Window Takaful operations	24,912,739	24,912,739	19,408,475	19,408,475	

35.9.2 Fair value hierarchy

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

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

The fair value hierarchy has the following levels:

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

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

	As at December 31, 2019	Level 1	Level 2	Level 3
	Rupees			
Financial assets measured at fair value				
Investments at fair value through profit or loss/ held for trading	350,300,493	350,300,493	-	-
Available for sale investments	336,814,368	336,814,368	-	-
	<u>687,114,861</u>	<u>687,114,861</u>	<u>-</u>	<u>-</u>

	As at December 31, 2018	Level 1	Level 2	Level 3
	Rupees			
Financial assets measured at fair value				
Investments at fair value through profit or loss/ held for trading	318,313,461	318,313,461	-	-
Available for sale investments	321,559,418	321,559,418	-	-
	<u>639,872,879</u>	<u>639,872,879</u>	<u>-</u>	<u>-</u>

35.9.3 Transfers during the year

During the year ended December 31, 2019:

- 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

35.9.4 Valuation techniques

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

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

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

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

35.9.5 Capital Management

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

2019

36. STATEMENT OF SOLVENCY

Assets

Property and equipment	83,029,726
Intangible assets	-
Investment in associate	6,369,109
Investment	
Equity securities	680,745,752
Debt securities	60,036,671
Term deposits	30,159,978
Loans and other receivables	3,327,768
Insurance / Reinsurance receivables	198,885,699
Reinsurance Recoveries against outstanding claims	112,413,375
Deferred Commission Expense	62,977,589
Prepayments	134,819,584
Cash & Bank	131,227,604
Total Assets Window Takaful Operations	91,493,527
Total Assets (A)	1,595,486,382

In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000

Clause (d) Loan to employees	1,059,180
Clause (h) Insurance / Reinsurance receivable	156,639,669
Clause (l) assets subject to encumbrances	11,100,000
Clause (k) security deposit under bond guarantee	676,200
Clause (q) & (s) Investment in equity securities	217,100,144
Clause (u)-(i) Vehicles	70,414,186
Clause (u)-(ii) Office equipments and computers	3,865,454
Clause (u)-(iii) Furniture fixtures	2,703,734
Total of in-admissible assets (B)	463,558,567

Total Admissible Assets (C=A-B)

1,131,927,814

Total Liabilities	
Underwriting provisions	
Outstanding claims including IBNR	153,319,708
Unearned premium reserves	292,211,950
Unearned commission income	34,581,713
Deferred taxation	4,370,718
Insurance / Reinsurance payables	122,865,424
Other creditors and accruals	23,830,684
Income Tax liabilities	5,864,217
Total Liabilities Window Takaful operations	24,912,739

Total Liabilities (D)

661,957,153

Total Net Admissible Assets (E=C-D)

469,970,661

Minimum Solvency Requirement (higher of following)

Method A - U/s 36(3)(a) (Rule 15 (1)(b))

150,000,000

Method B - U/s 36(3)(b) (Rule 15 (2))

69,559,550

Method C - U/s 36(3)(c) (Rule 15 (3))

47,372,366

Excess in Net Admissible Assets over Minimum Requirements

319,970,661

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

37. DEFINED CONTRIBUTION PLAN

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

37.1 The Trustees have intimated that the size of the Fund at year end was Rs.73.335 million (2018: Rs.64.902 million).

37.2 As intimated by the Trustees, the cost of the investments made at year end was Rs.73.335 million (2018:Rs.64.902) million which is equal to 100% of the total fund size. The category wise break up of investment as per section 218 of the Companies Act, 2017 is given below:

	2019		2018	
	Rupees in '000'	%	Rupees in '000'	%
Pakistan Investment Bonds	37,500	51.14%	47,000	72.42%
Investment in Shares	739	1.01%	722	1.11%
Units of Mutual Funds	35,096	47.86%	17,180	26.47%
	73,335	100.00%	64,902	100.00%

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

38. NUMBER OF EMPLOYEES

	2019	2018
As at December 31	191	194
Average no. of employees during the year	192	190

39. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 22 April, 2020 by the Board of Directors of the Company.

