

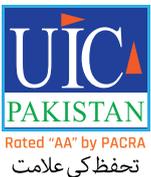
UIG
Group of Companies



Annual Report

AA

Rated by: PACRA
Rated by: PACRA



The United Insurance
Company of Pakistan Ltd.



KEY INFORMATION 2020

AA

Rated by: PACRA

Rupees in Millions

5,722

Premium
(Including Takaful Contribution)

5,365

Premium-(2019)
(Including Takaful Contribution)

2,132

Gross
Claims

9,861

Total
Assets

534

Profit
Before Tax

415

Profit
After Tax

452

Underwriting
Results

2,532

Total
Investment

3,754

Shareholders
Equity

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Proxy Form

UNITED INTERNATIONAL GROUP

We're leading our sector and working with our clients to advance the cause of sustainability — even in places where you might not expect us.



The United Insurance Company of Pakistan Limited.



APNA Micro Finance Bank Limited.



United Software & Technologies International (Pvt.) Limited.



United Track System (Pvt.) Limited.



Tawasul Risk Management Services (Pvt.) Limited.



United International Farms.



Tawasul Healthcare TPA (Pvt.) Limited.



The United Insurance Company of Pakistan Limited.

The United Insurance Company of Pakistan Limited, a leading insurance provider in Pakistan, was established in the year 1959 on the 20th day of October. It was operational in Pakistan including East Pakistan (now Bangladesh). UIC has established a large network of branches throughout Pakistan currently operating 110 branches all over Pakistan. UIC doing General business including Group Health Insurance, Travel Insurance (Health), Travel Bonds & Guarantees, Livestock and Crop Insurance.

UIC is a part of the United international Group (UIG) as well as the company is a public limited company listed on Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited).

Our traditional business model is based on cost effective risk management solutions to our policyholders through highest level of quality. We are dedicated to our customer as well as our shareholders to maximize their profits depending on the variables that are factored in with the investments. We are leading the insurance sector and working with our clients to advance the cause of sustainability even in the rural areas.

With our experience, global resources and vision we aim to provide financial certainties and eliminate financial risk from this uncertain world. Hence our motto "Your risk is secure with us" serves this purpose.

AA

Rated by: PACRA

CORPORATE CALENDAR 2020

**March
20 & 21,
2020**

Audit Committee and Board of Directors meeting to consider annual accounts of the Company for the year ended December 31, 2019.

**April 27,
2020**

Annual General Meeting of Shareholders to consider annual accounts of the Company for the year ended December 31, 2019 and dividend announcement.

**August
25 & 26,
2020**

Audit Committee and Board of Directors meeting to consider half yearly accounts of the Company for the half year ended June 30, 2020.

**April 26 &
27, 2020**

Audit Committee and Board of Directors meeting to consider quarterly accounts of the Company for the quarter ended March 31, 2020.

**October
26 & 27,
2020**

Audit Committee and Board of Directors meeting to consider quarterly accounts of the company or the quarter ended September 30, 2020.

CORE BELIEFS

UIC believes in providing high quality solutions to risk exposures to the fulfillment of its customers through:

- Surpassing the values throughout the entire organization. These principles will guide us to succeed in our business, and will serve us well ahead into the future from day-to-day business operation to product development and customer services.
 - Building the team that takes responsibility for the delivery of our services. By developing our technical & marketing staff, who may deliver services competently. Also give them a sense of pride in the Company.
 - Believing that by being pro-active and meeting the changing needs of our clients through value – added products and services, meeting the aspirations of all our stakeholders.
 - Also believing that quality of work is the key factor in an organization. So, continuous quality improvements shall be the key drivers in our management processes.
 - Our commitment to integrity, customer centricity, sustainable value creation, excellence and teamwork fosters trust with our shareholders and our customers. It nurtures talent and mitigates internal risks through openness and transparency. It helps us secure the support of regulators and the investment community. It nurtures talent and mitigates internal risks through candor and transparency. It helps us secure the support of regulators and the investment community.
- » **Integrity**
To treat everyone fairly and honestly.
To comply with all applicable laws, regulations and internal policies.
 - » **Customer centricity**
To put our customers at the heart of all we do. We utilize of our global scale experience to convert insights and observations into useful ideas that we put to work for our customers.
 - » **Sustainable value creation**
To create and sustain value for our customers, our shareholders, our people and society. To maintain a culture of precision, stability and reliability that instills confidence and trust in our commitment to deliver when it matters now and in the future. A key component of sustainable value creation, and indeed of all our values, is our commitment to a high standard of corporate responsibility.
 - » **Excellence**
To aim for the highest quality and strive for continuous improvement in all that we do. Find new ways of solving problems. To test what we do and how we do it for fairness, diversity, trust, and mutual respect.
 - » **Teamwork**
To work together as one team...one Company. Collaborating and applying our global insights to deliver the best for our stakeholders. Value our diverse, talented workforce; and support them so that they can contribute to their full potential.

VISION & MISSION STATEMENT



OUR VISION

As an Insurance Company – to be the
“FIRST CHOICE”.



OUR MISSION

By adopting insurance technologies will meet the global requirements for the regulators' compliances, enhance confidence of shareholders, country' business community & generate revenue in the shape of taxes.

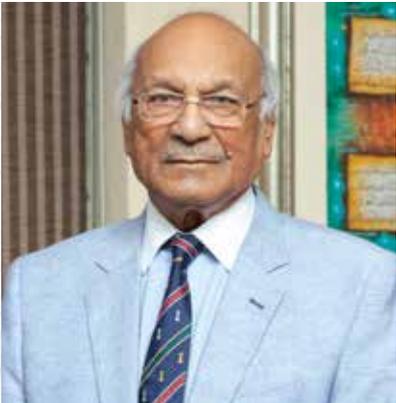


BOARD OF DIRECTORS



Mian M.A. Shahid

ADVISOR TO BOARD / (CHAIRMAN UIG)



Javid Sadiq

CHAIRMAN



Muhammad Rahat Sadiq

CHIEF EXECUTIVE OFFICER

BOARD OF DIRECTORS



Huma Waheed

DIRECTOR



Khawas Khan Niazi

DIRECTOR



Syed Rahat Ali Shah

DIRECTOR



Agha Ali Imam

DIRECTOR



Jamil Ahmed Khan

DIRECTOR

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Javaid Sadiq

CHIEF EXECUTIVE OFFICER

Muhammad Rahat Sadiq

DIRECTORS

Khawas Khan Niazi

Huma Waheed

Agha Ali Imam

Jamil Ahmed Khan

Syed Rahat Ali Shah

ADVISOR TO BOARD

Mian M.A. Shahid
(Chairman UIG)

ADVISOR

Major General (R) Asif Duraiz
Akhtar

Sardar Khan

(Former Managing Director Universal
Insurance Company Limited)

COMPANY SECRETARY

Athar A. Khan

CHIEF FINANCIAL OFFICER

Maqbool Ahmad

CHIEF INTERNAL AUDITOR

Abdul Mannan Munir

EXTERNAL AUDITORS

M/S. Ilyas Saeed & Co.
Chartered Accountants

LEGAL ADVISORS

Mohammed Farooq Sheikh
(Advocate)

Mian Asghar Ali
(Advocate)

TAX ADVISOR

M/S. Sarwars Chartered
Accountants

CREDIT RATING AGENCY (PACRA)

INSURER FINANCIAL STRENGTH

AA (Double A) The Rating
Denotes a very strong capacity
to meet policyholder and
contract obligations. Risk
factors are modest, and the
impact of any adverse business
and economic factors are
expected to be very small.

COMPANY'S SHARE REGISTRAR

M/S. F.D.Registrar
Services(SMC-Pvt) Ltd.
1705,17th Floor, Saima Trade
Center, I.I.Chundrigar Road,
Karachi.

WEB PRESENCE

www.theunitedinsurance.com



REGISTERED OFFICE

204, 2nd Floor, Madina City
Mall, Abdullah Haroon Road,
Saddar Karachi.

TEL: 021-35621460-2,

021-35221803-4

FAX: 021-35621459

Email:

info@theunitedinsurance.com

HEAD OFFICE

UIG House, 6-D, Upper Mall,
Lahore

TEL: 042-35776475-85

UAN: 92-42-111-000-014

FAX: 92-42-35776486, 35776487

Email:

uicp@theunitedinsurance.com

KEY MANAGEMENT PERSONNEL

CONVENTIONAL BUSINESS

HEAD OF CONVENTIONAL BUSINESS

Tajammal Iqbal

CHIEF OPERATING OFFICER/ EXECUTIVE DIRECTOR

Amir Hameed

SR. EXECUTIVE DIRECTOR UNDERWRITING

S.M. Qaiser Imam

SR. EXECUTIVE DIRECTOR/ GROUP COUNTRY MANAGER

Dr. Murtaza Mughal

JOINT DIRECTOR OPERATIONS - UNDERWRITING

Tayyab Bashir

SR. GENERAL MANAGER RE-INSURANCE

Abrar Ahmed Khan Minhas

GENERAL MANAGER HR & R

Wakeel Ahmed Mirza

GENERAL MANAGER HEALTH / TRAVEL

Kashif Shafique

CHIEF COMPLIANCE OFFICER

Ali Hassan Bhatti

CHIEF INFORMATION SECURITY OFFICER

Munir Ahmad

GENERAL MANAGER ADMINISTRATION

Maj.(R) Nadeem Iqbal Naz

DEPUTY GENERAL MANAGER - CLAIMS

Kamran Zaman

DEPUTY GENERAL MANAGER- UNDERWRITING (CO-INSURANCE)

Manzoor Hussain Mirza

A.G.M REINSURANCE

Naeem Ahmed Babar

CHIEF MANAGER (WEB)

Mohammed Arshad

AGRI HEAD

Zulfiqar Ahmed

SR. MANAGER COORDINATION

Tahira Ashar

WINDOW TAKAFUL OPERATIONS

HEAD OF TAKAFUL BUSINESS/ DEPUTY MANAGING DIRECTOR

Shakeel Ahmed

SHARIAH ADVISOR

Mufti Farhan Farooq

SHARIAH COMPLIANCE OFFICER

Saad Munir Malik

EXECUTIVE DIRECTORS (MARKETING)

Mian Muhammad Anwar Zahid

Zarrar Ahmed Butt

Mian Kashif Rasheed

Ch. Aslam Feroze

Rizwan-Ul-Haq

Shafaqat Ali Goraya

Syed Hassan Nadeem

Ch. Shams-ul-Haq

Kh. Adnan Hassan

Muhammad Mazhar Shah

Malik Khurram Mansoor

Nauman-ul-Haq

Tanveer Ahmad Bhatti

JOINT DIRECTORS (MARKETING)

Aslam Rajpoot

Mian Muhammad Rafi

Faisal Javaid

Muhammad Mohsin ullah

Chaudhry Iqbal Tahir

Zafar Mahmood

Hassan Bin Daud

Malik Azhar Ahmad

Mujeeb-ur-Rehman Khokhar

Zahid Mukhtar Paracha

Mian Muhammad Asif

Raheel Zia

Rana Muhammad Ashraf

Shahid Hussain Chishti

Junaid Akhtar Samoo

Mumtaz Ahmad Kahlon

Jamshed Mir

Rizwan Masoom Ali

Junaid Memon

Brig.(R) M. Aslam Khan

Muhammad Saif-ud-din Sheikh

Muhammad Ashraf Kharl

BANKS & LEASING COMPANIES

BANKS

State Bank of Pakistan
National Bank of Pakistan
Bank Al-Habib Limited
Soneri Bank Limited
Bank Alfalah Limited
Meezan Bank Limited
SME Bank Limited
The Bank of Khyber
Summit Bank Limited
Silk Bank Limited
Samba Bank Limited
Zarai Taraqati Bank Limited
Sindh Bank Limited
The Bank of Punjab
First Women Bank Limited
The Punjab Provincial Cooperative Bank Limited
Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
United Bank Limited
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Standard Chartered Bank (Pakistan) Limited
Barclays Bank PLC, Pakistan
Habib Metropolitan Bank Limited
Karakoram Cooperative Bank Limited
JS Bank Limited
Bank Islami Pakistan Limited
Bank of Azad Jammu and Kashmir
MCB Islamic Bank Limited

LEASING COMPANIES

Orix Leasing Company Limited
Crescent Standard Modaraba

MICRO FINANCE BANKS

APNA Microfinance Bank Limited
Khushhali Microfinance Bank Limited
Pak-Oman Microfinance Bank Limited
The First Microfinance Bank Limited
Waseela Microfinance Bank Limited
U Microfinance Bank Limited
Tameer Microfinance Bank Limited
NRSP Microfinance Bank Limited
Telenor Microfinance Bank Limited
Mobilink Microfinance Bank Limited

THE UNITED INSURANCE AT A GLANCE

- United Insurance is a member Company of “United International Group”.
- Operating Since 1959, dealing in all areas of General Insurance business.
- One of the premier general insurance companies of Pakistan.
- First insurance company to obtain Window Takaful Operator License from SECP
- Rated “AA” which signifies very High Financial Capacity to meet Policy holders and contract obligations.
- Very strong Reinsurance arrangements with world renowned reinsurers.
- Focused on prompt settlement of claims.
- Extending success into new challenges.
- Pioneer of crop & live stock insurance



AA

Rated by: PACRA

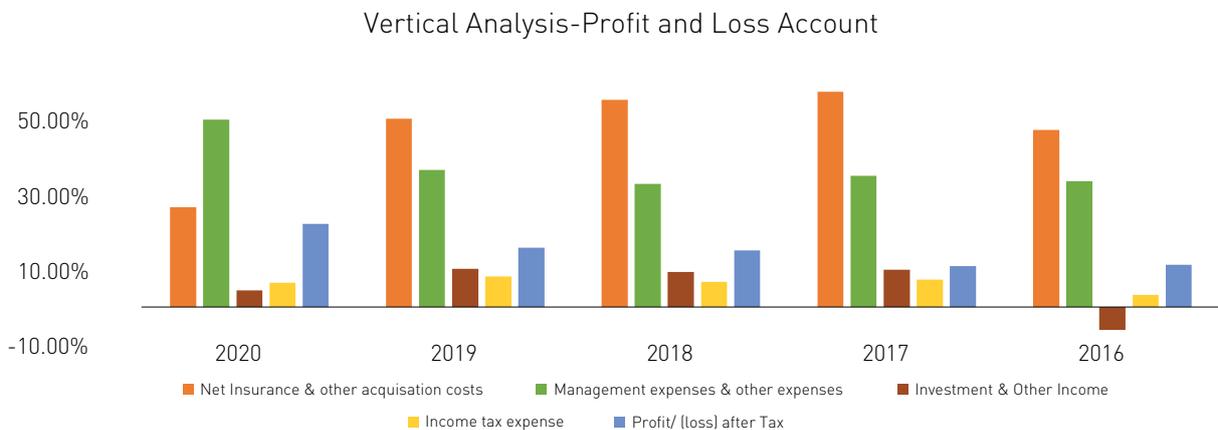
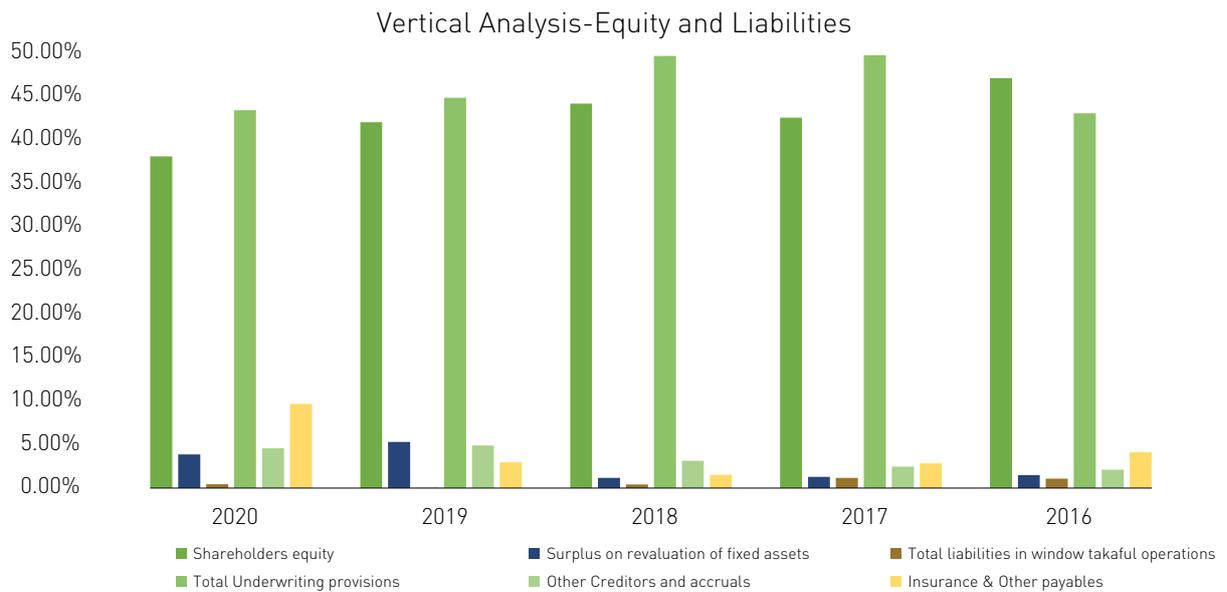
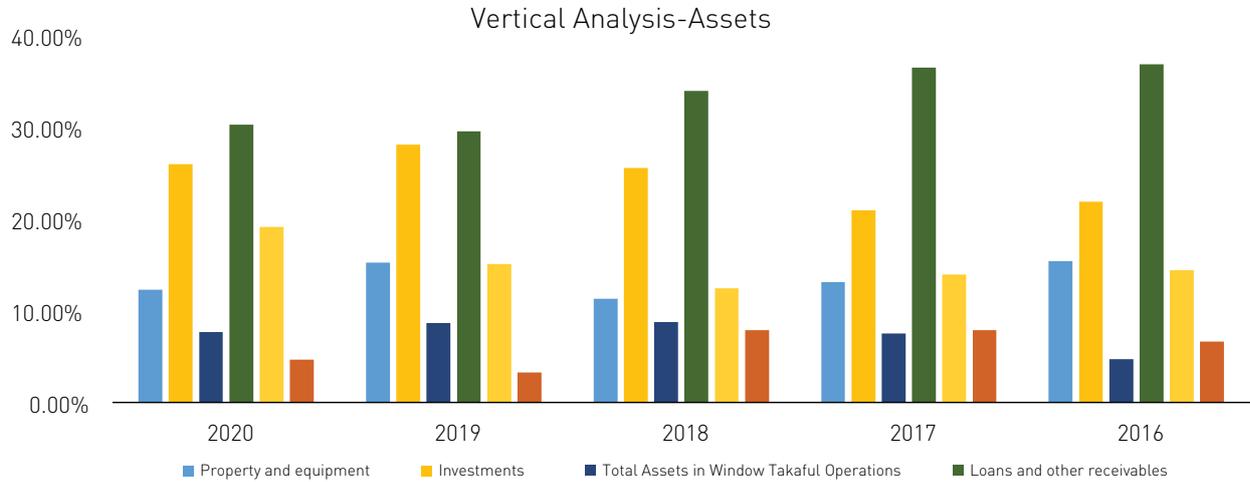