40. GENERAL

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


Ismail H. Zakaria
Chairman


Muhammad Omar Bawany
Director


Ifan Zakaria Bawany
Director


Haroon A. Shakoor
Chief Financial Officer


A. Razak Ahmed
Chief Executive &
Managing Director

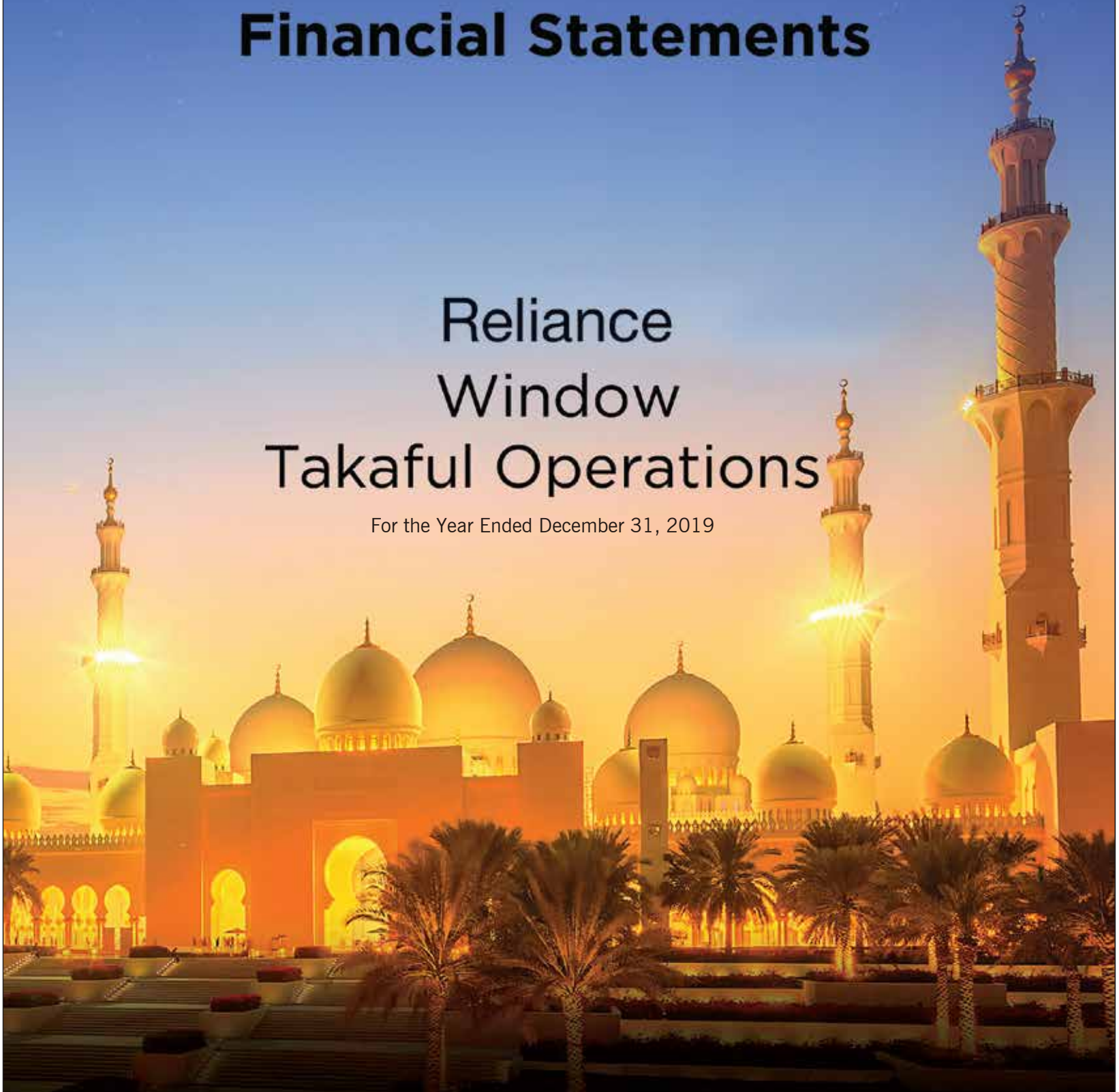
Karachi 22nd April, 2020



Financial Statements

Reliance Window Takaful Operations

For the Year Ended December 31, 2019



Statement Of Compliance With The Takaful Rules, 2012 And Sharia Rules And Principles

For the Financial Year ended 31st December 2019

The financial arrangements, contracts and transactions, entered into by Reliance Insurance Company Limited – Window Takaful Operations (the Operator) for the year ended 31 December 2019 are in compliance with the Takaful Rules, 2012 and the Sharia Rules and Principles determined by the Shariah Advisor of the Operator, (Sharia Rules and Principles). Further, we confirm that:

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

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



A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 22nd April, 2020

Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of Compliance with the Shari'ah Principles

We were engaged by the Board of Directors of Reliance Insurance Company Limited ("the Company") to report on the management's assessment of compliance of the Window Takaful Operations ("Takaful Operations") of the Company, as set out in the annexed statement prepared by the management for the year ended 31 December 2019, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Operations with the Takaful Rules, 2012, in all material respects.

Applicable Criteria

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

Responsibilities of the Management

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

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

Our Independence and Quality Control

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

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

Our responsibilities

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

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

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

The procedures performed included:

- Evaluate the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;
- Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shari'ah Advisor and the board of directors;
- Test for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and
- Review the statement of management's assessment of compliance of the Takaful transactions during the year ended 31 December 2019 with the Takaful Rules, 2012.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In our opinion, the annexed statement, for the year ended 31 December 2019, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Karachi: 22nd April, 2020



Kreston Hyder Bhimji & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Mohammad Hanif Razzak

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

For the Year ended December 31, 2019

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

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

On the other hand it is the responsibility of RiCL 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 (RiCL WTO).

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.

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

- Underwriting, investments and financial activities undertaken by the Operator for the year of ended 31 December, 2019 were in accordance with Takaful Rules, 2012 and guidelines issued by me in the capacity of Shari'ah Advisor.
- Appropriate accounting policies and basis of measurement have been consistently applied in preparation of the financial statements of "Participant Takaful Fund (Waqf Fund)" and "Operator Fund".
- The Operator was found performing its duties to its level best by following Shari'ah guidelines and through consultation with me where needed.
- Any cases which were required to be consulted in accordance with the Shariah and Takaful Rules have been discussed and duly resolved.

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



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

Karachi: 22nd April, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of Reliance Insurance Company Limited – Window Takaful Operations Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of the Reliance Insurance Company Limited – Window Takaful Operations (the Operator), which comprise of the statement of financial position as at December 31, 2019, and the profit and loss account, the statement of comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in funds and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, SECP Takaful Rules 2012, and the Companies Act, 2017(XIXof2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at December 31, 2019 and of the profit, total comprehensive income, the changes in funds and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in

the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key Audit Matters	How the matters were addressed in our audit
1.	<p>Revenue Recognition and Unearned Contribution Reserve</p> <p>Refer notes 3.9 & 13 to the financial statements.</p> <p>Contribution written under a policy is recognized as income over the period of insurance or in accordance with the pattern of the incidence of risk. We identified revenue (premium) as a key audit matter because of significant amounts and potential risk of revenue being overstated resulting from the pressure, management may feel to achieve contribution / performance targets.</p> <p>Further there are also estimates involved in recognition and calculation of revenue over the period of policy as there is risk of error in terms of the calculation of unearned contribution reserve due to manual calculations.</p>	<p>Our audit procedures in respect of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of the company's revenue recognition policies by comparing them with applicable International Financial Reporting Standards (IFRS), SECP's Insurance Rules 2017, SECP's Insurance Accounting Regulations, 2017 and Takaful Rules 2012. • Obtained an understanding of and testing the designs and operating effectiveness of controls designed to ensure that revenue is recognized in appropriate accounting period and reserve for unearned contribution is accurately calculated. • Compared, on a sample basis, specific revenue transactions recorded before & after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period and whether contribution has been received in case of policies issued on installment basis. • Assessed and evaluated the appropriateness of judgments, assumptions and estimates made by the management in determining unearned portion of contribution. Recalculated reserve of unearned contribution and performing analytical procedures to correlate the different audit evidences.

	<ul style="list-style-type: none"> • Performed test of details to ensure that the policies are genuine and critically assessing manual posting of journal entries to entity's MIS to identify unusual or irregular items.
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Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report of the Operator, but does not include the financial statements and auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000, Companies Act, 2017(XIXof2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but

is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017(XIXof2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in funds and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017(XIXof2017), and are in agreement with the books of account.
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance,1980(XVIIIf1980).

The engagement partner on the audit resulting in this independent auditor's report is **Mohammad Hanif Razzak**.

Place: Karachi

Date: 22nd April, 2020



Kreston Hyder Bhimji & Co.
CHARTERED ACCOUNTANTS

Statement of Financial Position

As at December 31, 2019

	Note	2019			2018		
		Operator's Fund	Participants' Fund	Aggregate	Operator's Fund	Participants' Fund	Aggregate
							(Rupees)
ASSETS							
Investment							
Equity securities	5	10,392,601	-	10,392,601	9,424,018	-	9,424,018
Loans and other receivables	6	14,654,034	206,030	14,860,064	10,069,761	426,239	10,496,000
Takaful / Re-takaful receivables	7	-	17,334,881	17,334,881	-	6,291,498	6,291,498
Re-takaful recoveries against outstanding claims	15	-	1,004,124	1,004,124	-	566,671	566,671
Deferred commission expense	20	6,786,091	-	6,786,091	5,588,944	-	5,588,944
Prepayments	8	423,750	12,813,627	13,237,377	-	9,700,554	9,700,554
Deferred wakala fee	19	-	21,431,843	21,431,843	-	18,682,915	18,682,915
Cash & Bank	9	59,237,051	102,537,065	161,774,116	51,844,717	67,138,244	118,982,961
TOTAL ASSETS		91,493,527	155,327,570	246,821,097	76,927,440	102,806,121	179,733,561
FUND AND LIABILITIES							
Operator's Fund							
Statutory Fund		50,000,000	-	50,000,000	50,000,000	-	50,000,000
Accumulated profit		15,980,348	-	15,980,348	7,512,358	-	7,512,358
Surplus on revaluation of available for sale investments		600,440	-	600,440	6,607	-	6,607
		66,580,788	-	66,580,788	57,518,965	-	57,518,965
Waqf/Participants' Takaful Fund							
Ceded Money		-	500,000	500,000	-	500,000	500,000
Accumulated Surplus		-	58,586,636	58,586,636	-	31,938,022	31,938,022
		-	59,086,636	59,086,636	-	32,438,022	32,438,022
Liabilities							
Underwriting Provisions							
Outstanding claims including IBNR	15	-	9,719,558	9,719,558	-	5,824,170	5,824,170
Unearned contribution	13	-	53,579,610	53,579,610	-	46,707,287	46,707,287
Unearned re-takaful rebate	17	-	2,390,941	2,390,941	-	1,803,108	1,803,108
Re-takaful operators payable	10	-	13,757,485	13,757,485	-	5,551,739	5,551,739
Wakala and mudarib fee payable		-	14,121,479	14,121,479	-	8,908,496	8,908,496
Unearned wakala fee	19	21,431,843	-	21,431,843	18,682,915	-	18,682,915
Taxation - provision less payments		1,208,762	-	1,208,762	-	-	-
Other creditors and accruals	11	2,272,134	2,671,861	4,943,995	725,560	1,573,299	2,298,859
Total Liabilities		24,912,739	96,240,934	121,153,673	19,408,475	70,368,099	89,776,574
Contingencies and Commitments							
TOTAL FUND AND LIABILITIES	12	91,493,527	155,327,570	246,821,097	76,927,440	102,806,121	179,733,561

The annexed notes from 1 to 30 form an integral part of these financial statements.



Ismail H. Zakaria
Chairman



Muhammad Omar Bawany
Director



Irfan Zakaria Bawany
Director



Haroon A. Shakoor
Chief Financial Officer



A. Razak Ahmed
Chief Executive &
Managing Director

Karachi 22nd April, 2020

Profit and Loss Account

for the year ended December 31, 2019

	Note	2019	2018
		Rupees	
Revenue Account			
Participants' Takaful Fund			
Net contribution revenue	13	65,938,600	64,840,502
Wakala expense	14	(38,655,794)	(36,453,497)
Net takaful claims	15	(10,820,734)	(13,582,857)
Direct expenses	16	(81,578)	(98,966)
Re-takaful rebate	17	6,185,195	5,078,223
		(43,372,911)	(45,057,097)
Underwriting result		22,565,689	19,783,405
Investment Income	18	6,804,876	3,237,591
Modarib's share		(2,721,951)	(1,295,036)
Surplus for the year		26,648,614	21,725,960
Revenue Account			
Operator's Fund			
Wakala fee Income	19	38,655,794	36,453,497
Net Commission and other acquisition costs	20	(12,840,196)	(11,440,379)
Management expenses	21	(20,633,015)	(18,317,704)
		(33,473,211)	(29,758,083)
		5,182,583	6,695,414
Investment Income	18	5,084,212	986,299
Modarib's share from PTF		2,721,951	1,295,036
Other expenses	22	(1,062,000)	(1,062,000)
Profit before tax		11,926,746	7,914,749
Income tax expense		(3,458,756)	-
Profit after tax		8,467,990	7,914,749

The annexed notes from 1 to 30 form an integral part of these financial statements.


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Managing Director

Karachi 22nd April, 2020

Statement of Comprehensive Income

for the year ended December 31, 2019

	2019	2018
	Rupees	
Operator's Fund		
Profit after tax	8,467,990	7,914,749
Surplus on revaluation of available for sale investments	593,833	183,646
Net loss transferred to profit and loss on disposal / redemption of available for sale investment	-	642,597
	593,833	826,243
Total comprehensive income for the period	9,061,823	8,740,992

The annexed notes from 1 to 30 form an integral part of these financial statements.



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Karachi 22nd April, 2020

Statement of Changes in Fund

for the year ended December 31, 2019

	Operator's Fund			Total
	Statutory Fund	Accumulated (Loss)/ Profit	Surplus/(Deficit) on revaluation of AFS investments	
	Rupees			
Balance as at January 1, 2018	50,000,000	(402,391)	(819,636)	48,777,973
Total comprehensive income for the year ended 31 December 2018	-	7,914,749	826,243	8,740,992
Balance as at 31 December 2018	50,000,000	7,512,358	6,607	57,518,965
Balance as at January 1, 2019	50,000,000	7,512,358	6,607	57,518,965
Total comprehensive income for the year ended 31 December 2019	-	8,467,990	593,833	9,061,823
Balance as at 31 December 2019	50,000,000	15,980,348	600,440	66,580,788

	Participants Takaful Fund			Total
	Ceded money	Accumulated (Loss)/ Profit	Surplus/(Deficit) on revaluation of AFS investments	
	Rupees			
Balance as at 1st January 2018	500,000	10,212,062	-	10,712,062
Surplus for the year ended December 31, 2018	-	21,725,960	-	21,725,960
Balance as at December 31, 2018	500,000	31,938,022	-	32,438,022
Balance as at January 01, 2019	500,000	31,938,022	-	32,438,022
Surplus for the year ended December 31, 2019	-	26,648,614	-	26,648,614
Balance as at December 31, 2019	500,000	58,586,636	-	59,086,636

The annexed notes from 1 to 30 form an integral part of these financial statements.



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Managing Director

Karachi 22nd April, 2020

Statement of Cash Flows

for the year ended December 31, 2019

	2019			2018
	Operator's Fund	Participants Takaful Fund	Aggregate	Aggregate
Rupees				
Operating Cash Flows				
a) Takaful activities				
Contribution received	-	93,608,545	93,608,545	104,318,576
Re-takaful contribution paid	-	(26,748,332)	(26,748,332)	(28,301,822)
Claims paid	-	(9,953,574)	(9,953,574)	(18,092,019)
Re-takaful and other recoveries received	-	2,590,775	2,590,775	7,167,438
Commission paid	(14,037,343)	-	(14,037,343)	(12,584,770)
Management expenses	(21,695,015)	(81,578)	(21,776,593)	(19,054,920)
Re-takaful rebate received	-	6,773,028	6,773,028	5,306,488
Wakala fee received / (paid)	36,191,739	(36,191,739)	-	-
Net cash flows from takaful activities	459,381	29,997,125	30,456,506	38,758,971
b) Other operating activities				
Income tax paid	(1,313,063)	-	(1,313,063)	(445,081)
Other payments on operating assets	1,122,824	-	1,122,824	(505,461)
Other receipts in respect of operating assets	-	1,098,562	1,098,562	305,037
Net cash (outflows)/ inflows from other operating activities	(190,239)	1,098,562	908,323	(645,505)
Total cash flows from all other operating activities	269,142	31,095,687	31,364,829	38,113,466
Investing activities				
Increase in investments	(374,750)	-	(374,750)	-
Modaraba shares received / (paid)	2,721,951	(2,721,951)	-	-
Realized loss on sale of investments	-	-	-	642,597
Profit received	4,775,991	7,025,085	11,801,076	3,808,209
Total cash flows from investing activities	7,123,192	4,303,134	11,426,326	4,450,806
Net cash flows from all activities	7,392,334	35,398,821	42,791,155	42,564,272
Cash and cash equivalent at the beginning of the year	51,844,717	67,138,244	118,982,961	76,418,689
Cash and cash equivalent at the end of the year	59,237,051	102,537,065	161,774,116	118,982,961
Reconciliation to profit and loss Account				
Operating cash flows	269,142	31,095,687	31,364,829	38,113,466
Increase in assets other than cash	5,896,949	17,342,837	23,239,786	(3,750,956)
Increase in liabilities other than running finance	(5,504,264)	(25,872,835)	(31,377,099)	(8,945,691)
Investment income	7,806,163	4,082,925	11,889,088	4,223,890
Surplus for the period	8,467,990	26,648,614	35,116,604	29,640,709

The annexed notes from 1 to 30 form an integral part of these financial statements.