SIX YEARS AT A GLANCE

SIX YEARS AT A GLANCE	(RUPEES IN MILLION)					
	2020	2019	2018	2017	2016	2015
FINANCIAL DATA - CONVENTIONAL						
Ordinary share capital	2,950.000	2,601.017	2,261.754	2,001.552	1,803.200	1,288.000
Reserves	52.846	49.899	58.204	46.613	105.234	68.124
Total Equity	3,754.097	3,437.546	3,043.496	2,641.890	2,588.325	2,245.719
Underwriting provisions	4,277.408	3,666.234	3,419.505	3,087.593	2,366.383	2,298.038
Investments including associate	2,531.528	2,298.614	1,762.342	1,301.523	1,200.590	1,078.066
Total Assets	9,860.745	8,183.063	6,895.465	6,213.248	5,499.512	5,059.424
Property and equipment, investment property & intangible	1,243.134	1,245.612	774.641	810.596	841.897	695.565
Cash & bank	457.297	266.126	542.589	490.059	365.488	324.822
Loans and other receivables	129.665	126.657	158.735	178.082	238.938	177.013
OPERATING DATA - CONVENTIONAL						
Written gross premium	4,920.602	4,310.794	4,227.348	4,163.546	3,781.741	3,062.158
Net insurance premium	1,868.698	2,541.595	2,574.381	2,678.708	2,473.432	2,151.784
Net insurance claims	438.671	1,153.501	2,730.465	1,287.193	934.519	742.329
Management expenses	919.975	917.014	832.410	921.226	797.738	628.696
Premium deficiency	37.162	-1.165	-17.269	17.032	3.565	-5.261
Underwriting results	451.682	351.574	323.246	221.312	509.741	150.961
Investment income	57.171	67.101	8.365	67.205	73.106	68.430
Profit before tax	534.400	609.114	562.701	487.345	357.960	679.588
Income tax expense	119.846	207.523	173.478	195.061	79.513	59.563
Profit after tax	414.555	401.591	389.223	292.284	278.448	627.728
FINANCIAL RATIOS - CONVENTIONAL						
Profit before tax / Written gross premium (%)	10.860	14.130	13.311	11.705	9.465	22.193
Profit before tax / Net insurance premium (%)	28.597	23.966	21.858	18.193	14.472	31.583
Profit after tax / Written gross premium (%)	8.425	9.316	9.207	7.020	7.363	20.500
Profit after tax / Net insurance premium (%)	22.184	15.801	15.119	10.911	11.258	29.172
Management expenses / Written gross premium (%)	18.696	21.272	19.691	22.126	21.094	20.531
Management expenses / Net insurance premium (%)	49.231	36.080	32.334	34.391	32.252	29.217
Underwriting results / Net insurance premium (%)	24.171	13.833	12.556	8.262	20.609	7.016
Net insurance claims / Net insurance premium (%)	23.475	45.385	106.063	48.053	37.782	34.498
Return on Assets (%)	4.204	4.908	5.645	4.704	5.063	12.407
RETURN TO MEMBERS - CONVENTIONAL						
Return on Total equity - PBT (%)	14.24	17.72	18.49	18.45	13.83	30.26
Return on Total equity - PAT (%)	11.04	11.68	12.79	11.06	10.76	27.95
Earning Per Share (Rs.)	1.41	1.36	1.50	1.29	1.39	3.14
Price earning ratio (times)	5.73	7.06	7.91	12.00	16.02	6.90
Market value at end of year (Rs.)	8.08	9.60	11.86	15.48	22.28	21.65
Highest value during the year (Rs.)	9.95	11.820	12.700	26.610	28.990	42.550
Lowest value during the year (Rs.)	6.81	5.700	10.460	13.750	14.340	19.340
Stock dividend per share (Rs.)	1.13	1.15	1.13	1.11	4.00	4.00
Cash dividend per share (Rs.)	0.60	-	-	1.000	-	-
Total assets per share (times)	33.426	31.461	30.487	31.042	30.499	39.281
LIQUIDITY / LEVERAGE RATIO - CONVENTIONAL						
Total assets turnover (times)	2.00	1.90	1.6312	1.4923	1.4542	1.652
Property and equipment turnover (times)	0.25	0.29	0.1832	0.1947	0.2226	0.227
Total liability / Total equity (times)	1.51	1.25	1.2393	1.3205	1.0931	1.236
Return on capital employed (%)	14.24	17.72	18.4886	18.4468	13.8298	30.261
Ordinary share capital / Total assets (%)	29.92	31.79	32.8006	32.2143	32.7884	25.457
Total equity / Total assets (%)	38.07	42.01	44.1377	42.5203	47.0646	44.387
DISTRIBUTION - CONVENTIONAL						
Bonus share (Rs.)	1.13	1.15	1.13	1.11	4.00	4.00
Bonus share (%)	13.41%	15.00%	13.00%	11.00%	40.00%	40.00%
Cash dividend share (Rs.)	0.60	-	-	1.00	-	-
Cash dividend share (%)	0.6%	0%	0%	10%	0%	0%
Total distributions (%)	14.01%	15.00%	13%	21%	40%	40%

VERTICAL ANALYSIS

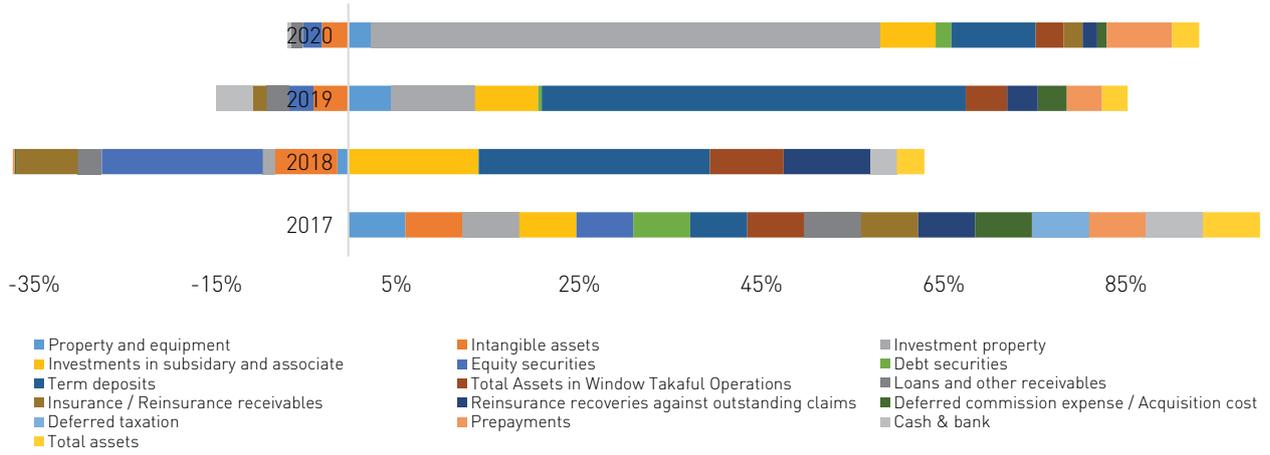
	YEARS				
	2020	2019	2018	2017	2016
STATEMENT OF FINANCIAL POSITION					
Property and equipment	12.27%	15.22%	11.23%	13.05%	15.31%
Intangible assets	0.02%	0.03%	0.05%	0.08%	0.11%
Investment property	0.32%	0.06%	0.04%	0.04%	0.05%
Investments in subsidiary and associate	19.61%	19.15%	19.35%	14.10%	11.11%
Investments:					
Equity securities	0.49%	0.70%	0.42%	1.33%	3.68%
Debt securities	3.85%	3.62%	4.11%	4.55%	5.16%
Term deposits	1.73%	4.62%	1.68%	0.96%	1.87%
Total Assets in Window Takaful Operations	7.65%	8.66%	8.78%	7.52%	4.71%
Loans and other receivables	1.31%	1.55%	2.30%	2.87%	4.34%
Insurance / Reinsurance receivables	15.31%	10.77%	11.71%	17.22%	22.00%
Reinsurance recoveries against outstanding claims	13.69%	17.27%	20.00%	16.46%	10.57%
Deferred commission expense / Acquisition cost	2.16%	2.93%	2.53%	2.83%	3.58%
Deferred taxation	0.00%	0.00%	0.00%	0.00%	0.00%
Prepayments	16.96%	12.15%	9.92%	11.11%	10.84%
Cash & bank	4.64%	3.25%	7.87%	7.89%	6.65%
TOTAL ASSETS	100%	100.00%	100.00%	100.00%	100.00%
Ordinary share capital	29.92%	31.79%	32.80%	32.21%	32.79%
Reserves	0.54%	0.61%	0.84%	0.75%	1.91%
Unappropriated profit	7.62%	9.61%	10.49%	9.56%	12.36%
Surplus on revaluation of fixed assets	3.86%	5.31%	1.16%	1.31%	1.49%
Total liabilities in window takaful operations	0.45%	0.02%	0.43%	1.17%	1.10%
Outstanding claims including IBNR	17.83%	23.11%	24.93%	22.30%	14.39%
Unearned premium reserves	23.55%	18.94%	22.27%	25.45%	27.09%
Premium deficiency reserves	0.00%	0.45%	0.52%	0.30%	0.03%
Unearned Reinsurance Commission	1.99%	2.29%	1.87%	1.64%	1.52%
Retirement benefit obligations	0.00%	0.00%	0.00%	0.00%	1.07%
Deferred taxation	1.53%	2.15%	0.54%	0.21%	0.26%
Borrowings	0.93%	0.95%	0.76%	1.12%	1.47%
Insurance / Reinsurance Payables	8.74%	2.02%	0.77%	1.74%	2.66%
Other Creditors and Accruals	1.15%	0.83%	1.01%	1.15%	1.55%
Taxation - provision less payment	1.88%	1.91%	1.60%	1.09%	0.32%
TOTAL EQUITY AND LIABILITIES	100%	100.00%	100.00%	100.00%	100.00%
PROFIT AND LOSS ACCOUNT					
Net insurance premium	100%	100%	100%	100%	100%
Net insurance claims	-23.47%	-45.38%	-50.70%	-48.05%	-37.78%
Premium deficiency	1.99%	-0.05%	-0.67%	-0.64%	0.14%
Net Commission and other acquisition costs	-5.11%	-4.66%	-3.74%	-8.66%	-9.50%
Management expenses	-49.23%	-36.08%	-32.33%	-34.39%	-32.25%
Investment income	3.06%	2.64%	0.32%	2.51%	2.96%
Rental income	0.15%	0.09%	0.09%	0.09%	0.09%
Other income	0.95%	1.95%	1.08%	1.75%	1.23%
Other expenses	-0.37%	-0.19%	-0.31%	-0.33%	-0.79%
Finance cost	-0.34%	-0.23%	-0.12%	-0.20%	-0.42%
Share of Profit (loss) from associate	0.89%	0.94%	0.92%	-1.32%	-11.19%
Profit from Window Takaful Operations	0.09%	4.94%	7.32%	7.43%	1.99%
Income tax expense	-6.41%	-8.17%	-6.74%	-7.28%	-3.21%
Profit / (loss) after tax	22.18%	15.80%	-15.12%	-10.91%	-11.26%