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Managing Director

Karachi 22nd April, 2020

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

Reliance Insurance Company Limited (the Operator) has been allowed to undertake General Window Takaful Operations (WTO) on May 25, 2016 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012. 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 Cede 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 AND STATEMENT OF COMPLIANCE

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

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

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

These financial statements have been prepared in line with format issued by SECP through Insurance Rules, 2017, and SECP circular No.25 of 2015 dated 9 July 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.

2.1 Basis of measurement

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

2.2 Functional and presentation currency

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

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

There are new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or do not have any significant effect on the Company's operations hence not enlisted in these financial statements except as follows;

2.4 Accounting Standards, IFRIC interpretations and amendments that are not yet effective at year end

The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standards, amendments or interpretations;

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Company has adopted the temporary exemption which allows the Company to defer the application of IFRS 9 until December 31, 2021. For the companies adopting the temporary exemption, the IFRS 4 requires certain disclosures which have been disclosed as follows:

Temporary exemption from application of IFRS 9

As an takaful company, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given in note 2.4.1 below.

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

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

	31-Dec-19	31-Dec-18	Change during the year
	—————Rupees—————		
Financial assets that do not meet the SPPI criteria			
Equity Securities - Available for sale	10,392,601	10,122,837	269,764

* Carrying value of these financial assets approximates to their fair values since these assets are short term in nature or are frequently repriced to market rate.

IFRS 16 'leases' (effective annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating leases- Incentive and SIC-27 'Evaluating the Substance of Transactions Involving the legal Form of a lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term lease and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of this standard do not have material impact.

2.5 New Standards issued by IASB but not yet notified by SECP

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

International Financial Reporting Standards (IFRSs)	IASB effective date annual periods beginning on or after
IFRS -1 - First time adoption of IFRS	January 01, 2004
IFRS -14 - Regulatory Deferral Accounts	January 01, 2016
IFRS -17 - Insurance Contracts	January 01, 2022

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

3. TAKAFUL CONTRACTS

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

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

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

a. Fire and property

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

b. Marine, aviation and transport

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

c. Motor

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

d. Miscellaneous

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

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

3.1 Deferred Commission expense / Acquisition cost

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

3.2 Unearned contribution

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

3.3 Contribution deficiency reserve

The PTF is required as per 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 re-takaful, from claims and other expenses, including re-takaful expense, commissions and other underwriting expenses, expected to be incurred after the statement of financial position date in respect of the unexpired policies in that class of business at the statement of financial position date. The movement in the contribution deficiency reserve is recorded as an expense in the statement of profit or loss and the same shall be recognised as a liability.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

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.

3.4 Re-takaful contracts

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

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

3.5 Receivables and payables related to takaful contracts

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

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

3.5.1 Takaful / Re-takaful receivables

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

3.5.2 Re-takaful recoveries against outstanding claims

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

3.6 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, Takaful Rules, 2012 and Insurance Rules, 2017. The reported segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

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 provides 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.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

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.

3.7 Cash and cash equivalents

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

3.8 Revenue recognition

a. Contribution

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

Provision for unearned Wakala fee

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

Modarib Fee

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

b. Rebate from Re-takaful Operators

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

c. Investment Income

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

d. Dividend Income

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

3.90 Investments

3.9.1 Initial Recognition

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

In equity securities
In debt securities
In term deposits

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

3.9.2 Subsequent Measurement

3.9.2.1 In equity securities

a) Available for sale

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

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

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

b) held for trading

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

3.9.2.2 In debt securities

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

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

3.9.2.3 In term deposits

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

3.10 Offsetting of financial assets and liabilities

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

3.11 Provisions

Claims incurred but not reported (IBNR)

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

3.12 Impairment of assets

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

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

3.13 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.

3.13.1 Claims expense

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

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

3.14 Creditors, accruals and provisions

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

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

3.15 Takaful surplus

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

3.16 Qard-e-Hasna

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

	Note
- Classification of Takaful Contracts	3
- Unearned contribution	3.2
- Contribution deficiency reserve	3.3
- Takaful / Re-takaful receivables	3.5.1
- Outstanding claims including IBNR and re-takaful recoveries there against.	3.11 & 3.5.2
- Segment reporting	3.7
- Provision for unearned wakala fee	3.8 a
- Classification of Investments	3.9
- Impairment	3.12
- Allocation of management expenses	3.13

5. EQUITY SECURITIES -OPF

	2019	2018
	Rupees	
Available for sale Mutual funds	<u>10,392,601</u>	<u>9,424,018</u>

	2019			2018		
	Cost	Revaluation surplus/(deficit)	Carrying Value	Cost	Revaluation surplus/(deficit)	Carrying Value
Al-Hamra Islamic Income Fund	9,792,161	600,440	10,392,601	9,417,410	6,607	9,424,018

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

6. LOANS AND OTHER RECEIVABLES	OPF		PTF	
	2019	2018	2019	2018
	-Rupees-			
Wakala and mudarib fees receivable	14,121,479	8,908,496	-	-
Advance Income Tax		936,931	-	-
Accrued investment income	532,555	224,334	206,030	426,239
	14,654,034	10,069,761	206,030	426,239
7. TAKAFUL RE-TAKAFUL RECEIVABLES				
Contribution due but unpaid - considered good	-	-	11,699,108	1,795,849
Amount due from other takaful / re-takaful operators - considered good	-	-	5,635,773	4,495,649
	-	-	17,334,881	6,291,498
8. PREPAYMENTS				
Prepaid re-takaful contribution ceded	-	-	12,813,627	9,700,554
Prepaid expenses	423,750	-	-	-
	423,750	-	12,813,627	9,700,554
9. CASH AND BANK				
Cash and other equivalents				
Stamps in hand	-	-	56,405	19,900
Cash at bank				
Saving accounts	59,237,051	51,844,717	102,480,660	67,118,344
	59,237,051	51,844,717	102,537,065	67,138,244
10. RE-TAKAFUL OPERATORS PAYABLE - PTF				
Due to other takaful / re-takaful operators			13,757,485	5,551,739
11. OTHER CREDITORS AND ACCRUALS				
Audit Fee Payable	100,000	100,000	-	-
Accrued Expenses	-	423,750	-	-
Other payables	2,172,134	201,810	2,671,861	1,573,299
	2,272,134	725,560	2,671,861	1,573,299
12. Contingencies and Commitments				

There were no contingencies and commitments as at December 31, 2019.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

13. NET CONTRIBUTION REVENUE

	PTF	
	2019	2018
	Rupees	
Written Gross Contributions	103,511,804	100,538,532
Add: Unearned contributions reserve opening	46,707,287	37,302,496
Less: Unearned contributions reserve closing	(53,579,610)	(46,707,287)
Contributions earned	96,639,481	91,133,741
Less: Re-takaful contributions ceded	33,813,954	27,145,481
Add: Prepaid re-takaful contributions opening	9,700,554	8,848,312
Less: Prepaid re-takaful contributions closing	(12,813,627)	(9,700,554)
Re-takaful expense	30,700,881	26,293,239
Net contributions revenue	65,938,600	64,840,502

14. WAKALA EXPENSE

Gross Wakala fee	41,404,722	40,215,414
Add: Deferred wakala fee opening	18,682,915	14,920,998
Less: Deferred wakala fee closing	(21,431,843)	(18,682,915)
	38,655,794	36,453,497

15. NET TAKAFUL CLAIMS EXPENSE

	PTF	
	2019	2018
	Rupees	
Claims Paid	9,953,574	18,092,019
Add: Outstanding claims including IBNR closing	9,719,558	5,824,170
Less: Outstanding claims including IBNR opening	(5,824,170)	(7,444,085)
Claims expense	13,848,962	16,472,104
Less: Re-takaful and other recoveries received	2,590,775	7,167,438
Add: Re-takaful and other recoveries in respect of outstanding claims net of impairment (if any) closing	1,004,124	566,671
Less: Re-takaful and other recoveries in respect of outstanding claims net of impairment (if any) opening	(566,671)	(4,844,862)
Re-takaful and other recoveries revenue	3,028,228	2,889,247
Net claims expenses	10,820,734	13,582,857

15.1 Claim Development

Accident year	2017	2018	2019	Total
	Rupees in '000'			
Estimate of ultimate claims cost:				
At the end of accident year	6,203	4,295	7,288	17,786
One year later	1,529	1,018	-	2,547
Two years later	-	-	-	-
Current estimate of cumulative claims	1,468	3,983	14,221	19,672
Cumulative payment to date	(55)	(2,965)	(6,933)	(9,953)
Liability recognised in the financial position	1,413	1,018	7,288	9,719

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

16. DIRECT EXPENSES

	PTF	
	2019	2018
	Rupees	
Fire and property damage	8,300	5,847
Marine, Aviation and Transport	3,232	3,924
Motor	68,727	86,866
Miscellaneous	1,319	2,329
	<u>81,578</u>	<u>98,966</u>

16.1 These expenses represent bank and service charges directly incurred in PTF.

	OPF		PTF	
	2019	2018	2019	2018
	Rupees			
17. RE-TAKAFUL REBATE				
Gross rebate from re-takaful operators			6,773,028	5,306,488
Add: Unearned re-takaful rebate opening			1,803,108	1,574,843
Less: Unearned re-takaful rebate Closing			<u>(2,390,941)</u>	<u>(1,803,108)</u>
			<u>6,185,195</u>	<u>5,078,223</u>
18. INVESTMENT INCOME				
Profit on bank deposits	5,084,212	1,628,896	6,804,876	3,237,591
Net realised (loss) on investments	-	(642,597)	-	-
Total investment income	<u>5,084,212</u>	<u>986,299</u>	<u>6,804,876</u>	<u>3,237,591</u>
19. WAKALA FEE INCOME				
Gross wakala fee	41,404,722	40,215,414		
Add: Unearned wakala fee opening	18,682,915	14,920,998		
Less: Unearned wakala fee closing	<u>(21,431,843)</u>	<u>(18,682,915)</u>		
	<u>38,655,794</u>	<u>36,453,497</u>		
20. NET COMMISSION AND OTHER ACQUISITION COSTS				
Commission paid or payable	14,037,343	12,584,770		
Add: Deferred commission expense opening	5,588,944	4,444,553		
Less: Deferred commission expense closing	<u>(6,786,091)</u>	<u>(5,588,944)</u>		
Commission expenses	<u>12,840,196</u>	<u>11,440,379</u>		
21. MANAGEMENT EXPENSES				
Employee benefit cost	21.1	4,499,004	4,554,004	
Printing and stationery		-	23,200	
Vehicle running expenses		300,000	300,000	
Computer software maintenance		1,695,000	1,695,000	
Bank charges		2,807	896	
Others		14,136,204	11,744,604	
		<u>20,633,015</u>	<u>18,317,704</u>	
21.1 Employee benefit cost				
Salaries, allowances and other benefits		4,468,500	4,523,500	
Charges for post employment benefit		30,504	30,504	
		<u>4,499,004</u>	<u>4,554,004</u>	
22. OTHER EXPENSES				
Employee benefit cost		900,000	900,000	
Auditors' remuneration	22.1	108,000	108,000	
Subscription		54,000	54,000	
		<u>1,062,000</u>	<u>1,062,000</u>	
22.1 Auditors' remuneration				
Audit fee		100,000	100,000	
Sindh sales tax on services		8,000	8,000	
		<u>108,000</u>	<u>108,000</u>	

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

23. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Director		Executives	
	2019	2018	2019	2018	2019	2018
	Rupees					
Managerial remuneration	-	-	-	-	1,845,000	1,800,000
	-	-	-	-	1,845,000	1,800,000
Number of person	-	-	-	-	1	1

24. RELATED PARTY TRANSACTIONS

Related parties comprise companies having common directorship, group companies, directors, key management personnel and retirement benefit funds. Remuneration to the key management personnel are included in note 23 to these financial statements and are determined in accordance with the terms of their appointment.

Relation with the Company	Nature of transaction	Note	2019	2018
			Rupees	
Transactions during the year				
Associated companies	Contribution underwritten		4,853,915	4,286,498
	Contribution collected		4,488,449	4,114,748
Key management personnel	Remuneration and other benefits	23	1,845,000	1,800,000
Staff retirement benefits	Contribution to provident fund		30,504	30,504
Balances as at the year end				
Associated companies	Contribution due but unpaid		2,540,693	626,290

25. SEGMENT INFORMATION

	2019				
	Fire & property damage	Marine aviation & transport	Motor	Miscellaneous	Total
	Rupees				
Gross Contributions (inclusive of Administrative surcharge)	24,453,460	14,704,704	61,373,276	2,980,364	103,511,804
Contributions earned	20,825,783	12,933,668	58,756,515	4,123,515	96,639,481
Takaful contributions ceded to re-takaful operators	(14,116,613)	(10,321,546)	(3,205,024)	(3,057,698)	(30,700,881)
Net contribution	6,709,170	2,612,122	55,551,491	1,065,817	65,938,600
Rebate from re-takaful	3,153,833	2,373,956	-	657,406	6,185,195
Net revenue	9,863,003	4,986,078	55,551,491	1,723,223	72,123,795
Takaful claims	(1,310,718)	(1,736,249)	(10,801,995)	-	(13,848,962)
Takaful claims recovered from re-takaful operators	974,413	1,465,638	588,177	-	3,028,228
Net claims	(336,305)	(270,611)	(10,213,818)	-	(10,820,734)
Wakala expense	(8,330,314)	(5,173,470)	(23,502,606)	(1,649,404)	(38,655,794)
Direct expense	(8,300)	(3,232)	(68,727)	(1,319)	(81,578)
Net takaful claims & expenses	(8,674,919)	(5,447,313)	(33,785,151)	(1,650,723)	(49,558,106)
Underwriting result	1,188,084	(461,235)	21,766,340	72,500	22,565,689
Net Investment income					6,804,876
Modarib's shares					(2,721,951)
Surplus for the period					26,648,614