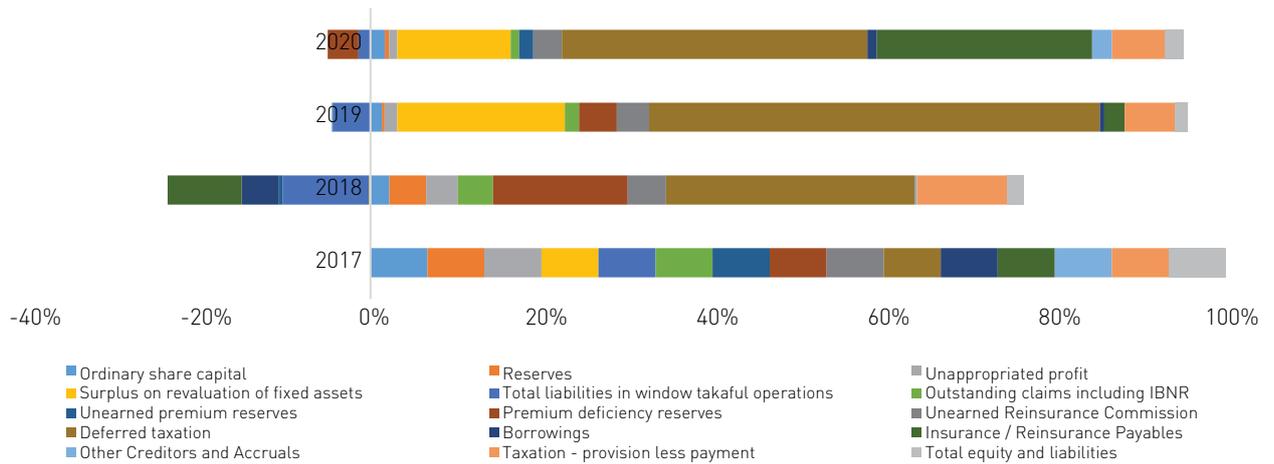
HORIZONTAL ANALYSIS

	YEARS			
	2017	2018	2019	2020
STATEMENT OF FINANCIAL POSITION				
Property and equipment	100	-4.44%	53.67%	49.27%
Intangible assets	100	-25.00%	-43.75%	-57.81%
Investment property	100	-5%	105%	1110%
Investments in subsidiary and associate	100	52.28%	78.87%	120.71%
Investments:				
Equity securities	100	-64.78%	-30.52%	-41.67%
Debt securities	100	0.18%	4.68%	34.16%
Term deposits	100	92.92%	530.45%	183.78%
Total Assets in Window Takaful Operations	100	29.73%	51.70%	61.48%
Loans and other receivables	100	-9.66%	-27.92%	-26.21%
Insurance / Reinsurance receivables	100	-24.59%	-17.67%	41.00%
Reinsurance recoveries against outstanding claims	100	34.88%	38.24%	31.99%
Deferred commission expense / Acquisition cost	100	-0.72%	36.42%	21.02%
Deferred taxation	100	0.00%	0.00%	0.00%
Prepayments	100	-0.86%	44.15%	142.44%
Cash & bank	100	10.72%	-45.70%	-6.69%
TOTAL ASSETS	100	11.01%	31.74%	58.75%
Ordinary share capital	100	13.00%	29.95%	47.39%
Reserves	100	25.20%	7.33%	13.67%
Unappropriated profit	100	21.86%	32.49%	26.53%
Surplus on revaluation of fixed assets	100	-0.98%	435.46%	368.89%
Total liabilities in window takaful operations	100	-59.14%	-97.25%	-38.50%
Outstanding claims including IBNR	100	24.09%	36.52%	26.93%
Unearned premium reserves	100	-2.90%	-1.98%	46.85%
Premium deficiency reserves	100	92.21%	98.43%	-100.00%
Unearned Reinsurance Commission	100	26.26%	83.90%	92.65%
Deferred taxation	100	170.74%	1169.61%	993.35%
Borrowings	100	-25.15%	11.59%	31.18%
Insurance / Reinsurance Payables	100	-50.78%	53.33%	699.71%
Other Creditors and Accruals	100	1.21%	-1.67%	65.17%
Taxation - provision less payment	100	61.88%	130.07%	172.85%
TOTAL EQUITY AND LIABILITIES	100	11.01%	31.74%	58.75%
PROFIT AND LOSS ACCOUNT				
Net insurance premium	100	-3.89%	-5.12%	-30.24%
Net insurance claims	100	1.40%	-10.39%	-65.92%
Premium deficiency	100	-201.39%	-106.84%	118.18%
Net Commission and other acquisition costs	100	-58.53%	-48.98%	-58.81%
Management expenses	100	-9.64%	-0.46%	-0.14%
Investment income	100	-87.55%	-0.15%	-14.93%
Rental income	100	-4.66%	-4.66%	13.81%
Other income	100	-40.99%	5.39%	-62.06%
Other expenses	100	-9.20%	-45.06%	-22.22%
Finance cost	100	-42.26%	7.75%	18.82%
Share of Profit (loss) from associate	100	-166.99%	-167.32%	-146.81%
Profit from Window Takaful Operations	100	-5.29%	-36.97%	-99.14%
Income tax expense	100	-11.06%	6.39%	-38.56%
Profit/ (loss) after Tax	100	11.01%	31.74%	58.75%

Horizontal Analysis-Assets



Horizontal Analysis-Equity and Liabilities



SEGMENTWISE OUTLINE

Fire and Property Damage

Riot and Strike Damage

This policy provides coverage against loss or damage caused due to riot & strike or civil commotion or malicious damage due to any person who is member of an organization which aim is to overthrow any legal or de facto Government by terrorism or violence.

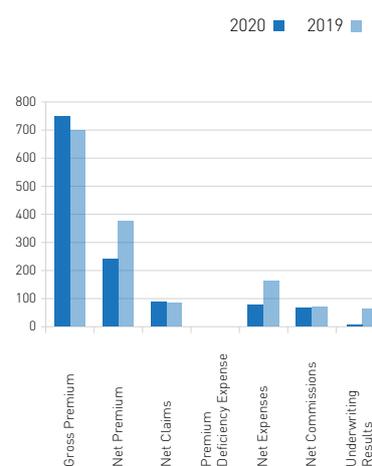
Allied Perils

This is the most important and basic form of insurance and is essential for all types of business concerns. Fire and Allied Perils Insurance provides comprehensive cover in respect of loss of or damage to your property against fire and lightning. To further safeguard the interest of our valued clients the policy can be extended to cover riot and strike damage, malicious damage, atmospheric disturbance, earthquake (fire and shock), explosion, impact damage, aircraft damage etc.

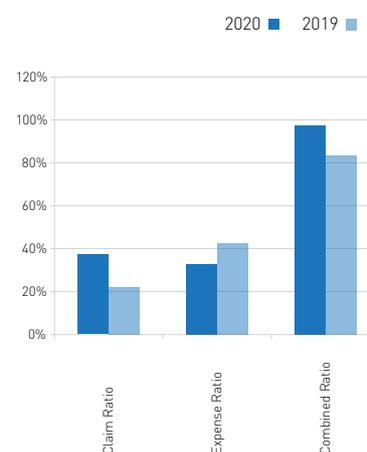
	2020	2019	Change %
	Rupees	Rupees	
Gross Premium	759,831,536	708,550,426	7.24
Net Premium	240,935,871	380,036,582	(36.60)
Net Claims	89,495,289	84,435,016	5.99
Premium deficiency	-	-	-
Management Expenses	78,614,635	162,118,109	(51.51)
Net Commissions	66,643,224	70,704,793	(5.74)
Underwriting Results	6,182,723	62,778,664	(90.15)

Claim Ratio	37%	22%
Expense Ratio	33%	43%
Combined Ratio	97%	83%

FIRE



FIRE - RATIOS



SEGMENTWISE OUTLINE

Marine, Aviation and Transport

Marine Cargo

Marine Cargo insurance protects all goods while in transit depending upon the needs of client. Three broad types of cover are available i.e. Institute Cargo Clauses "A", "B" & "C". The cover takes care of risks associated with different modes of transportation.

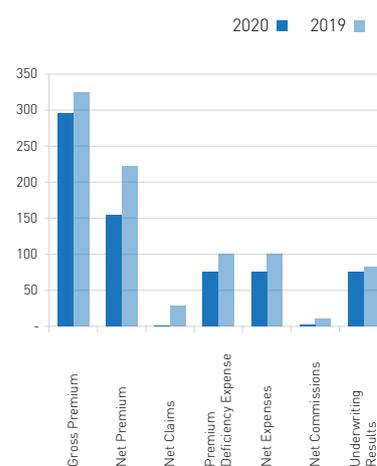
Marine Hull Insurance

This cover is available for ocean going vessels, barges, tugs, dredgers, fishing trawlers, yachts, wooden dhows, pleasure/speed boats etc., under Institute Time Clauses Hulls. Cover is also provided for last breakup voyages from Karachi anchorage to Gadani.

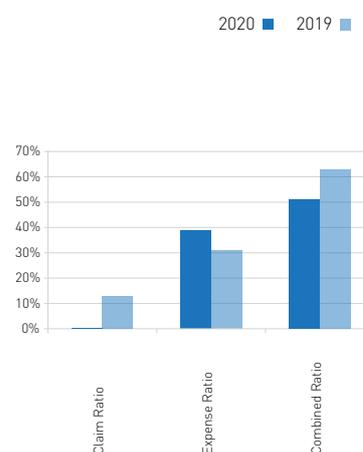
	2020	2019	Change %
	Rupees	Rupees	
Gross Premium	289,913,231	318,430,393	(8.96)
Net Premium	151,114,925	217,315,639	(30.46)
Net Claims	528,859	27,773,347	(98.10)
Premium deficiency	-	-	-
Management Expenses	74,395,073	98,408,003	(24.40)
Net Commissions	2,334,669	10,551,459	(77.87)
Underwriting Results	73,856,324	80,582,830	(8.35)

Claim Ratio	0.35%	13%
Expense Ratio	49%	45%
Combined Ratio	51%	63%

MARINE



MARINE - RATIOS



SEGMENTWISE OUTLINE

Motor

Auto Sure Plan - Auto Insurance with free Tracker Risks Covered

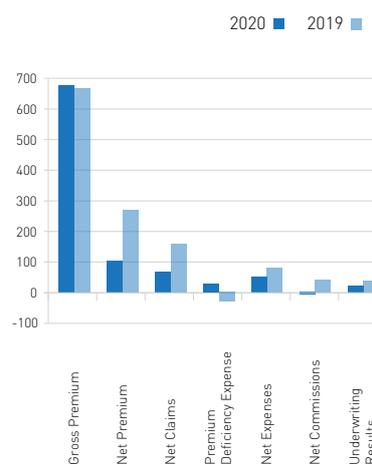
Accidental External means.
Riots, Strikes & Malicious Damages
Theft.
Fire, External explosion, self-ignition or lightning or frost.
Third Party Liability.

Value Added Features:

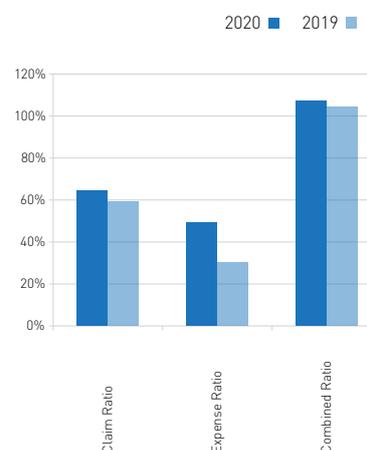
- Free towing to the nearest workshop.
- Get your car repaired from the workshop of your own choice.
- UIC claim experts will help in getting the Final Police Investigation Report.
- Free death repatriation of the driver within Pakistan.
- Funeral expenses & arrangements for the said person will be borne by UIC.
- No hidden taxes & charges.
- We commit to settle all theft and total loss claims within 30 days after reporting/submission of requisite documents.

	2020	2019	Change %
	Rupees	Rupees	
Gross Premium	661,974,176	652,263,115	1.49
Net Premium	99,320,204	261,259,256	(61.98)
Net Claims	64,348,000	154,874,636	(58.45)
Premium Deficiency	28,763,802	(28,763,802)	(200)
Management Expenses	48,896,122	79,262,965	(38.31)
Net Commissions (Income)/Expense	(6,360,934)	38,763,624	83.59
Underwriting Results	21,200,818	37,121,477	(42.89)
Claim Ratio	65%	59%	
Expense Ratio	49%	30%	
Combined Ratio	108%	104%	

MOTOR



MOTOR - RATIOS



SEGMENTWISE OUTLINE

Crop

Crop Insurance

Financial protection against natural disasters, fire & lightning and insect / pets attack on standing crop.

Farmer

- Project his source of credit and debit carrying capacity.
- Low premium rates.

Lender (Bank)

Protected against default when crops fail.

Insurer

Selling and administration cost is greatly reduced due to larger business volume / turnover.

Farmer

Mandatory for all borrower farmers.

Crops Covered

All field Crops.

Types of Cover

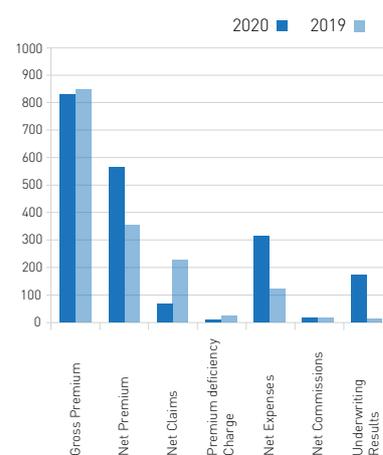
The consortium provides two types of cover:

1. Catastrophe Area Loss Cover (CALC)
2. Catastrophe Individual Loss Cover (CILC)

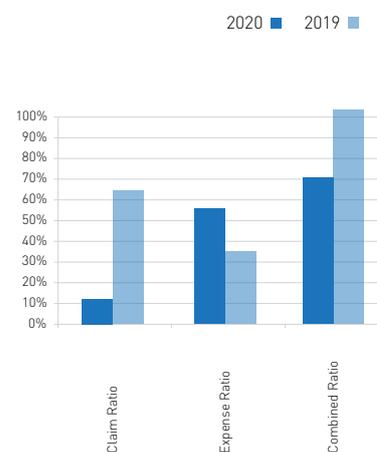
	2020	2019	Change %
	Rupees	Rupees	
Gross Premium	916,933,901	938,048,266	(2.25)
Net Premium	625,174,973	390,710,481	60.01
Net Claims	75,201,694	250,481,825	(69.98)
Premium Deficiency	8,398,084	27,598,977	(69.57)
Management Expenses	347,778,584	135,969,277	155.78
Net Commissions	18,012,204	17,413,970	3.44
Underwriting Results	192,580,575	14,444,386	1,233.26

Claim Ratio	12%	64%
Expense Ratio	56%	35%
Combined Ratio	71%	103%

CROP



CROP - RATIOS



SEGMENTWISE OUTLINE

Miscellaneous

Workmen's Compensation

Employees are the most precious assets and result in the growth and prosperity for any organization. To protect the rights of this invaluable asset Workmen Compensation /Employer Liability Insurance provides coverage for any legal liabilities of the employers arising out of and in the course of employment as per Workmen Compensation Act, Fatal Accident Act, or as per Common Law.

Cash in Transit Insurance

This policy provides coverage against loss of money whilst in transit due to forcible, violent, external and visible means.

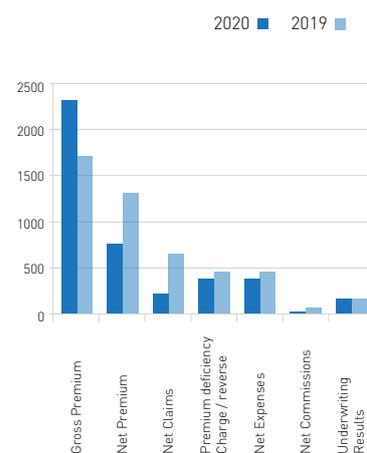
Accident Coverage

This cover operates 24 hours and on worldwide basis. It provides for payment of specified capital benefits following accidental death, bodily injury, permanent total disablement, permanent partial disablement, temporary total and temporary partial disablement caused by an accident. In addition the cover also provides reimbursement of emergency transportation to the nearest hospital and expense incurred for preparation and transportation of the mortal remains of the insured person from the place of death to home and can also be extended to cover medical expenses.

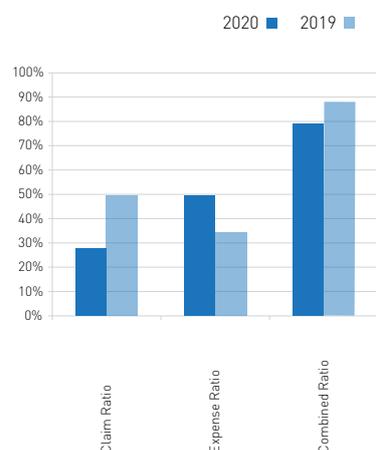
	2020	2019	Change %
	Rupees	Rupees	
Gross Premium	2,291,949,399	1,693,502,220	35.34
Net Premium	752,152,268	1,292,273,512	(41.80)
Net Claims	209,096,989	635,936,375	(67.12)
Premium deficiency	-	-	-
Management Expenses	370,290,511	441,255,378	(16.08)
Net Commissions	14,903,117	58,435,339	(74.50)
Underwriting Results	157,861,651	156,646,220	0.78

Claim Ratio	28%	49%
Expense Ratio	49%	34%
Combined Ratio	79%	88%

MISCELLANEOUS



MISCELLANEOUS - RATIOS



SEGMENTWISE OUTLINE

Overall



Fire & Property Damage Insurance:

- Fire & allied perils
- Property all risk
- Industrial all risk
- Burglary
- Contractors all risk
- Machinery breakdown

Marine Aviation & Transport Insurance

- Marine Cargo Export
- Marine Cargo Import
- Marine Cargo inland transit
- Marine hull

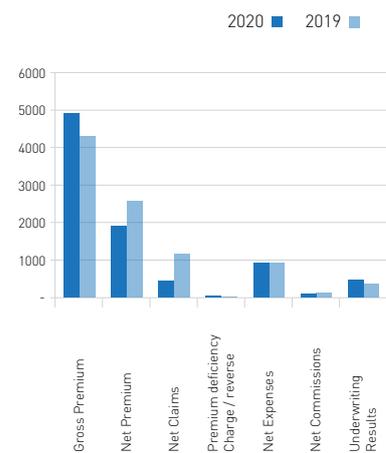
Motor Insurance

- Commercial vehicle comprehensive
- Private vehicle comprehensive
- Motor cycle comprehensive
- Motor third party liability

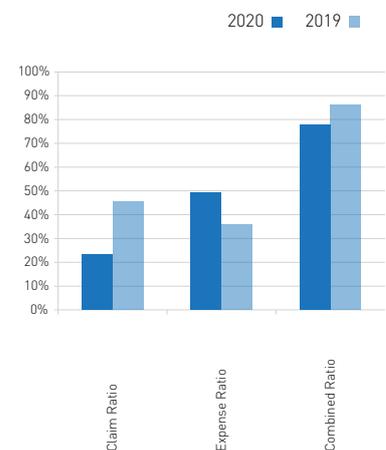
Miscellaneous Insurance

- Performance bond
- Maintenance bond
- Cash in safe
- Cash in transit
- Workmen's compensation
- Travel
- Aviation
- Health
- Live Stock

OVERALL



OVERALL - RATIOS



	2020 Rupees	2019 Rupees	Change %
Gross Premium	4,920,602,243	4,310,794,420	14.15
Net Premium	1,868,698,241	2,541,595,470	(26.48)
Net Claims	438,670,831	1,153,501,399	(61.97)
Premium deficiency	37,161,886	1,164,825	3,090.34
Management Expenses	919,974,925	917,013,732	0.32
Net Commissions	95,532,280	118,341,937	(19.27)
Underwriting Results	451,682,091	351,573,577	28.47
Claim Ratio	23%	45%	
Expense Ratio	49%	36%	
Combined Ratio	78%	86%	

GROUP CHAIRMAN'S MESSAGE



To turn the changes brought by COVID-19 into an opportunity to evolve into a better company and contribute to the society is through a shift to thoroughly “output-oriented” organization.