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

	2019				
	Fire & property damage	Marine aviation & transport	Motor	Miscellaneous	Total
	Rupees				
Segment assets - PTF	5,350,404	2,083,106	44,301,001	849,964	52,584,475
Unallocated assets - PTF					102,743,095
Unallocated assets - OPF					91,493,527
					<u>246,821,097</u>
Segment liabilities - PTF	9,792,395	3,812,533	81,080,390	1,555,617	96,240,934
Unallocated liabilities - OPF					24,912,739
Consolidated total Liabilities					<u>121,153,673</u>

	2018				
	Fire & property damage	Marine aviation & transport	Motor	Miscellaneous	Total
	Rupees				
Gross written contributions (inclusive of Administrative surcharge)	16,733,500	10,568,367	68,227,301	5,009,364	100,538,532
Contributions earned	14,670,087	10,116,762	60,391,570	5,955,322	91,133,741
Takaful contributions ceded to re-takaful operators	(10,839,148)	(7,545,947)	(3,479,001)	(4,429,143)	(26,293,239)
Net contributions	3,830,939	2,570,815	56,912,569	1,526,179	64,840,502
Rebate from re-takaful	2,390,794	1,735,164	-	952,265	5,078,223
Net revenue	6,221,733	4,305,979	56,912,569	2,478,444	69,918,725
Takaful claims	(1,798,233)	(983,481)	(13,690,390)	-	(16,472,104)
Takaful claims recovered from re-takaful operators	1,702,053	907,023	280,171	-	2,889,247
Net claims	(96,180)	(76,458)	(13,410,219)	-	(13,582,857)
Wakala expense	(5,868,033)	(4,046,706)	(24,156,628)	(2,382,130)	(36,453,497)
Direct expense	(5,847)	(3,924)	(86,866)	(2,329)	(98,966)
Net takaful claims & expenses	(5,970,060)	(4,127,088)	(37,653,713)	(2,384,459)	(50,135,320)
Underwriting result	251,673	178,891	19,258,856	93,985	19,783,405
Net Investment income					3,237,591
Modarib's shares					(1,295,036)
Surplus for the period					<u>21,725,960</u>
December 31, 2018					
Segment assets - PTF	2,082,164	1,397,271	30,932,706	829,498	35,241,638
Unallocated assets - PTF					67,564,483
Unallocated assets - OPF					76,927,440
Consolidated total assets					<u>179,733,561</u>
Segment liabilities - PTF	4,157,523	2,789,975	61,764,317	1,656,284	70,368,099
Unallocated liabilities - OPF					19,408,475
Consolidated total Liabilities					<u>89,776,574</u>

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

26. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P & L	Total
	Rupees			
As at 1st January, 2018	-	9,240,372	-	9,240,372
Additions	-	183,646	-	183,646
Fair value net gains/loss (excluding net realised gains)	-	-	-	-
As at 31 December 2018	-	9,424,018	-	9,424,018
Additions	-	374,751	-	374,751
Fair value net gains/loss (excluding net realised gains)	-	593,833	-	593,833
As at 31 December 2019	-	10,392,602	-	10,392,602

27 MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

27.1 Takaful risk management

27.1.1 Takaful risk

The risk under any takaful contract is the possibility that the covered event occurs and the uncertainty in the amount of compensation to the participant. Generally, most takaful contracts carry the takaful risk for a period of one year (refer note 3).

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

27.1.2 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.

27.1.3 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.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

27.1.4 Key assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected income. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate case to case basis with due regard to the claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Core estimates are reviewed regularly and are updated as and when new information is available.

The principal assumption underlying the liability estimation of IBNR and Contribution Deficiency Reserves is that the PTF's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Operator, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of re-takaful recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The details of estimation of outstanding claims (including IBNR) are given under note 15.1

27.1.5 Sensitivity analysis

The risks associated with the takaful contracts are complex and subject to a number of variables with complicate quantitative sensitivity analysis. The Operator makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Operator considers that the liability for claims recognised in the statement of financial position is adequate. However, actual experience may differ from the expected outcome.

The claim liabilities are sensitive to the incidence of covered events and severity / size of claims. As the Operator enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit of PTF net of re-takaful.:

Impact of change in claim liabilities by +10%

Net

Fire & property damage
Marine
Motor
Miscellaneous
Total

Underwriting results		Participants' takaful fund	
2019	2018	2019	2018
Rupees			
(49)	(450)	(49)	(450)
(220)	(130)	(220)	(130)
(86,886)	(51,995)	(86,886)	(51,995)
-	-	-	-
(87,154)	(52,575)	(87,154)	(52,575)

Impact of change in claim liabilities by -10%

Net

Fire & property damage
Marine
Motor
Miscellaneous
Total

Underwriting results		Participants' takaful fund	
2019	2018	2019	2018
Rupees			
49	450	49	450
220	130	220	130
86,886	51,995	86,886	51,995
-	-	-	-
87,154	52,575	87,154	52,575

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

27.1.6 Concentration of risk

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the insured property.

The adequate event limit is a multiple of the treaty capacity or the primary recovery from excess of loss treaty, which is very much in line with the risk management philosophy of the Company.

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

The Operator minimises its exposure to significant losses by obtaining re-takaful arrangements from a number of re-takaful operators, who are dispersed over several geographical regions.

The concentration of risk by type of contracts based on single risk with maximum exposure is summarised below:

	Gross sum covered		Re-takaful		Net	
	2019	2018	2019	2018	2019	2018
	Rupees in '000'					
Fire and property	17,658,484	11,643,879	12,418,724	8,041,460	5,239,760	3,602,419
Marine, aviation and transport	15,892,823	10,911,973	13,225,973	8,795,728	2,666,850	2,116,245
Motor	2,716,580	2,020,047	-	-	2,716,580	2,020,047
Miscellaneous	66,593	72,503	49,945	54,378	16,648	18,125
	36,334,480	24,648,402	25,694,642	16,891,566	10,639,838	7,756,836

27.2 Financial risk

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

27.2.1 Market risk

27.2.2 Liquidity risk

27.2.3 Credit risk

27.2.1 Market risk

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

27.2.1.1 Foreign Currency risk

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

27.2.1.2 Other price risk

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

27.2.1.3 Financial instruments

Maturity profile of financial assets and liabilities of Operators fund and Participants fund

Operators fund & Participants fund

2019						
Interest / mark-up bearing			Non interest-markup bearing			Total
Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	2019
Rupees						
Financial assets						
Investment in equity securities	-	-	10,392,601	-	10,392,601	10,392,601
Loans and other receivables	-	-	14,860,064	-	14,860,064	14,860,064
Takaful / Re-takaful receivables	-	-	17,334,881	-	17,334,881	17,334,881
Re-takaful recoveries against outstanding claims	-	-	1,004,124	-	1,004,124	1,004,124
Cash and bank deposits	161,774,116	161,774,116	-	-	-	161,774,116
	<u>161,774,116</u>	<u>161,774,116</u>	<u>43,591,670</u>	<u>43,591,670</u>	<u>205,365,786</u>	
Financial liabilities						
Provision for outstanding claims (including IBNR)	-	-	9,719,558	-	9,719,558	9,719,558
Takaful / Re-takaful payables	-	-	13,757,485	-	13,757,485	13,757,485
Other creditors and accruals	-	-	4,943,995	-	4,943,995	4,943,995
	<u>-</u>	<u>-</u>	<u>28,421,038</u>	<u>28,421,038</u>	<u>28,421,038</u>	

Operators fund and Participants fund

2018						
Interest / mark-up bearing			Non interest-markup bearing			Total
Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	2018
Rupees						
Financial assets						
Investment equity securities	-	-	9,424,018	-	9,424,018	9,424,018
Loans and other receivables	-	-	9,559,069	-	9,559,069	9,559,069
Takaful / Re-takaful receivables	-	-	6,291,498	-	6,291,498	6,291,498
Re-takaful recoveries against outstanding claims	-	-	566,671	-	566,671	566,671
Cash and bank deposits	118,982,961	118,982,961	-	-	-	118,982,961
	<u>118,982,961</u>	<u>118,982,961</u>	<u>25,841,256</u>	<u>25,841,256</u>	<u>144,824,217</u>	
Financial liabilities						
Provision for outstanding claims(including IBNR)	-	-	5,824,170	-	5,824,170	5,824,170
Takaful / Re-takaful Payables	-	-	5,551,739	-	5,551,739	5,551,739
Other Creditors and Accruals	-	-	2,298,859	-	2,298,859	2,298,859
	<u>-</u>	<u>-</u>	<u>13,674,768</u>	<u>13,674,768</u>	<u>13,674,768</u>	

a. Sensitivity analysis - interest rate risk

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to change in the market profit rate. The profit based assets as on the statement of financial position date aggregates to Rs. 161.774 million (2018: Rs.118.963 million) as disclosed in note 27.2.1.3 above. There are no fixed rate financial instruments as at year end date. An increase or decrease in profit rates by 100 basis points has the effect of Rs. 1.618 million (2018: Rs.1.190 million) on profit.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

27.2.2 Liquidity risk

Liquidity risk is the risk that the Operator will not be able to meet its financial obligations as they fall due. The Operators' 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.

	2019			Total
	Within one year	Over one year to five years	Over five years	
	Rupees			
Financial liabilities				
Outstanding claims including IBNR	9,719,558	-	-	9,719,558
Other creditors and accruals	4,943,995	-	-	4,943,995
	<u>14,663,553</u>	<u>-</u>	<u>-</u>	<u>14,663,553</u>

	2018			Total
	Within one year	Over one year to five years	Over five years	
	Rupees			
Financial liabilities				
Outstanding claims including IBNR	5,824,170	-	-	5,824,170
Other creditors and accruals	2,298,859	-	-	2,298,859
	<u>8,123,029</u>	<u>-</u>	<u>-</u>	<u>8,123,029</u>

27.2.3 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The operations 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.

Concentration of credit risk

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

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

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

Exposure to credit risk

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

	2019	2018
	Rupees	
Investments	10,392,601	9,424,018
Loans and other receivables	14,860,064	9,559,069
Takaful / Re-takaful receivable	17,334,881	6,291,498
Re-takaful recoveries against outstanding claims	1,004,124	566,671
Cash & Bank	161,717,711	118,963,061
	<u>205,309,381</u>	<u>144,804,317</u>

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

Rating		Rating agency
Short term	Long term	

Banks

Meezan Bank Limited	A-1 +	AA+	VIS
MCB Islamic Bank Limited	A1	A	PACRA
Dubai Islamic Bank Pakistan Limited	A-1	AA-	VIS

27.2.3.1 Re-takaful Risk

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

To minimise its exposure to significant losses from re-takaful companies insolvencies, the Operator obtains re-takaful Companies ratings from a number of re-takaful operators, who are dispersed over several geographical regions.

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

Rating	Takaful / Re-takaful receivables	Re-takaful recoveries against outstanding claims	Prepaid re-takaful contribution ceded	2019	2018
	Rupees				
A or above	5,635,773	1,004,124	12,813,627	19,453,524	16,045,361
BBB	-	-	-	-	513,362
	<u>5,635,773</u>	<u>1,004,124</u>	<u>12,813,627</u>	<u>19,453,524</u>	<u>16,558,723</u>

27.3 FUND MANAGEMENT

The operator's objectives when managing capital or to safeguard operator's ability to continue as going concern in order to provide returns for operator or participants and to offer benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the amount of return paid to operators or to participants may be adjusted.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

27.4 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	As at December 31, 2019	Level 1	Level 2	Level 3
	Rupees			
Financial assets measured at fair value				
Available for sale investments	10,392,601	10,392,601	-	-
	10,392,601	10,392,601	-	-

	As at December 31, 2018	Level 1	Level 2	Level 3
	Rupees			
Financial assets measured at fair value				
Available for sale investments	9,424,018	9,424,018	-	-
	9,424,018	9,424,018	-	-

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2019

28. STATEMENT OF SOLVENCY - PTF

2019

—Rupees—

Assets

Investment

Equity securities

Loans and other receivables

Takaful / Re-takaful receivables

Re-takaful recoveries against outstanding claims

Prepayments

Deferred Wakala fee

Cash & Bank

Total Assets (A)

-
206,030
17,334,881
1,004,124
12,813,627
21,431,843
102,537,065
155,327,570

In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000

Clause (h) Takaful / Re-takaful receivable

Clause (q) Investment in equity securities

Total of in-admissible assets (B)

6,295,587
-
6,295,587

Total Admissible Assets (C=A-B)

149,031,983

Total Liabilities

Underwriting provisions

Outstanding claims including IBNR

Unearned contribution

Unearned re-takaful rebate

Takaful / Re-takaful payable

Other Creditors and Accruals

Total Liabilities (D)

Total Net Admissible Assets (E=C-D)

9,719,558
53,579,610
2,390,941
13,757,485
16,793,340
96,240,934
52,791,049

29. DATE OF AUTHORIZATION FOR ISSUE

These financial statement have been authorized for issue on 22 April, 2020 by the Board of Directors of the Operator.

30. GENERAL

Figures have been rounded off to the nearest rupee.