The outbreak of coronavirus disease (COVID-19) has severely affected the global and Pakistani economy and human beings historical death toll record in 2020. The magnitude and impact of the COVID-19 pandemic on businesses, regardless of size or location, cannot be underestimated. Such crisis shaped various impacts on all business sectors - Insurers taken Covid 19 as a spotlight and focused on claims across multiple different lines, whether that be for health, life or non-life cover. Mass closures due to lockdown restrictions have sent shockwaves through the economy and led to the number of business interruption-related damages to soar.

I would like to extend my deepest sympathy not only to our Group executives, employees and their families, but also to all people who have been affected by the Covid series. Also, I would like to express my feeling of gratitude and heartfelt respect to those making strenuous efforts in the fields of nursing and healthcare. During pandemic crises Company actively participated in campaigns for revival of economic activities with the institutions.

As the pandemic changing its composition with vast scope of damages insurers will face a number of challenges but also see many new opportunities in the medium to long term. To combat with COVID-19's series it has to learn that insurance is the solution to minimize the losses of consumer and industry - insurers have to adopt digitalize insurance facilities

More broadly, insurance businesses - as other sectors - need to embark on the digital transformation of their organizations, to become more agile, responsive and connected enterprises. Perhaps one legacy of the coronavirus crisis could be that it actually propels more insurers to do that.

A focus on customers remains a priority; products must reflect changing needs and demands. A new generation is entering the marketplace with different perspectives, while existing customers are keen to take advantage of more flexible options.

Sincerely

A handwritten signature in black ink, appearing to read 'Mian M.A. Shahid'. The signature is stylized and fluid, written over a white background.

Mian M.A. Shahid
Chairman (UIG)

Date: March 25, 2021

CHAIRMAN'S REVIEW REPORT



Dear Shareholders,

It gives me great pleasure to present a Review Report as per Section 192 of the Companies Act, 2017. The year marks for the global pandemic, whereby the strong economics of the “haves’ suffered significantly as well as of haves not.

However, due to strong IT support and round the clock helpline facilities provided to the valuable customers. The material financial impact was minimized.

Review of Overall Performance of the Board:

The UIC Board of Directors as a bevy of professionals, possessing a sound business acumen were committed to operate at the highest standard of corporate governance. The Board and its associated Committees (being ears and eyes of the Board) did well to ensure compliance with all the statutory and regulatory requirements applicable upon the Company during the year.

In accordance with Companies Act and Code of Corporate Governance. The directors performed well, diligently and effectively (leaving no stone unturned) in the best interest of the Company, including monitoring of the oversight of the Company's strategic objectives.

In view of the Code of Corporate Governance during 2020. The board carried out a self-evaluation of its performance through a questionnaire prepared by Company Secretary and circulated to the Directors to fill out the contents. The board on its part identifies the areas needing improvements and thus is keen to focus on risk management, business growth and opportunities, Ibid, oversight for the management guidance.

Financial Reporting:

With strong oversight on the reporting front, the Board has a responsibility to provide analytical financial reports to shareholders within statutory and regulatory legal financial reporting framework applicable in Pakistan. During the year, we incorporated the new IFRS requirements and ensured compliance with the disclosure requirement of the Companies Act.

Acknowledgment:

Finally, I would like to thank all our Board members for their commitment and contribution. I would also like to thank our field staff/employees for their hard working and continuous support of our policy holders and shareholders in 2020. I look forward to continue working with them to attain success in 2021.

Sincerely

Javaid Sadiq

Chairman-(UIC)

Date: March 25, 2021

CHIEF EXECUTIVE'S MESSAGE



An insurer fit for the future will harness diverging customer needs and technological progress to transform its people, business model and services.

The COVID-19 pandemic is forcing almost all organizations to speed up their digital transformation priorities. This rapid transformation will inevitably increase systemic vulnerabilities to cyber attacks, leading us to expect the next decade to be the most important period of growth for the cyber insurance market.

The insurance industry is undergoing significant change both in terms of its size and products. Takaful companies and Takaful Window operations in Conventional Insurance companies have been established and are gaining market acceptance. Insurers have adapted well to a rapidly changing regulatory and business landscape and can now set their sights on growth.

Intense regulatory scrutiny, AML Compliance and control will promote transparency and financial strength across the insurance industry. At the same time, developments in technology are creating opportunities for insurers to provide their customers with the right services and products at the right time.

UIC is an organization where people come to build careers. We have a longstanding approach supporting our employees' personal and professional development, which is evidenced by the number of long-term employees throughout

our offices. However, at the same time, UIC continues to get younger in all departments through our dedicated hiring and training programs. This focus on the next generation brings great energy, vision, and excitement to our future, and growth strategies.

I am pleased to be a part of an organization that places such high value on relationships, excellence, integrity, and responsibility. These values are what enable UIC to achieve our vision of being the company as an insurance Company to be the "FIRST CHOICE".

In these challenging and transformative times, we are fortunate to be able to rely on the dedication and hard work of our employees, whom I would like to thank for their engagement. I would also like to thank you, our shareholders, for your continued support.

Sincerely

A handwritten signature in black ink, appearing to read 'Muhammad Rahat Sadiq'. The signature is fluid and cursive, written over a white background.

Muhammad Rahat Sadiq
Chief Executive Officer
Date: March 25, 2021

DIRECTORS' REPORT TO THE MEMBERS

The Directors of “The United Insurance Company of Pakistan Limited” feel honored to present Company’s 61st Annual Report of your Company, together with the combined audited financial statements of UIC and its Window Takaful Operations for the year ended December 31, 2020. This Directors’ Report has been prepared in accordance with section 227 of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations 2019.

The unprecedented corona virus pandemic continues to cause deep concern over the uncertain outlook everywhere. In such a distressful situation, on behalf of the Board, I hope and pray that you and your beloved ones are hale and hearty. I urge you to stay at home, avoid traditional socializing and stay safe.

MARKET REVIEW

The disruption caused by the outbreak of COVID-19 Pandemic across the globe (Pakistan not being an exception) wreaked havoc on the overall global economy. Pakistan once being looked at potentially high rate of positive cases due to its inadequate health infrastructure, came out with lower than expected number of positive cases as the caseload started to decline specially in the last two months. However, its peak is yet to be concluded as the world is now concerned with the expected second wave in the absence of a proven vaccine.

With the reduced scale of lockdown, the resumption of business and economic activities, Pakistan’s struggling economy entered in the new fiscal year with various economic measures announced by the Government of Pakistan in its annual budget supported by the State Bank of Pakistan (SBP) with its monetary measures particularly a massive interest rate cut of 625 bps since March 2020 to date to spur growth in different sectors. As apparent from the strong come back of the KSE 100 index from its low at 29,232 points at the end of March 2020, to a level of 40,571 points at period end translating to 39% increase, other macroeconomic indicators like surplus on the Current Account Balance, higher inward remittances from overseas and gradual increase in tax revenue collections depict emerging signs of recovery.

ECONOMIC OVERVIEW

Year 2020 has been a year of distress growth especially due to the effects of COVID-19 and related global and potential domestic lockdowns. Pakistan has performed much better in containing the effects of COVID-19 than many other nations, the restrictions on movement did not last very long and economic activities resumed with precautions quickly as compared to other nations. Economic indicators seemingly have started to show signs of recovery.

However, overall economic growth will still be subdued due to the overall impact of the pandemic. Insurance Industry in Pakistan has seen several peaks and dips in the recent past yet. It keeps pace with the development of economy and growth vis-a-vis other sectors of the industry.

In FY20, the fiscal deficit narrowed to 8.1 percent of GDP from 9.0 percent in FY19. Total revenues rose to 15.3 percent of GDP due to higher non-tax revenue, as the central bank and the telecommunication authority repatriated large profits. Despite reforms, tax revenues slipped to 11.6 percent of GDP, with lower economic activity and larger tax expenditures. Expenditures rose mainly due to a fiscal stimulus package valued at around 2.9 percent of GDP, while the public debt, including guaranteed debt, increased to 93.0 percent of GDP by end-FY20.

While domestic economic activity is expected to recover, as the lockdown measures are lifted and base effects materialize, Pakistan’s near-term economic prospects will initially be subdued. Significant uncertainty over the evolution of the pandemic and availability of a vaccine,

DIRECTORS' REPORT TO THE MEMBERS

demand compression measures to curb imbalances, along with unfavorable external conditions, all weigh on the outlook. Economic growth is projected to remain below potential, averaging 1.3 percent for FY21-22.

This baseline projection, which is highly uncertain, is predicated in the absence of significant infection flare ups or subsequent waves that would require further widespread lockdowns.

The current account deficit is expected to widen to an average of 1.5 percent of GDP over FY21-22, with imports and exports gradually picking up as domestic demand and global conditions improve. The fiscal deficit is projected to narrow at 7.4 percent in FY22, with the resumption of fiscal consolidation and stronger revenues driven by recovering economic activity and structural reform dividends. Expenditures will remain substantial due to sizeable interest payments and defense expenditures, a rising salary and pension bill, and absorption of energy SOE guaranteed debt by the government.

There are considerable downside risks to the outlook with the most significant being a resurgence of the COVID-19 infection, triggering a new wave of global and/or domestic lockdowns and further delaying the implementation of critical IMF-EFF structural reforms (slated to resume in H1-FY21). Locust attacks and heavy monsoon rains could lead to widespread crop damage, food insecurity and inflationary pressures. Livelihoods for households dependent primarily on agriculture could also be negatively impacted. Finally, external financing risks could be compounded by difficulties in rolling-over bilateral debt from non-traditional donors and tighter international financing conditions.

PERFORMANCE REVIEW CONVENTIONAL BUSINESS FOR THE YEAR ENDED DECEMBER 31, 2020

The Company's performance for the year 2020 remained impressive as we closed the year delivering sound

financial results with a premium growth of 14.15%. We continued to follow the strategy of sustainable growth by focusing on further strengthening the risk and compliance management.

THE SEGMENT WISE PERFORMANCE WAS AS FOLLOWS:

Fire and Property

The written premium increased by 7.24% to Rs. 759.832 million compared to Rs. 708.550 million in 2019. Net claims as percentage of net premium revenue were 37.14% as against 22.22% in 2019. The underwriting profit for the year was Rs. 6.182 million compared to Rs. 62.779 million in 2019.

Marine, Aviation and Transport

The written premium is Rs. 289.913 million compared to Rs. 318.430 million in 2019. Net claims as a percentage of net premium revenue were 0.35% as against 12.78% in 2019 and the underwriting profit was Rs. 73.856 million compared to Rs. 80.583 million in 2019.

Motor

The written premium increased by 1.49% to Rs. 661.974 million compared to Rs. 652.263 million in 2019. Net claims as percentage of net premium revenue were 64.79% as against 59.28% in 2019 and the underwriting profit was Rs. 21.201 million compared to Rs. 37.121 million in 2019.

Crop

The written premium is Rs. 916.934 million compared to Rs. 938.962 million in 2019. Net claims as percentage of net premium revenue were 12.03% as against 64.11% in 2019 and the underwriting profit was Rs. 192.581 million compared to Rs. 14.444 million in 2019.

DIRECTORS' REPORT TO THE MEMBERS

Miscellaneous

The written premium increased by 35.41% to Rs. 2,291.949 million compared to Rs. 1,692.589 million in 2019. Net claims as percentage of net premium revenue were 27.80% as against 49.21% in 2019 and the underwriting profit was Rs. 157.862 million compared to Rs. 156.646 million in 2019.

Window Takaful Operations

The written contribution revenue is Rs. 801.481 million as against Rs. 1,054.54 million in the previous year; while net contribution revenue was Rs. 206.721 million compared to Rs. 257.821 million in 2019 and profit for Takaful Operator's Funds for the year was Rs. 1.709 million as against Rs. 125.476 million last year.

Investment and other Income

Our investment goal is to attain maximum return through our investment portfolio for the shareholders. The investment committee implements and monitors our investment strategies, guidelines and policies for the Board and the group's investment guideline. The Company will continue to place special considerations towards generating revenues by safe and sound investments.

During the year, income from investment is Rs. 57.171 million as against Rs. 67.101 million in 2019. The break-up of investment is as under:

Particular	2020 Rs. in Million	2019 Rs. in Million
Dividend Income	0.627	0.868
Return on Treasury Bills	5.116	-
Return on PIBs	25.125	36.56
Return on TDRs	23.651	23.328
Realised gain on sale of 'available for sale investment'	3.292	6.598
Provision for impairment	-	-
Less: Investment related expenses	(0.640)	(0.253)
Total investment income	57.171	67.101

Company's Assets

Total assets of the Company as at December 31, 2020 stood at Rs. 9,860.745 million against Rs. 8,183.063 million last year showing an increase of 20.50% mainly due to Investments in subsidiary and associate, Insurance/reinsurance receivables and Prepayments. The management's strategy is to optimize utilization of funds to maximize investment returns.

ANTI-MONEY LAUNDERING AND COUNTERING OF TERRORISM FINANCING POLICY

Board of Directors has formed a comprehensive policy with guidelines in order to comply with the Anti-Money Laundering and Countering of Terrorism Financing Regulations, 2018 promulgated by Securities and Exchange Commission of Pakistan (SECP). Company performs comprehensive, Know Your Customer (KYC) and Customer Due Diligence (CDD) procedure before accepting any client as required under the regulations.

The Company also conducts training of its employees regarding Anti-Money Laundering and Financing of Terrorism Regulations, 2018 and performance of KYC of clients and documents requirement for all categories of clients.

DIRECTORS' REPORT TO THE MEMBERS

SHARIAH COMPLIANCE MECHANISM FOR WINDOW TAKAFUL OPERATIONS

The Company, as Window Takaful Operator, carries out its Window Takaful Operations (WTO) in accordance with the prescribed regulations. Fundamental requirement of WTO that the whole business practices, products and operations should be based on shariah rules and principles under the regulatory framework and under the guidance and supervision of our Shariah Advisor, Mufti Farhan Farooq.

The Shariah Compliance Officer, as required under Takaful Rules, 2012, monitors day to day Takaful operations and ensure compliance of procedures laid down by the Shariah Advisor. The Shariah Advisor regularly conducts compliance training of the relevant employees. High level of shariah compliance standards have been maintained during the year which is also reflected in the "Shariah Advisor's Report to the Board of Directors" and "Independent Reasonable Assurance Report to the Board of Directors on Statement of Management' Assessment of Compliance with the Shariah Principles" are also attached to this Annual Report.

CORPORATE BRIEFING SESSION

On September 30, 2020, the Company held its first successful Corporate Briefing session at Pakistan Stock Exchange. Mr. Muhammad Rahat Sadiq (CEO), Ms. Huma Waheed, Mr. Jamil Ahmed Khan and Mr. Maqbool Ahmad (CFO) presented and briefed investors on the Company's financial performance and operational overview of the year.

Investors from all walks of life attended the event and displayed great interest on the affairs of the Company. The presentation was followed by a Q&A session, where thought provoking questions were put forward to the management of the Company; which were well

addressed to the satisfaction of the audience. Presentation from the corporate briefing session can be viewed on the Company's website under "Investors" section.

INVESTORS' SECTION ON WEBSITE

In order to provide access to our stakeholders the Company's latest information for investors is available on our website, under the "Investors Information" section on the Company's website (www.theunitedinsurance.com).

This page is updated regularly in order to provide transparent, adequate and up-to-date information to all investors and stakeholders. In compliance with the rules and regulations of Pakistan, all information is made available in both English and Urdu.

CLAIMS

Prompt settlement of claims is our vital function of which we are proud of. National Catastrophic claims are unavoidable and are complex in nature; these are either total or partial loss. Fire Motor "own damage". Crop and Health claims accounted for majority of the claims which were promptly settled.

RE-INSURANCE

Your Company continues to enjoy very sound reinsurance arrangements with leading international securities, like Swiss Re, Korean Re, Trust Insurance Management, Qianhai Re, Kuwait Re, Qatar General Insurance, Emirates International, Beazley Pte and Canopus Asia Pte. port.

INTERNAL CONTROLS AND ITS ADEQUACY

The Board of Directors are responsible for the management of risk at The United Insurance Company of

DIRECTORS' REPORT TO THE MEMBERS

Pakistan Limited and are also responsible for ensuring adequate and effective internal controls exist within the company. The United Insurance Company activities expose it to a variety of risks. The UIC management and staff enable the board to meet these responsibilities by implementing standards and systems of internal control. The Securities and Exchange Commission of Pakistan has issued CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016. The Company's Internal Control policy is prepared in light of the said code.

This policy therefore sets out the Key Internal Control objectives and principles for the UIC as well as the duties of the Board, Audit and Risk Committee, Management and staff, internal and external audit and other internal control functions at the company.

RISK MANAGEMENT POLICY

United Insurance risk management policy focuses on unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance using proactive approach.

The Board has adopted the role of the Risk management department as provided in the Code. The key objectives/policy of the department are:

- a) To assist the Board in designing, and document the risk model.
- b) To assist the Board, through The Risk management Committee, in effective implementation of risk management system.
- c) To maintain a group-wide and aggregated view on the Company's risk profile in addition to individual risks.
- d) To report to the Board through Risk Management Committee, details on the risk exposures and the actions taken in this regard
- e) To assist the Board through Risk Management

Committee, with regard to risk management decisions in relation to strategic and operational matters including investments, major business decisions etc.

- f) To monitor and report to the Risk Management Committee regarding operational and other related risks.
- g) To assist the Board in the process of IFS credit rating

ISO 9001 CERTIFICATION

United Insurance has always strived to enhance customer satisfaction through continuous improvements in the quality management system practices, processes and standards all Department of United Insurance are ISO 9001:2015 certified. UIC has once again assured its customers that it will continue to fulfill their insurance, regulatory and quality requirements, adding even more value to its customer services.

HUMAN RESOURCE

United Insurance truly believe that our employees are the greatest strength. Talent Management is a continuous process and we ensure that we hire right people on right jobs. At UIC we provide continuous & challenging opportunities for the intellectual and professional growth of our employees.

The Company has created a culture that promotes teamwork, collaboration, openness and transparency of processes which build over all trust resulting in improvement and reward recognition for its employees.

CORPORATE SOCIAL RESPONSIBILITIES – CSR

United Insurance's CSR Program in collaboration with the Nazria Pakistan Centre Trust has covered a wide domain of the areas that has considerably impacted the society and the underprivileged people. The UIC and

DIRECTORS' REPORT TO THE MEMBERS

NPC Trust focused on education for special children, creating awareness among the youth about eco-friendly practices, nature-friendly green environment. UIC's CSR commitments include focus on four main areas namely:

- a) Education
- b) Health
- c) Environment
- d) Recreation Activities

RELATED PARTY TRANSACTIONS

In order to comply with requirements of the Companies Act 2017, Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 and Listed Companies (Code of Corporate Governance) Regulations, 2019, the Company has devised a policy duly approved by the Board of Directors.

At each board meeting, the Board of Directors approves Company's transactions with Associated Companies/ Related Parties. All the transactions executed with related parties are on arm's length basis. Related party transactions are also approved by shareholders in Annual General Meeting.

TRADING IN COMPANY'S SHARES

During the year 2020, no trading in the shares of the Company was carried out by the Directors, CEO, CFO, and Head of Internal Audit, Executive and their spouses and minor children. The information about the trading in Company's shares is presented at the meeting of the board subsequent to such transactions.

INSURER'S FINANCIAL STRENGTH RATING

The Pakistan Credit Rating Agency Limited (PACRA) has maintained IFS Rating of The United Insurance Company of Pakistan Limited as AA (Double A) with "Stable

Outlook". The rating reflects United Insurance's strong business fundamentals emanating from a sustained growth in GPW.

CODE OF CONDUCT

Your Company has designed a Code of Conduct to ensure ethical practices and integrity signed by all the employees. All our operational activities are carried out in accordance with the well-defined code of ethics, to which there is no compromise. This Code, which is mandatory for all employees including senior management.

EARNING PER SHARE

Your Company has reported earnings per share basic and diluted (Restated) of Rs. 1.41 in 2020 as compared to Rs. 1.36 in 2019.

APPROPRIATION

An interim dividend @6% (Rupees 0.60 per share) was paid during the year.

PROPOSED MERGER

The board of directors of the Company has proposed the merger of SPI Insurance Company Limited in to The United Insurance Company of Pakistan Limited and have accorded their consent to prepare merger scheme and initiate the steps necessary for the said merger.

FUTURE OUTLOOK

Businesses must concurrently manage three key phases of the COVID-19 crisis—respond, recover, and thrive. When the pandemic emerged, insurers responded by taking immediate steps to ensure business continuity, and help customers and their communities cope. As they head into 2021, insurers should consider a mix of offensive and defensive actions to accelerate longer-term recovery efforts and pivot to the thrive phase when

DIRECTORS' REPORT TO THE MEMBERS

growth is reemphasized, despite challenging economic conditions.

The economy should rebound in FY 2021 as the impact of the pandemic gradually fades and domestic demand recovers. Moreover, structural reforms should boost investment, while foreign demand is expected to pick up in tandem with the global economic recovery. However, mounting debt, uncertainty over the evolution of the virus and geopolitical tensions cloud the outlook

ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the SECP, Bankers, Government authorities, and Business associates at all levels. We also thank our shareholders for posing their trust and confidence in the Company. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

For and on behalf of the Board



Muhammad Rahat Sadiq
Chief Executive Officer



Javaid Sadiq
Chairman

Date: March 25, 2021

اراکین کو ڈائریکٹرز رپورٹ

اظہار تشکر
آپ کے ڈائریکٹرز تمام اداروں، بکنس، حکومتی اداروں، ایس ای سی پی کا تمام
مرحلوں میں تعاون پر بے حد مشکور ہیں، ہم اپنے تمام شیئرز ہولڈرز کے اعتماد اور
تعاون پر مشکور ہیں۔ تمام ڈائریکٹرز کمپنی ملازمین اور سینئر مینجمنٹ کا بھی مشکور
ہیں جو اپنی انتھک محنت سے کمپنی کی ترقی میں کردار ادا کر رہے ہیں۔

بورڈ کی جانب سے



جاوید صادق
چیئرمین



محمد راحت صادق
چیف ایگزیکٹو آفیسرز

۲۵ مارچ ۲۰۲۱

انشورنس کمپنی کی معاشی طاقت

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے کمپنی کی معاشی طاقت “AA” قائم رکھی ہے۔ یہ ریٹنگ بتاتی ہے کہ کمپنی کی کاروباری بنیاد مضبوط ہے اور بیہ
نوسی میں ترقی متسلل ہے۔

کوڈ آف کنڈکٹ

کمپنی نے معاملات میں ایمانداری اور اخلاقی ذمہ داریوں کو پورا کرنے کیلئے تمام
ملازمین سے دستخط شدہ کوڈ آف کنڈکٹ مرتب کیا ہوا ہے۔ ضابطہ اخلاق کے
مطابق کمپنی کی تمام سرگرمیاں سرانجام دی جاتی ہیں جن پر کوئی سمجھوتہ نہیں کیا
جاتا ہے۔ یہ ضابطہ اخلاق تمام ملازمین پر لازم ہے اور تمام سینئر مینجمنٹ بھی اس
پر عملدرآمد کرتی ہے۔

فی حصص آمدن

کمپنی کی اس سال فی حصص آمدن 1.41 روپے رہی ہے جو کہ 2019 میں
1.36 روپے فی حصص تھی۔

اپروپیشن

کمپنی نے اس سال اپنے شیئرز ہولڈرز کو 6 فیصد ضمنی منافع دیا ہے۔

مجوزہ انضمام

انشورنس کمپنی اور یونائیٹڈ انشورنس کمپنی SPI کے بورڈ آف ڈائریکٹرز نے UIC
کے انضمام کی تجویز دی ہے، اس انضمام کیلئے تمام ضروری اقدامات کرنے اور مجوزہ
انضمام کی سکیم بنانے کی منظوری دی ہے۔

مستقبل کے نقطہ نظر

کوڈ 19- سے متعلق کاروبار کو تین حصوں میں منظم کرنے کی ضرورت ہے۔
بحران کا حل، کاروبار کی بحالی اور کاروبار کی ترقی۔ جب بیماری پھیلی تو انشورنس
انڈسٹری نے اپنے کسٹرز کو مکمل سہولیات فراہم کرنے کی کوشش کی ہے۔

جیسے جیسے سال 2021 میں آگے بڑھ رہے ہیں انشورنس کمپنیوں کو اپنی حکمت
عملی میں جارحانہ اور دفاعی انداز مٹانے کی ضرورت ہے تاکہ بحالی کی کوششوں
کو تقویت ملے اور اکانومی کے مسائل کے باوجود ترقی کے سفر کو پھر سے گامزن
کیا جاسکے۔

سال 2021 میں اکانومی پھر سے بحال ہونا شروع ہو جائے گی اور بیماری میں کمی
کے ساتھ لوکل ڈیمانڈ میں اضافہ ہو جائے گا۔ اس کے علاوہ اصلاحاتی اقدامات کے
بعد سرمایہ کاری میں اضافہ ہوگا اور عالمی ڈیمانڈ میں اضافہ بھی متوقع ہے کیونکہ
پوری دنیا میں بیماری میں کمی دیکھنے میں آرہی ہے۔ تاہم قرضہ جات میں اضافہ
اور علاقائی تناؤ عالمی ماحول میں خرابی کا باعث بن سکتے ہیں۔

اراکین کو ڈائریکٹرز رپورٹ

کمپنی ویب سائٹ پر سرمایہ کاروں کیلئے سیکشن

کمپنی کے سرمایہ کاروں کو تمام متعلقہ انفارمیشن مہیا کرنے کیلئے کمپنی نے اپنی ویب سائٹ پر علیحدہ حصہ متعین کر رکھا ہے۔ جہاں پر سرمایہ کاروں کو تمام متعلقہ انفارمیشن مہیا کی جاتی ہے۔ اس صفحہ کو مکمل اپڈیٹ کیا جاتا ہے تاکہ تمام سرمایہ کاروں اور سٹیک ہولڈرز کو مکمل معلومات مہیا کی جائے یہ انفارمیشن ”اردو“ اور ”انگریزی“ دونوں زبانوں میں مہیا کی جاتی ہے۔

آئی ایس او 9001 سرٹیفیکیشن

کمپنی کا بنیادی مقصد اپنے کسٹمرز کو مطمئن رکھنا ہے اس مقصد کو حاصل کرنے ISO کیلئے کمپنی نے بہترین سسٹم بنا رکھے ہیں اور کمپنی کے تمام ڈیپارٹمنٹ 2015:9001 سرٹیفائیڈ ہیں۔ کمپنی اپنے کسٹمرز کو دوبارہ یقین دلانا چاہتی ہے کہ ہم اپنے تمام سسٹم کو مزید بہتر بنائیں گے تاکہ تمام کسٹمرز کو مطمئن کیا جاسکے۔

ہیومن ریورس

کمپنی یہ یقین رکھتی ہے کہ ہمارے ملازمین ہماری طاقت ہیں۔ ٹیلنٹ مینجمنٹ ایک جہد مسلسل ہے اور ہماری یہ کوشش ہے کہ درست کام کیلئے درست آدمی کا انتخاب کیا جاسکے۔ یو آئی سی اپنے ملازمین کی پروفیشنل ترقی کیلئے بھرپور مواقع فراہم کرتی ہے۔

کمپنی ٹیم ورک اور ڈسکشن کو مکمل سپورٹ کرتی ہے اور تمام معاملات کی شفافیت پر یقین رکھتی ہے۔ جس سے ملازمین کے اعتماد میں اضافہ ہوتا ہے اور ان کی صلاحیتوں کا بھرپور اعتراف کیا جاتا ہے۔

کارپوریٹ سوشل ذمہ داری

کمپنی نے نظریہ پاکستان ٹرسٹ کے ساتھ ملکر دور افتادہ علاقوں کیلئے ایک پروگرام شروع کیا ہوا ہے جو کہ بہت سے غریبوں کو فائدہ پہنچا رہا ہے۔

یو آئی سی اور نظریہ پاکستان ٹرسٹ اسٹیبلشمنٹ کی تعلیم کیلئے کام کر رہا ہے اور معاشرہ میں ماحول دوست پالیسیوں سے متعلق شعور اجاگر کرنے کیلئے تعلیم دی جارہی ہے یو آئی سی کا سوشل ذمہ داری پروگرام درج ذیل چار ذمہ داریوں پر مرکوز ہے

تعلیم

صحت

ماحول

صحت مندانہ سرگرمیاں

متعلقہ پارٹی ٹرانزیکشن

کمپنیز ایکٹ 2017، اور کمپنیز (متعلقہ پارٹی ٹرانزیکشنز اور ریکارڈ کی فراہمی) ریگولیشنز 2018 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق کمپنی نے پالیسی بنائی ہوئی ہے جو بورڈ سے پاس شدہ ہے۔

ہر بورڈ مینٹگ پر ڈائریکٹرز متعلقہ پارٹی ٹرانزیکشن کو پاس کرتے ہیں اور یہ تمام ٹرانزیکشن آرم لینتھ ٹرانزیکشن ہوتی ہیں۔ متعلقہ پارٹی ٹرانزیکشن سالانہ اجلاس میں شیئر ہولڈرز بھی پاس کرتے ہیں۔

کمپنی کے شیئرز کی خرید و فروخت

2020 کے دوران کمپنی کے ڈائریکٹرز، سی ایف او، سی ای او اور انٹرنل آڈٹ ڈیپارٹمنٹ کے ہیڈ نے کمپنی شیئرز میں کسی قسم کی خرید و فروخت نہیں کی ہے۔ ایسی کسی بھی قسم کی خرید و فروخت کی معلومات ہر بورڈ مینٹگ میں ضرورت کے مطابق پیش کی جاتی ہیں۔

کلیمز

تمام کلیمز کی جلد سے جلد ادائیگی کمپنی کا خاصہ ہے۔ قدرتی آفات سے متعلق کلیمز مختلف اور مشکل نوعیت کے ہوتے ہیں جو کہ مکمل یا جزوی نقصان کے ہوتے ہیں۔ فصلوں اور ہیلتھ کاروبار سے متعلق کلیمز فوری طور پر ادا کئے جاتے ہیں

ری انشورنس

بورڈ آف ڈائریکٹرز رسک مینجمنٹ سے متعلق مکمل ذمہ داری لیتے ہیں اور ان سے متعلق تمام پالیسیوں کی ذمہ داری بھی بورڈ آف ڈائریکٹرز نے لے رکھی ہے۔ کمپنی کی سرگرمیاں مختلف قسم کے رسک سے متاثر ہوتی ہیں۔ کمپنی کے سٹاف اور انتظامیہ بورڈ کی ذمہ داری ادا کرنے میں مکمل مدد فراہم کرتے ہیں۔ کمپنی نے تمام پالیسیاں کوڈ آف کارپوریٹ گورننس کو مد نظر رکھتے ہوئے ترتیب دی ہیں۔

رسک مینجمنٹ پالیسی

کمپنی کی رسک مینجمنٹ پالیسی کا بنیادی ارتقا اس بات پر ہے کہ فعال پالیسی کے ذریعے معاشی غیر یقینی کو بھانپتے ہوئے معاشی سرگرمیوں کو نقصان سے بچایا جاسکے۔

بورڈ نے کوڈ آف کارپوریٹ گورننس کے مطابق رسک مینجمنٹ ڈیپارٹمنٹ بنایا ہے جس کے بنیادی مقاصد درج ذیل ہیں۔