Ismail H. Zakaria
Chairman



Muhammad Omar Bawany
Director



Irfan Zakaria Bawany
Director



Haroon A. Shakoor
Chief Financial Officer



A. Razak Ahmed
Chief Executive &
Managing Director

Karachi 22nd April, 2020

Offices

Head Office

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

PABX : 34539415-17
Fax : 34539412
E-mail : reli-ins@cyber.net.pk.
ric-re@cyber.net.pk.
Web : www.relianceins.com

Mr. A. Razak Ahmed
Chief Executive & Managing Director

Direct : 34539413, 34539414
Extension : 204

Mr. Haroon A. Shakoor
Chief Financial Officer

Direct : 34539409
Extension : 203

Mr. Ghulam Haider
Comapny Secretary & Complaiance Officer

Extension : 209

Mr. Syed Rizwan Akhtar
Executive Vice President (Operations)

Direct : 34304067
Extension : 210

Mr. Muhammad Ishaque Azim
Vice President (Underwriting)

Direct : 34304068
Extension : 212

Mr. Muhammad Siddique
Deputy Chief Manager (Claims)

Direct : 34550403
Extension : 208

Mr. Najamullah Khan
Head of Takaful

Direct : 34557079
Extension : 201

Mr. Muhammad Kashif Wadiwala
Shariah Complaiance Officer

Extension : 216

Mr. Ghulam Mujaddid
Chief Manager (Accounts)

Extension : 205

Mr. Abdul Rahim Patni
Deputy Chief Manager (Reinsurance)

Direct : 34539411
Extension : 215

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

Extension : 214

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

Extension : 202

Mr. Muhammad Masood Alam
Manager (Administration)

Direct : 34539411
Extension : 206

Mr. Mahmood Shuja Baig
Manager (Internal Audit)

Extension : 208

South Zone Offices & Branches

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Off. I.I.Chundrigar Road, Karachi.

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Fax (021) 32421314, 32421317

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1st Floor, Rahat Jo Daro,
Plot No.172/L, Block-2, PECHS,
Main Tariq Road, Karachi.

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Executive Vice President

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34525376, 34322642
Fax (021) 34522829

Namco Centre Branch
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M. A. Jinnah Road Branch
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Mr. Rizwan Ahmed Khan
Branch Manager

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

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

Mr. Abdullah Ahmed
Regional Manager

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Fax (022) 2623029

Offices

North Zone Offices & Branches

Zonal Office, Lahore (North Zone)

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Chief Manager

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

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Mr. Waseem John
Vice President

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35763446, 35763447
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Gulberg Branch

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Deputy Chief Manager

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35751971, 35756557
Fax (042) 35756217

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37354848
Fax (042) 37247925

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Gujrat Branch

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

Mr. Abdul Sattar Malik
Branch Manager

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2626480
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Fax (051) 4935278

Peshawar Branch

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3rd Floor, Saddar Road, .
Peshawar Cantt.

Mr. Shah Mast Khan
Assistant Vice President

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Fax (091) 5284683

Regional Office Multan

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Opp. Civil Hospital, Abdali Road,
Multan.

Mr. Syed Mohsin Bukhari
Assistant Vice President

Ph (061) 4517349
Fax (061) 4510049

Hasilpur Branch

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

Mr. Muhammad Shafi Anjum
Senior Vice President

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Fax (062) 2448073

Sialkot Branch

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Sialkot.

Mr. Asim Arshad
Assistant Manager

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

Gojra Branch

P-132, Post Office Road,
Gojra.

Mrs. Shahnaz Akhtar
Branch Manager

Ph (046) 3511917
Fax (046) 3513111

Sukkur

Minara Road, Sukkur.

Mr. Anees Memon
Resident Representative

Ph (071) 5622619
Cell 0300-3138090

Proxy Form

I/we _____ of _____

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

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

Thursday May 28, 2020 and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2020.

(Signature of Witness 1)

(Signature of Witness 2)

Revenue Stamp

Name of Witness: _____

Name of Witness: _____

CNIC

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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CNIC

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Address: _____

Address: _____

(Name in Block Letters)
Folio No. _____

Signature of Shareholder

Notes:

1. The Member is requested:
 - (a) To affix Revenue stamp at the place indicated above;
 - (b) To sign in the same style of signature as is registered with the company.
 - (c) To write down his/her Folio Number
2. For the appointment of the above proxy to be valid this instrument of proxy must be received at the Head office at 181-A, Reliance Insurance House, Sindhi Muslim Cooperative Housing Society Karachi at least 48 hours before the time fixed for the Meeting.
3. Any alteration made in this instrument of proxy should be initiated by the person who signs it.
4. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by the proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.
5. The Proxy must be a Member of the Company.

For CDC Account Holders / Corporate Entities

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

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

مختار نامہ (پراکسی فارم)

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

تحقیق شراکت دار ریلائنس انشورنس کمپنی لمیٹڈ موجودہ حصص

آرڈری حصص بطور ضمیر و تقرری کرتا / کرتی ہوں / کرتے ہیں _____ برائے _____ (نام) _____ (پتہ)

میری / ہماری پراکسی کے طور پر میری / ہماری جانب سے کمپنی کے سالانہ اجلاس میں شرکت کرنے، بولنے اور ووٹ دینے کی، جو بروز جمعرات، مورخہ 28 مئی 2020 کو منعقد ہوگی۔ اس میں کوئی تبدیلی لائی جائے۔

میرے / ہمارے طرف سے گواہان برطانیہ _____ مورخہ _____ 2020

(ریونیٹنگ چسپاں کر کے
اس پر دستخط کریں)

گواہ کے دستخط - ۲

گواہ کے دستخط

گواہ کا نام

گواہ کا نام

شناختی کارڈ نمبر

شناختی کارڈ نمبر

پتہ

پتہ

شراکت دار کا نام

جلی حروف میں نام

فولیو نمبر:

اہم نکات:

- ۱- شراکت داروں سے التماس ہے کہ:
 - (ا) اوپر بتائی جگہ پر ریونیٹنگ چسپاں کریں
 - (ب) کمپنی میں رجسٹرڈ کرائے ہوئے دستخط استعمال کریں
 - (ج) اپنا فولیو نمبر درج کریں
- ۲- میٹنگ سے ۴۸ گھنٹے قبل پراکسی کا یہ فارم جو ہر لحاظ سے مکمل اور دستخط شدہ ہو کمپنی کے ہیڈ آفس بمقام 181/A ریلائنس انشورنس ہاؤس سندھی مسلم کواپریٹو ہاؤسنگ سوسائٹی کراچی میں جمع کر دیا جائے۔
- ۳- کوائف میں کسی بھی قسم کی ترمیم کی صورت میں شراکت دار کے دستخط لازمی ہیں۔
- ۴- یہ فارم ممبر یا اس کے انارنی کی جانب سے جسے تحریری طور پر اقتدار انزڈ کیا گیا ہو، کی جانب سے دستخط کیا جائے، اگر ممبر کوئی کارپوریشن ہے تو اس کی عام ممبر موجود ہونی چاہیے۔
- ۵- ایسا ممبر جو میٹنگ میں شمولیت اور ووٹ دینے کا اہل ہے وہ کسی دوسرے ممبر کو اپنے اپنی پراکسی کے طور پر میٹنگ میں شمولیت اور ووٹ دینے کیلئے نامزد کر سکتا ہے۔ علاوہ ازیں کارپوریشن ایسے شخص کو نامزد کر سکتی ہے جو ممبر نہ ہو۔

برائے CDC اکاؤنٹ ہولڈرز / کارپوریٹ ادارے:

مزید براں درج ذیل شرائط کو پورا کیا جائے:

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

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



Reliance Insurance Company Limited

181-A, Sindhi Muslim Co-operative Housing Society, P.O. Box: 13356,
Karachi-74400. Ph: 021-34539415-17