- 1) رسک ماڈل بنانے کیلئے بورڈ کی مدد کرنا
- 2) بورڈ کی مدد کیلئے رسک مینجمنٹ کمیٹی بنائی جائے جو فعال رسک مینجمنٹ سسٹم بنانے میں مکمل معاونت فراہم کرے۔
- 3) کمپنی کی رسک پروفائل کی مکمل تیاری تاکہ فرداً فرداً ہر رسک کو مکمل توجہ دی جاسکے۔
- 4) بورڈ کو رسک کمیٹی کے ذریعے مکمل اور جامع رپورٹ دی جاسکے۔
- 5) رسک مینجمنٹ کمیٹی کت ذریعے تمام انتظامی رسک سے متعلق بورڈ کو معاونت فراہم کرنا تاکہ سرمایہ کاری معاملات کو بہتر طریقے سے انجام دے سکیں۔
- 6) انتظامی معاملات سے متعلق رسک مینجمنٹ کمیٹی کو رپورٹ کرنا۔
- 7) کریڈٹ ریٹنگ سے متعلق بورڈ کی معاونت کرنا۔

اراکین کو ڈائریکٹرز رپورٹ

2020 روپے	2019 روپے	تفصیلات
0.627	0.868	منافع آمدن
5.116	-	ٹریڈری بلز پر منافع
23.651	23.328	TDR پر منافع
25.125	36.56	PIB پر منافع
3.292	6.598	سرمایہ کاری کی خرید و فروخت پر منافع
(0.640)	(0.253)	سرمایہ کاری سے متعلق اخراجات
57.171	67.101	کل منافع

کمپنی کے اثاثہ جات

کمپنی کے کل اثاثہ جات 31 دسمبر 2020 کے اختتام پر 9,860.745 ملین روپے رہے جو کہ پچھلے سال سے 8,183.063 ملین روپے سے بڑھ چکے ہیں اور 20.50 فیصد اضافہ دیکھنے میں آیا ہے۔ یہ اضافہ ایبوس لیٹ میں سرمایہ کاری، انشورنس ری انشورنس واجبات میں اضافہ کی وجہ سے ہے۔ مینجمنٹ کی پالیسی ہے کہ سرمایہ کے بہترین استعمال سے سرمایہ کاری آمدن میں اضافہ کیا جائے۔

ابنٹی منی لانڈرنگ اور دہشتگردی کی سرمایہ کاری روکنے سے متعلق پالیسی

بورڈ آف ڈائریکٹرز نے ابنٹی منی لانڈرنگ اور دہشتگردی کی امداد روکنے سے متعلق پالیسی بنائی ہوئی ہے جو کہ ایس ای سی پی کی طرف سے جاری کردہ قوانین کو مد نظر رکھتے ہوئے بنائی گئی ہے۔ کمپنی تمام کسٹمرز کی مکمل معلومات اکٹھی کرتی ہے اور کسٹمر کے بارے میں تمام ضروری معلومات اکٹھی کرنے کیلئے ایک طے شدہ پالیسی پر عمل کرتی ہے۔

کمپنی قوانین کے مطابق ابنٹی منی لانڈرنگ اور دہشتگردی کی امداد روکنے سے متعلق اپنے ملازمین کو مکمل ٹریننگ دیتی ہے۔

ونڈو تکافل آپریشنز کیلئے شریعہ ضابطہ کار

کمپنی ونڈو تکافل آپریشنز کے ذریعے تکافل انشورنس مہیا کر رہی ہے۔ تمام تکافل کی پراڈکٹس ہمارے شریعہ ایڈوائزر کے زیر نگرانی ترتیب دی جاتی ہیں اور ان کی بنائی گئی تمام شریعہ متعلق پالیسیوں پر عملدرآمد کو یقینی بنایا جاتا ہے۔ ہمارے شریعہ ایڈوائزر مفتی فرحان فاروق کے زیر نگرانی شریعہ ڈیپارٹمنٹ اپنا کام سر انجام دے رہا ہے۔

شریعہ کچھلانس آفیسر اور شریعہ ایڈوائزر کے زیر نگرانی شریعہ ڈیپارٹمنٹ اپنا کام سر انجام دے رہا ہے۔ شریعہ ایڈوائزر کی رپورٹ سالانہ رپورٹ میں شامل ہے۔

کارپوریٹ بریفنگ سیشن

30 ستمبر، 2020 کو کمپنی کی طرف سے پہلے کارپوریٹ بریفنگ سیشن کا اہتمام میڈم ہما (CEO) پاکستان اسٹاک ایکسچینج میں کیا گیا تھا۔ محمد راحت صادق نے سرمایہ (CFO) وحید (ڈائریکٹر) جمیل احمد خان (ڈائریکٹر) اور مقبول احمد کاروں کو کمپنی سے متعلق بریفنگ دی۔ کمپنی کی مالی کارکردگی اور انتظامی کارکردگی کا جائزہ بھی پیش کیا۔

میرین، ایوی ایشن و ٹرانسپورٹ

خام بیمہ سال 2020 میں 289.913 ملین روپے ریکارڈ کی گئی ہے جو کہ سال 2019 میں 318.430 ملین روپے تھا۔ خالص کلیم خالص بیمہ کا 0.35 فیصد رہے جبکہ سال 2019 میں 12.78 فیصد ریکارڈ ہوئے تھے۔ ذمیرہ نویسی منافع سال 2019 میں 80.583 ملین روپے سے بڑھ کر 73.856 ملین روپے ریکارڈ کیا گیا۔

موٹر کاروبار

خام بیمہ 1.49 فیصد اضافے سے 661.974 ملین ریکارڈ کیا گیا جو کہ سال 2019 میں 652.263 ملین روپے تھا۔ خالص کلیم خالص بیمہ کا 64.79 فیصد رہے جو کہ سال 2019 میں 59.28 فیصد تھے۔ اسی طرح ذمیرہ نویسی منافع 21.201 ملین روپے رہا جو کہ سال 2019 میں 37.121 ملین روپے تھا۔

فصل (کراپ) کاروبار

خام بیمہ 916.934 ملین روپے رہا جو کہ سال 2019 میں 938.962 ملین روپے تھا۔ خالص کلیم خالص بیمہ کا 12.03 فیصد رہے جو کہ سال 2019 میں 64.11 فیصد تھے۔ ذمیرہ نویسی منافع 192.581 ملین روپے رہا جو کہ سال 2019 میں 14.444 ملین روپے تھا۔

دیگر کاروبار

خام بیمہ 35.41 فیصد سے 2,291.949 ملین روپے رہا ہے جو کہ سال 2019 میں 1,692.589 ملین روپے رہا تھا۔ خالص کلیم خالص بیمہ کا 27.80 فیصد رہے جو کہ سال 2019 میں 49.21 فیصد رہے اور ذمیرہ نویسی منافع 157.862 ملین روپے رہے جو کہ سال 2019 میں 156.646 ملین روپے تھے۔

ونڈو تکافل آپریشنز

خالص بیمہ 801.481 ملین روپے ریکارڈ کیا گیا جو کہ سال 2019 میں 1,054.54 ملین روپے ریکارڈ کیا گیا تھا۔ خالص بیمہ 206.721 ملین روپے رہا جو کہ سال 2019 میں 257.821 ملین روپے تھا۔ تکافل آپریٹر کا منافع 1.709 ملین روپے رہا جو کہ سال 2019 میں 125.46 ملین روپے تھے۔

سرمایہ کاری اور دیگر آمدن

ہماری سرمایہ کاری پالیسی کا مقصد شیئر ہولڈرز کیلئے زیادہ سے زیادہ سرمایہ کاری آمدن اکٹھا کرنا ہے۔ سرمایہ کاری کمپنی ہماری سرمایہ کاری پالیسیوں کا جائزہ اور عمل درآمد کراتی ہے۔ اس سال سرمایہ کاری آمدن 57.171 ملین روپے رہی ہے جو کہ سال 2019 میں 67.101 ملین روپے تھی۔

اراکین کو ڈائریکٹرز رپورٹ

ہے جو کہ جی ڈی پی کا 2.9 فیصد ہیں۔ پبلک لون اور کاروباری لون جی ڈی پی کا 93 فیصد تک پہنچ گئے ہیں۔

جیسا کہ یہ خیال کیا جا رہا ہے کہ جلد ہی لوکل اکاؤمی سے متعلق سرگرمیاں بحال ہو جائیں گئیں۔ پاکستان کے اکنامک پراجیکٹس جو مکمل ہونے کے قریب ہیں جلد ہی شروع ہو جائیں گے۔ اکنامک ترقی 1.3 فیصد تک متوقع ہے۔ یہ متوقع گروتھ تمام مسائل کو مد نظر رکھ کر بنائی گئی ہے۔

اس سال کرنٹ اکاؤنٹ کا خسارہ جی ڈی پی کا 1.5 فیصد تک رہنے کی توقع ہے اس کے ساتھ ساتھ برآمدات اور درآمدات میں ملکی اور غیر ملکی ضروریات کے مطابق اضافہ ہوتا جا رہا ہے۔ سال 2020 تک فیکل خسارہ 7.4 فیصد تک متوقع ہے جو کہ آمدن میں اضافہ اور اکنامک سرگرمیوں کی بحالی کے ساتھ منسلک ہے۔ اخراجات میں اضافہ بہت اہم حصہ ہے اور یہ اضافہ سود کی ادائیگی، دفاعی اخراجات، پینشن اور تنخواہوں میں اضافہ اور مختلف گارنٹیوں سے منسلک جو حکومت کو ادا کرنے ہوتے ہیں۔

اس کے علاوہ کچھ رسک ایسے ہیں جو مستقبل میں بڑے اثرات مرتب کر سکتے ہیں جیسا کہ کورونا وائرس کا پھیلاؤ اور آئی ایم ایف کی شرائط جو کاروبار پر منفی اثر انداز ہوتے ہیں۔ نڈی دل کے حملے اور زیادہ مومن سون کی بارشیں فصل پر اثر انداز ہوئی ہیں جس سے زرعی اجناس کی قیمت بڑھنے کا خدشہ ہے جو کہ مہنگائی میں اضافے کا باعث بنے گا۔ اور آخر میں بیرونی قرضہ جات کا حصول ایک بڑا چیلنج ہے۔ بیرونی امداد کی فراہمی میں کمی اور بیرونی غیر ملکی فنانشل مسائل اکاؤمی کی بہتری میں رکاوٹ ہیں۔

کنونشن کاروبار کی کارکردگی

سال 2020 کے اختتام پر کمپنی کی کاروباری کارکردگی متاثر کن رہی ہے ہم اس سال آمدن میں 14.15 فیصد اضافہ حاصل کرنے میں کامیاب رہے ہیں۔ ہم بہتر رسک مینجمنٹ اور قوانین پر عمل پیرا ہو کر اپنی کارکردگی کو مزید بہتر بنائیں گے۔

تکافل کاروبار کی کارکردگی

کمپنی کے ونڈو تکافل کاروبار میں اضافہ دیکھنے میں نہیں آیا ہے۔ کمپنی کا خام بیہ اس سال 801.481 ملین روپے رہا ہے۔ کمپنی تکافل کاروبار میں مزید اضافے کیلئے کوشاں ہے۔

شعبہ جات کی کارکردگی

فار اور پراپرٹی

فار کاروبار کے خام بیہ 7.24 فیصد اضافہ دیکھنے میں آیا ہے اور خام بیہ 2019 میں 708.55 ملین روپے سے بڑھ کر سال 2020 میں 759.832 ملین روپے ہو گیا ہے۔ خالص کلیم خالص بیہ کا 37.14 فیصد رہا جو کہ سال 2019 میں 22.22 فیصد تھا۔ ذمیرہ نویسی نتائج اس سال 6.182 ملین روپے رہے جو کہ سال 2019 میں 62.779 ملین روپے تھی۔

آپ کے ڈائریکٹرز کمپنی کی اکٹھ ویں (61) سالانہ رپورٹ اور سالانہ اکاؤنٹس کی رپورٹ پیش کرتے ہوئے خوشی اور فخر محسوس کر رہے ہیں۔ ڈائریکٹرز رپورٹ کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز ریگولیشن 2019 کے مطابق تیار کی گئی ہے۔

کورونا وائرس کی وجہ سے بیماری بہت تشویش ناک ہوتی جا رہی ہے اور ہر طرف غیر یقینی صورتحال ہے۔ میں بورڈ کی جانب سے آپ تمام لوگوں اور گھر والوں کی صحت کیلئے دعا گو ہوں اور درخواست کرتا ہوں کہ زیادہ سے زیادہ وقت گھر میں گزاریں اور واپسی میں جمل سے پرہیز کریں۔

مارکیٹ کا جائزہ

کوڈ 19- کی وجہ سے پچھلی بیماری نے نہ صرف پاکستان بلکہ پوری دنیا میں تباہ کن اثرات مرتب کئے ہیں۔ پاکستان کے کمزور ہیلتھ سٹرکچر اور ناکافی صحت کی سہولیات کی وجہ سے یہ خیال کیا جا رہا تھا کہ پاکستان میں کورونا متاثرین کی تعداد بہت حد تک بڑھے گی مگر یہ تعداد کافی کم رہی ہے اور پچھلے دو ماہ سے مزید کمی دیکھنے میں آرہی ہے تاہم اس وائرس سے پچھلی بیماری میں ابھی مزید اضافہ ہونا ہے کیونکہ یہ جائزہ لیگیا ہے کہ اس بیماری کی دوسری اور تیسری لہر خطرناک ہوگی۔

چھوٹے پیمانے کے لاک ڈاؤن کاروباری اور اکاؤمی کی سرگرمیوں کی بحالی کے ساتھ پاکستان کی کشش کرتی اکاؤمی ایک نئے سال میں داخل ہو گئی ہے۔ حکومت پاکستان نے اپنے بجٹ میں بہت سی کاروباری سہولیات دی ہیں۔ اور سٹیٹ بینک آف پاکستان نے مالیاتی اقدامات کئے ہیں خاص طور پر شرح سود میں 625 پینٹس کی کمی سے مختلف سیکٹرز کی ترقی میں بہت مدد ملی ہے۔ پاکستان سٹاک ایکسچینج ہنڈرڈ انڈیکس 29,322 پوائنٹس سے بڑھ کر 40,571 پوائنٹس پر پہنچ گئی جو کہ 39 فیصد اضافہ ہے۔ دوسرے معاشی اشارے جیسے کہ کرنٹ اکاؤنٹ میں سرپلس، بیرونی تریلات میں اضافہ اور ٹیکس آمدن میں اضافہ ان معیشت پالیسیوں کی بدولت ہے۔

اکاؤمی کا تجزیہ

کوڈ 19- کے اثرات اور لاک ڈاؤن کی وجہ سے سال 2020 میں پوری دنیا میں اکاؤمی پر منفی اثرات مرتب ہوئے ہیں۔ پاکستانی باقی دنیا کی نسبت کوڈ 19- کے اثرات سے نبر آزما ہونے میں کافی حد تک کامیابی حاصل کی ہے۔ کاروباری سرگرمیوں کو پھر سے شروع کرنے اور نقل و حمل کی سہولیات کو دوبارہ شروع کرنے میں کافی بہتری ہوئی ہے جس سے اکاؤمی پر مثبت اثرات مرتب ہوئے ہیں۔ اکاؤمی کے اشارے مثبت سگنل دینا شروع ہو گئے ہیں۔

تاہم اکاؤمی کی مکمل گروتھ پر ابھی تک وہاں کے اثرات ہیں۔ ماضی قریب میں انشورنس انڈسٹری نے کافی اتار چڑھاؤ دیکھے ہیں۔ اکاؤمی کی ترقی اور گروتھ کے ساتھ ساتھ انشورنس انڈسٹری بھی اپنا کردار ادا کر رہی ہے۔

سال 2020 میں فیکل خسارہ 9 فیصد سے کم ہو کر 8 فیصد ہو گیا ہے۔ آمدن میں 15.3 فیصد اضافہ ہوا ہے جو کہ زیادہ تر ٹیکس کے علاوہ اضافہ ہے جس کی بنیادی وجہ ٹیلی کمیونیکیشن کمپنیوں کے پرافٹ میں اضافہ ہے۔ اصلاحات کے باوجود ٹیکس آمدن جی ڈی پی کا 11.6 فیصد ہے جو کہ اکاؤمی سرگرمیوں میں کمی اور زیادہ خرچوں کی وجہ سے ہے۔ خرچوں میں اضافہ کاروباری پیکیجز کی وجہ سے

REPORT ON CORPORATE

and Financial Reporting Framework

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

- 1) The financial statements , prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and change in equity;
 - 2) The Company has maintained proper books of accounts as required under the Companies Act, 2017;
 - 3) The Company has followed consistently appropriate accounting policies in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
 - 4) Financial Statements have been prepared by the Company in accordance with the International Accounting Standards, International Financial Reporting Standard and any other regulation or law (including but not limited to the Shariah guidelines/principles) as applicable in Pakistan. The departure there from (if any) has been adequately disclosed and explained;
 - 5) The system of internal control is sound and is being implemented and monitored by
- the internal audit department. The system prevents losses, minimize risks, protect assets ensure accuracy of records, promote operational efficiency, and encourage adherence to policies, rules, regulations, laws and helps management maintain an effective means of performance.
- 6) The fundamentals of the Company are strong and there are no doubts about its ability to continue as a going concern;
 - 7) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
 - 8) Key operating and financial data for the last six years in summarized form, is included in this annual report.
 - 9) Outstanding taxes and duties amounting to Rs. 242,611,806 which will be paid partially in the month of January 2021 and partially with income tax return of 2021;
 - 10) There are no statutory payments on accounts of taxes, duties, levies and charges which are outstanding as at December 31, 2020, except as those disclosed in the financial statements;
 - 11) All significant plans, major
- decisions such as corporate restructuring, business expansion and discontinuance of operations, shall be outlined along with future prospect;
- 12) The value of investment in assets of provident fund, on basis of audited accounts, as at December 31, 2020 was Rs 173,859,934 (2019: 124,765,973).
 - 13) The number of meetings attended by each Director is given hereunder;

Sr. no	Name of Directors	Meetings Attended
1.	Javaid Sadiq	4 out of 4
2.	Khawas Khan Niazi	4 out of 4
3.	Muhammad Rahat Sadiq	4 out of 4
4.	Huma Waheed	4 out of 4
5.	Agha Ali Imam	4 out of 4
6.	Jamil Ahmed Khan	4 out of 4
7.	Syed Rahat Ali Shah	4 out of 4

PATTERN OF SHAREHOLDING

The statement of pattern of shareholding as at December 31, 2020 is part of this annual report.

REPORT ON CORPORATE

and Financial Reporting Framework

COMPOSITION OF BOARD

The total numbers of directors are seven as per the following:

- a) Male 06 (Six)
- b) Female 01 (One)

Category	Names
Independent Director	Agha Ali Imam
	Jamil Ahmed Khan
Non-Executive Directors	Khawas Khan Niazi
	Javaid Sadiq
	Syed Rahat Ali Shah
Executive Directors	Muhammad Rahat Sadiq
	Huma Waheed

MEMBERS OF BOARD COMMITTEE

The members of the Board Committees were as under:

Audit Committee		
Mr. Agha Ali Imam	Independent Director	Chairman
Mr. Khawas Khan Nizai	Non-Executive Director	Member
Syed Rahat Ali Shah	Non-Executive Director	Member
Mr. Maqbool Ahmad	Chief Financial Officer	Member
Mr. Abdul Mannan Munir	Chief Internal Auditor	Secretary
Ethics, Human Resources & Remuneration Committee		
Mr. Jamil Ahmed Khan	Independent Director	Chairman
Mr. Javaid Sadiq	Non-Executive Director	Member
Mr. Muhammad Rahat Sadiq	Executive Director	Member
Mr. Wakeel Ahmed Mirza	Head of Human Resource	Secretary
Investment Committee		
Mr. Jamil Ahmed Khan	Independent Director	Chairman
Mr. Agha Ali Imam	Independent Director	Member
Mr. Muhammad Rahat Sadiq	Executive Director	Member
Mr. Tajammal Iqbal	Head of Conventional Business	Member
Mr. Maqbool Ahmad	Chief Financial Officer	Secretary

DIRECTORS' REMUNERATION

The Board of Directors have a formal policy and transparent procedure for remuneration of directors in accordance with the Companies Act, 2017 and determines it by Market benchmark of Insurance Industry. The detail of remuneration to directors and executives are mentioned in notes to the financial statements.

DIRECTORS TRAINING PROGRAMME

Out of seven Directors of the Company, four have already attended the Directors' Training Programme. Two Directors are

exempt from this requirement based on their qualification and experience.

BOARD PERFORMANCE EVALUATION

The Board has developed a mechanism to evaluate its own performance by adopting of self-evaluation exercise through questionnaire on annual basis, which covers core areas of the functioning of the Board. The primary purpose of this evaluation is to enable the Board members to perform their role and responsibilities more effectively towards progress of your Company. This evaluation is carried out under a self-evaluation methodology based on certain parameters. Critical areas that the questionnaire covers includes but not limited to the following:

- Evaluate and understand the statutory directive
- Assessment of overall roles and responsibilities of the Board members
- Critically review the financial reporting requirement
- Identify the area of risk
- Trainings and up gradation of knowledge & skill of directors

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

REPORT ON CORPORATE

and Financial Reporting Framework

AUDITORS

The Company's Auditors M/s. Ilyas Saeed & Co., Chartered Accountants retire and offer themselves for re-appointment as Company's Auditors. The Audit Committee reviewed and recommended to the Board of Directors for re-appointment of M/s. Ilyas Saeed & Co. Chartered Accountants as auditors of the Company for the next financial year ending December 31, 2021.

in our opinion the annual statutory accounts of the Company set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000 and any rules made there under;

the Company has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements; and

MATERIAL CHANGES

The company has made investment in Apna Microfinance Bank Limited during the reporting year December 31, 2020 of Rs. 350,000,000/- in the form of Share Deposit Money.

as at the date of the statement, The United Insurance Company of Pakistan Limited continues to be in compliance with the provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements.

PROPOSED MERGER

The board of directors of the Company has proposed the merger of SPI Insurance Company Limited in to The United Insurance Company of Pakistan Limited and have accorded their consent to prepare merger scheme and initiate the steps necessary for the said merger.

For and on behalf of the Board



Javid Sadiq
Chairman

Date: March 25, 2021

INSURANCE ORDINANCE 2000

As required under the Insurance Ordinance 2000 and rules framed there under, the Directors confirm that:



Muhammad Rahat Sadiq
Chief Executive Officer

Date: March 25, 2021

CODE OF CONDUCT

The directors and employees at all levels of “The United Insurance Company of Pakistan Limited” hereinafter called UICL shall adopt this code of conduct.

RELATIONSHIP WITH EMPLOYEES

The entity is an equal opportunity employer. Its employee recruitment and promotional policies are free of any gender bias, and is merit, and excellence oriented. It believes in providing its employees safe and healthy working conditions, and maintaining good channels of communications. The UICL expects its employees to abide by certain personal ethics, whereby UICL information and assets are not used for any personal advantage or gain. Any conflict of interests should be avoided, where it exists it should be disclosed, and guidance sought.

RELATIONSHIP WITH THE COMPANY

The UICL's policy is to conduct business with honesty and integrity and be ethical in all its dealings, showing respect for the interest of those with whom it has relationship. The advancement in the business procedures and practices and upgrading of electronic technology shall be adopted for the wellbeing of the company. The UICL does not support any political party nor contributes to the funds of groups whose activities promote party interests.

RELATIONSHIP WITH THE CLIENTS

The UICL is committed to run its business in an environment that is sound and sustainable. As a good corporate citizen, the UICL recognizes its social responsibilities, and will endeavor to contribute to community activities, for betterment of society as a whole.

RELATIONSHIP WITH MEMBERS

We are fully supported by our members to serve in the best interest of the company by achieving consistent growth and reputation of the company.

COMPLIANCE OF APPLICABLE LAWS AND REGULATIONS

The UIC complies with all laws and regulations. All employees are expected to familiarize themselves with laws and regulations governing their individual areas of responsibility, and not to transgress them. If in doubt, employees are expected to seek advice. The UICL believes in and fully adheres to the principles of reliability and credibility in its financial reporting and in transparency of business transactions. The rules and regulations formulated and practiced shall not supersede any Government or legislative body

laws and regulations applicable to the company. The Board ensures that the above principles of Code of conduct are complied with, for which the Board has constituted the audit committee, to be supportive of compliance.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of The United Insurance Company of Pakistan Limited

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

We have reviewed the enclosed Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) and the Code of Corporate Governance for Insurers, 2016 (the Regulations), prepared by the Board of Directors of The United Insurance Company of Pakistan Limited (the Company) for the year ended December 31, 2020 in accordance with the requirements of Regulation 36 of the Regulations and Provision (xxvii) of the Code of Corporate Governance for Insurers, 2016.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of Section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2020.



ILYAS SAEED & CO.

Chartered Accountants

Engagement Partner: Muhammad Ilyas

Place: Lahore

Date: March 25, 2021

STATEMENT OF COMPLIANCE

with the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ended December, 2020

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

The United Insurance Company of Pakistan Limited has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven (7) as per the following:
 - a) Male : Six (6)
 - b) Female : One (1)
2. The Company encourages the representation of independent non-executive directors and directors representing minority on its Board of Directors. At present the composition of the Board is as follows:

Category	Names
Independent Director	Agha Ali Imam Jamil Ahmed Khan
Non-Executive Directors	Javaid Sadiq Khawas Khan Niazi Syed Rahat Ali Shah
Executive Directors	Muhammad Rahat Sadiq Huma Waheed

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

3. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company (excluding the listed subsidiaries) of listed holding companies where applicable.
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 DFI or an NBFIs, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
5. In this fiscal year no casual vacancy occurred on the Board.
6. The company has prepared a "Code of Conduct" and has ensured the 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers have been taken by the Board of the relevant provisions of the Act and Regulations.
9. The meeting of the Board was presided over the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notice of the board meetings, along with the agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
10. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and Regulations.
11. The following directors have completed certified Director's Training Program (DTP) and they are fully aware of their duties and responsibilities:
 - Mr. Khawas Khan Niazi
 - Ms. Huma Waheed
 - Mr. Jamil Ahmed Khan
 - Mr. Syed Rahat Ali Shah
12. The Board has established a system of sound internal control,

STATEMENT OF COMPLIANCE

with the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ended December, 2020

which is effectively implemented at all levels with the company. The company has adopted and complied with all the necessary aspects of internal controls given in the Code.

13. There was no change of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year.

14. The Directors' Report for this year has been prepared in compliance with the requirement of the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019 fully describes the salient matters required to be disclosed.

15. The financial statements of the company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

16. The Directors, Chief Executive Officer and other Executives do not hold any interest in the shares of the company other than disclosed in the pattern of shareholding.

17. The company has complied with all the corporate and financial reporting requirements of the Code.

18. The Board has formed the following Management Committees:

Underwriting Committee:

Name of Member	Category
Mr. Khawas Khan Niazi	Chairman
Mr. S. M. Qaisar Imam	Member
Mr. Amir Hameed	Member
Mr. Tayyab Bashir	Secretary

Claims Settlement Committee:

Name of Member	Category
Ms. Huma Waheed	Chairperson
Mr. Tajammal Iqbal	Member
Mr. Kamran Zaman	Member
Mr. Rizwan Safdar	Secretary

Reinsurance & Co-insurance Committee:

Name of Member	Category
Mr. Mohammad Rahat Sadiq	Chairman
Mr. Amir Hameed	Member
Mr. Tayyab Bashir	Member
Mr. Abrar Ahmad Minhas	Secretary

Risk Management & Compliance Committee:

Name of Member	Category
Mr. Javaid Sadiq	Chairman
Ms. Huma Waheed	Member
Mr. Syed Rahat Ali Shah	Member
Mr. Ali Hassan Bhatti	Member
Mr. Waqar Tanveer	Secretary

19. The Board has formed the following Board Committees:

Ethics, Human Resource & Remuneration Committee:

Name of Member	Category
Mr. Jamil Ahmed Khan	Chairman
Mr. Javaid Sadiq	Member
Mr. Muhammad Rahat Sadiq	Member
Mr. Wakeel Ahmed Mirza	Secretary

Investment Committee:

Name of Member	Category
Mr. Jamil Ahmed Khan	Chairman
Mr. Agha Ali Imam	Member
Mr. Muhammad Rahat Sadiq	Member
Mr. Tajammal Iqbal	Member
Mr. Maqbool Ahmad	Secretary

20. The Board has formed an Audit Committee. It comprises of four (4) members. The chairman of the Committee is an independent director. The composition of the Audit Committee is as follows:

Audit Committee:

Name of Member	Category
Mr. Agha Ali Imam	Chairman
Mr. Khawas Khan Nizai	Member
Mr. Syed Rahat Ali Shah	Member
Mr. Maqbool Ahmad	Member
Mr. Abdul Mannan Munir	Secretary

STATEMENT OF COMPLIANCE

with the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ended December, 2020

21. The meetings of the Committees, except Ethics, HR & Remuneration Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of references of the aforesaid Committees have been formed and advised to the Committees for compliance.
22. The Board has set up an effective internal audit function.
23. The Chief Executive Officer, Chief Financial Officer, Company Secretary, Compliance Officer and the Head of Internal Audit are competent and qualified as per the Code. The persons who are handling the underwriting, claims, reinsurance, risk management and grievance functions/department are competent, experience and qualified, as required under section 12 of the Insurance Ordinance, 2000.
24. The statutory auditors of the company have been appointed from the panel of auditors approved by the Commission in terms of sections 48 of the Insurance Ordinance, 2000. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partner of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
25. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act.
26. The Board ensures that the investment policy of the company has been drawn up in accordance with the provision of the Code.
27. The Board ensures that the risk management system of the insurance is in place as per the requirements of the Code. The company has set up a risk management department, which carries out its tasks as covered under the Code.
28. The Board ensures that as part of the risk management system, the company gets financial strength rating AA from Pakistan Credit Rating Agency (PACRA), which is being used by its risk management department and the respective Committee as a risk monitoring tool. The rating assigned by PACRA on 30-04-2020 is AA with Stable Outlook.
29. The Board has set up a grievance department, which fully complies with the requirements of the Code.

Name of the Person	Designation
Muhammad Rahat Sadiq	Chief Executive Officer
Maqbool Ahmad	Chief Financial Officer
Athar Ali Khan	Company Secretary
Amir Hameed	Chief Operating Officer
Ali Hassan Bhatti	Chief Compliance Officer
Abdul Manan Munir	Chief Internal Audit
S.M. Qaiser Imam	Head of Underwriting
Kamran Zaman	Head of Claims
Abrar Ahmed Minhas	Head of Reinsurance
Tayyab Bashir	Joint Director Operations-Underwriting
Shakeel Ahmed	Head of Window Takaful Business
Wakeel Ahmed Mirza	Head of Human Resource

30. The Company has complied with the requirements relating to maintenance of register of person having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names from the said list.

STATEMENT OF COMPLIANCE

with the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ended December, 2020

31. The Board has developed and approved the criteria for annual evaluation of its own performance as per the requirement of the Code. The evaluation has been done by the Board on annual basis.
32. The Company has not obtained any exemption(s) from the Securities and Exchange Commission of Pakistan in respect of the requirement of the Code.
33. We confirm that all other material principles contained in the Code and Regulations have been complied with.



Javaid Sadiq
Chairman

Date: March 25, 2021



Muhammad Rahat Sadiq
Chief Executive Officer

Date: March 25, 2021

STATEMENT UNDER SECTION 46 (6)

of The Insurance Ordinance, 2000

The incharge of the management of the business was Mr. Muhammad Rahat Sadiq, Chief Executive Officer and the report on the affairs of business during the year 2020 signed by Muhammad Rahat Sadiq, Javaid Sadiq, Huma Waheed, Syed Rahat Ali Shah, Maqbool Ahmad and approved by the Board of Directors is part of the Annual Report 2020 under the title of "Directors' Report to the Members" and

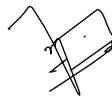
- (a) In our opinion the annual statutory accounts of The United Insurance Company of Pakistan Limited set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000 and any rules made thereunder;
- (b) The United Insurance Company of Pakistan Limited has at all times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements; and
- (c) As at the date of the statement, The United Insurance Company of Pakistan Limited continues to be in compliance with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements.



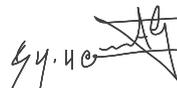
Muhammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Maqbool Ahmad
Chief Financial Officer



Syed Rahat Ali Shah
Director



Javaid Sadiq
Chairman

PATTERN OF SHAREHOLDING

As At December 31, 2020

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
301	1	100	5,752
199	101	500	54,879
106	501	1000	77,936
322	1001	5000	845,005
135	5001	10000	1,016,885
60	10001	15000	734,972
35	15001	20000	618,718
33	20001	25000	746,273
10	25001	30000	275,599
13	30001	35000	416,422
14	35001	40000	533,300
9	40001	45000	385,605
8	45001	50000	386,470
6	50001	55000	315,853
5	55001	60000	283,024
3	60001	65000	187,022
3	65001	70000	204,617
3	70001	75000	216,125
3	75001	80000	233,718
4	80001	85000	331,303
1	85001	90000	89,452
2	90001	95000	185,670
2	95001	100000	192,932
1	100001	105000	101,386
1	105001	110000	109,447
1	110001	115000	111,675
5	115001	120000	583,916
2	120001	125000	244,108
2	125001	130000	254,031
2	130001	135000	263,990
1	150001	155000	151,000
1	160001	165000	164,831
5	165001	170000	836,019
1	175001	180000	176,684
1	185001	190000	189,004
1	225001	230000	225,700
1	240001	245000	242,479
1	260001	265000	263,181
1	300001	305000	301,626
2	305001	310000	617,375

PATTERN OF SHAREHOLDING

As At December 31, 2020

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
1	320001	325000	322,818
1	375001	380000	376,335
1	385001	390000	389,082
1	460001	465000	460,797
1	495001	500000	496,818
1	635001	640000	635,893
1	640001	645000	644,708
1	670001	675000	674,170
1	705001	710000	705,217
1	735001	740000	736,151
1	775001	780000	776,472
1	795001	800000	798,000
1	865001	870000	869,978
1	1030001	1035000	1,032,413
1	1040001	1045000	1,040,931
1	1245001	1250000	1,249,635
1	1720001	1725000	1,722,417
1	1985001	1990000	1,989,787
1	7455001	7460000	7,459,574
1	8525001	8530000	8,527,687
1	12650001	12655000	12,652,707
1	22705001	22710000	22,705,009
1	28055001	28060000	28,056,308
1	28130001	28135000	28,132,506
1	29005001	29010000	29,005,809
1	31390001	31395000	31,393,525
1	43010001	43015000	43,011,126
1	55960001	55965000	55,960,143
1334			295,000,000

PATTERN OF SHAREHOLDING

As At December 31, 2020

Sr. No.	Categories of Shareholding	Number of Shareholders	Share held	Percentage %
1	Associated Companies, Undertaking & Related Parties (List "A" attached)	3	121,193,646	41.08
2	Mutual Funds, NIT, ICP & Government entity (List "B" attached)	3	21,077	0.01
3	Directors , CEO & Their Spouse and minor children (List "C" attached)	7	71,833	0.02
4	Executives (List "D" attached)	NIL	NIL	NIL
5	Public Sector Companies & Corporations (List "E" attached)	1	1,249,635	0.42
6	Banks, DFIs, NBFI & Insurance Companies (List "F" attached)	3	13,499	0.00
7	Shareholders holding 5% or more (List "G" attached)	3	130,593,465	44.27
8	Others/Individual	1,314	41,856,845	14.19
	Total	1334	295,000,000	100.00

PATTERN OF SHAREHOLDING

As At December 31, 2020

List A Associated Companies, Undertaking & Related Parties

Sr. No.	Name	No. of Shares
1	United Track System (Private) Ltd	78,665,152
2	Tawasul Healthcare TPA (Private) Ltd	13,522,685
3	Tawasul Risk Management Services (Pvt.) Ltd	29,005,809
		121,193,646

List B Mutual Funds, NIT, ICP & Government entity

Sr. No.	Name	No. of Shares
1	National Bank of Pakistan Investor Account	19,121
2	Trustees First Capital Mutual Fund	1,881
3	IDBL (ICP Unit)	75
		21,077

List C Directors , CEO & Their Spouse and Minor Children

Sr. No.	Name	No. of Shares
1	Muhammad Rahat Sadiq	11,421
2	Khawas Khan Niazi	29,026
3	Miss. Huma Waheed	22,077
4	Javaid Sadiq	1,922
5	Agha Ali Imam	3,235
6	Syed Rahat Ali Shah	1,956
7	Jamil Ahmed Khan	2,196
		71,833

List D Executives

Sr. No.	Name	No. of Shares
	Nil	-

List E Public Sector Companies & Corporations

Sr. No.	Name	No. of Shares
1	Pakistan Re-insurance Company Limited	1,249,635

List F Banks, DFIs, NBFI, Insurance Companies, Takaful, Modarabas and Pension Funds

Sr. No.	Name	No. of Shares
1	Eastern Federal Union Insurance Co., Ltd.	11,624
2	Habib Bank Limited	389
3	Al-Zamin Management (Private) Limited	1,486
		13,499

List G Shareholders' Holding 5% or above

Sr. No.	Name	No. of Shares
1	United International Farms (Private) Ltd	28,056,308
2	United Software and Technologies International (Pvt.) Ltd	59,526,031
3	Margalla News International	43,011,126
		130,593,465

The United Insurance Company of Pakistan Limited

Financial Statements

For The Year Ended December 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **THE UNITED INSURANCE COMPANY OF PAKISTAN LIMITED (the Company)**, which comprise the statement of financial position as at December 31, 2020, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2020, 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.

Key Audit Matter

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.

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited Report on the Audit of the Financial Statements

Following are the key audit matters:

S r. No.	Key audit matter(s)	How the matter was addressed in our audit
1	<p>Valuation of Claim Liabilities Refer note 3.15 and 25 to the financial statements relating to valuation of claim liabilities.</p> <p>The Company's claim liabilities represent 30.95% of its total liabilities. Valuation of these claim liabilities involves significant management judgement regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimation. The Company maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. The actuarial valuation process involves significant judgement and the use of actuarial assumptions.</p> <p>We have identified the valuation of claim liabilities as key audit matter because estimation of claims liabilities involves a significant degree of judgment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated the design and tested the key controls over the process of capturing, processing and recording of information related to the claims and recoveries from reinsurance arrangements; • Inspected significant arrangements with reinsurers to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions; • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards; • Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations and assessed the sufficiency of reserving claim liabilities, by testing calculations on the relevant data including recoveries from reinsurers based on their respective arrangements;

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited
 Report on the Audit of the Financial Statements

		<ul style="list-style-type: none"> • Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period; • Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for determination of IBNR; and • Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions.
<p>2.</p>	<p>Revenue Recognition Risk Refer notes 3.12 and 24 to the financial statements relating to revenue recognition.</p> <p>The Company receives its revenue primarily from premiums. Premiums from insurance policies comprise of 96.01% of the total revenue.</p> <p>We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of premium income; • Assessed the appropriateness of the Company's accounting policy for recording of premiums and that it is in line with the requirements of applicable law, accounting and reporting standards; • Tested the premium recorded on sample basis to test the accuracy from the underlying policies issued to insurance contract holders; • Tested the policies on sample basis where premium was recorded close to year end, and evaluated that these were recorded in the appropriate accounting period; and • Recalculated the unearned portion of premium income and ensured that appropriate amount has been recorded as provision for unearned premium in liabilities

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited Report on the Audit of the Financial Statements

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited Report on the Audit of the Financial Statements

a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited Report on the Audit of the Financial Statements

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

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Ilyas**.



ILYAS SAEED & CO.
Chartered Accountants

Place: Lahore

Date: March 25, 2021

STATEMENT OF FINANCIAL POSITION

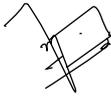
As at December 31, 2020

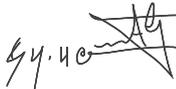
	Note	2020 Rupees	2019 Rupees
Assets			
Property and equipment	5	1,209,975,221	1,245,611,799
Intangible assets	6	1,977,670	2,636,894
Investment property	7	31,181,171	5,270,660
Investments in subsidiary and associate	8	1,933,915,396	1,567,352,894
Investments			
Equity securities	9	48,163,076	57,369,264
Debt securities	10	379,351,873	296,004,052
Term deposits	11	170,097,872	377,887,755
Total assets in window takaful operations	11A	754,035,663	708,353,645
Loans and other receivables	12	129,665,096	126,656,853
Insurance / reinsurance receivables	13	1,509,586,735	881,519,739
Reinsurance recoveries against outstanding claims	25	1,349,738,271	1,413,623,096
Salvage recoveries accrued		-	-
Deferred commission expense / acquisition cost	26	212,908,956	240,000,231
Deferred taxation	15	-	-
Taxation - payment less provision		-	-
Prepayments	16	1,672,850,841	994,650,033
Cash & bank	17	457,296,874	266,125,644
Total assets		9,860,744,715	8,183,062,559
Equity and liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	18	2,950,000,000	2,601,016,820
Share premium		-	-
Reserves	19	52,845,811	49,898,833
Unappropriated profit		751,251,334	786,630,047
Total Equity		3,754,097,145	3,437,545,700
Surplus on revaluation of fixed assets	19A	380,300,236	434,295,629
Liabilities			
Total liabilities in window takaful operations	11A	44,645,972	1,994,399
Underwriting provisions			
Outstanding claims including IBNR	25	1,758,414,109	1,891,240,875
Unearned premium reserves	24	2,322,406,326	1,550,169,310
Premium deficiency reserves		-	37,161,886
Unearned reinsurance commission	26	196,587,940	187,662,197
Retirement benefit obligations	14	-	-
Deferred taxation	15	151,341,783	175,738,714
Borrowings	20	91,484,644	77,823,296
Premium received in advance		-	-
Insurance / reinsurance payables	21	862,236,702	165,321,214
Other creditors and accruals	22	113,786,352	67,739,837
Taxation - provision less payment		185,443,506	156,369,502
Total Liabilities		5,681,701,362	4,309,226,831
Total Equity and Liabilities		9,860,744,715	8,183,062,559
Contingency(ies) and commitment(s)	23	-	-

The annexed notes from 1 to 47 form an integral part of these financial statements.


Muhammad Rahat Sadiq
Chief Executive Officer


Huma Waheed
Director


Maqbool Ahmad
Chief Financial Officer


Syed Rahat Ali Shah
Director


Javaid Sadiq
Chairman

PROFIT AND LOSS ACCOUNT

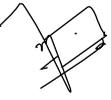
For the year ended December 31, 2020

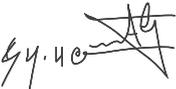
	Note	2020 Rupees	2019 Rupees
Net insurance premium	24	1,868,698,241	2,541,595,470
Net insurance claims	25	(438,670,831)	(1,153,501,399)
Premium deficiency		37,161,886	(1,164,825)
Net commission and other acquisition costs	26	(95,532,280)	(118,341,937)
Insurance claims and acquisition expenses		(497,041,225)	(1,273,008,161)
Management expenses	27	(919,974,925)	(917,013,732)
Underwriting results		451,682,091	351,573,577
Investment income	28	57,171,373	67,101,243
Rental income	29	2,736,000	2,292,000
Other income	30	17,825,106	49,516,449
Other expenses	31	(6,899,019)	(4,872,957)
Results of operating activities		522,515,551	465,610,312
Finance cost	32	(6,386,295)	(5,791,228)
Share of profit from associate		16,562,502	23,818,651
Profit from window takaful operations		1,708,660	125,476,048
Profit before tax		534,400,418	609,113,783
Income tax expense	33	(119,845,802)	(207,523,057)
Profit after tax		414,554,616	401,590,726
Earnings (after tax) per share - Rupees			
- basic and diluted (Restated)	34	1.41	1.36

The annexed notes from 1 to 47 form an integral part of these financial statements.


Muhammad Rahat Sadiq
Chief Executive Officer


Huma Waheed
Director


Maqbool Ahmad
Chief Financial Officer


Syed Rahat Ali Shah
Director


Javaid Sadiq
Chairman

STATEMENT OF COMPREHENSIVE INCOME

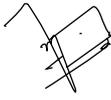
For the year ended December 31, 2020

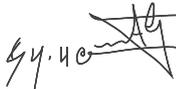
	2020 Rupees	2019 Rupees
Profit after tax	414,554,616	401,590,726
Other comprehensive income/ (loss):		
<i>Items to be re-classified to profit and loss account in subsequent period:</i>		
Unrealized (loss) on revaluation of available-for-sale investments - net of deferred tax	(7,783,885)	(7,391,101)
Reclassification adjustments relating to available-for-sale investments disposed off during the year - net off deferred tax	9,792,396	(1,628,256)
Share of other comprehensive income / (loss) from takaful:		
Unrealized (loss) on revaluation of available-for-sale investments - net of deferred tax	(2,733,138)	(6,674,029)
Reclassification adjustments relating to available-for-sale investments disposed off during the year - net off deferred tax	3,671,605	7,387,760
	2,946,978	(8,305,626)
<i>Items not to be re-classified to profit and loss account in subsequent period:</i>		
Share of other comprehensive income / (loss) from takaful	-	-
Share of other comprehensive income / (loss) from associate	-	-
Other comprehensive income / (loss) for the year	2,946,978	(8,305,626)
Total comprehensive income for the year	417,501,594	393,285,100

The annexed notes from 1 to 47 form an integral part of these financial statements.


Muhammad Rahat Sadiq
Chief Executive Officer


Huma Waheed
Director


Maqbool Ahmad
Chief Financial Officer


Syed Rahat Ali Shah
Director


Javaid Sadiq
Chairman

CASH FLOW STATEMENT

For the year ended December 31, 2020

	2020 Rupees	2019 Rupees
Operating cash flows:		
a) Underwriting activities		
Insurance premium received	4,362,797,693	4,499,069,931
Reinsurance premium paid	(2,257,203,220)	(2,004,305,577)
Claims paid	(2,132,160,737)	(2,141,759,416)
Reinsurance and other recoveries received	1,541,863,038	1,111,522,931
Commission paid	(446,321,338)	(508,911,766)
Commission received	386,806,076	384,041,924
Management expenses paid	(768,057,873)	(824,787,476)
Net cash flow from underwriting activities	687,723,639	514,870,551
b) Other operating activities		
Income tax paid	(111,087,798)	(161,175,201)
General expenses paid	(6,899,019)	(4,872,957)
Other operating receipts	8,251,327	24,415,775
Loans advanced	(19,785,001)	(19,850,741)
Loan repayments received	16,895,487	15,942,945
Net cash flow from other operating activities	(112,625,004)	(145,540,179)
Total cash flow from all operating activities	575,098,635	369,330,372
Investment activities:		
Profit / return received	52,792,724	52,459,334
Dividend received	627,235	867,623
Rental received	2,736,000	2,292,000
Payment for investment / investment properties	(340,781,409)	(575,493,912)
Proceeds from investment / investment properties	168,553,493	66,705,319
Fixed capital expenditure	(57,000,181)	(34,435,554)
Proceeds from sale of property and equipment	13,341,000	26,918,825
Assets in window takaful operations	(3,030,445)	(130,260,746)
Total cash flow from investing activities	(162,761,583)	(590,947,111)
Financing activities:		
Proceeds from issuance of shares	-	-
Interest paid	(6,084,170)	(5,926,193)
Loan received	-	-
Loan paid	-	-
Dividends paid	(177,000,000)	-
Lease liability paid	(38,081,652)	(48,920,154)
Total cash flow from financing activities	(221,165,822)	(54,846,347)
Net cash flow from all activities	191,171,230	(276,463,086)
Cash and cash equivalents at the beginning of the year	266,125,644	542,588,730
Cash and cash equivalents at the end of the year	457,296,874	266,125,644

CASH FLOW STATEMENT

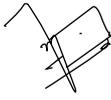
For the year ended December 31, 2020

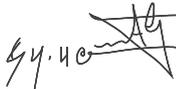
	2020 Rupees	2019 Rupees
Reconciliation to Profit and Loss Account		
Operating cash flows	575,098,635	369,330,372
Depreciation & amortization expense	(151,917,052)	(92,226,256)
Finance charges on lease rentals	(6,084,170)	(5,926,193)
(Loss) / profit on disposal of property and equipment	(1,251,129)	17,653,004
Rental income	2,736,000	2,292,000
Dividend income	627,235	867,623
Share of profit from associate	16,562,502	23,818,651
Increase in assets other than cash	506,444,696	201,168,376
(Increase) in liabilities other than borrowings	(586,777,176)	(298,106,931)
Provision for doubtful debts	-	-
Gain and other investment income	56,084,630	52,459,334
Income from window takaful operations	3,030,445	130,260,746
Profit after taxation	414,554,616	401,590,726

The annexed notes from 1 to 47 form an integral part of these financial statements.


Muhammad Rahat Sadiq
Chief Executive Officer


Huma Waheed
Director


Maqbool Ahmad
Chief Financial Officer


Syed Rahat Ali Shah
Director


Javaid Sadiq
Chairman

STATEMENT OF CHANGES IN EQUITY

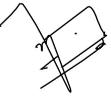
For the year ended December 31, 2020

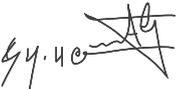
	Attributable to equity holders of the Company						Total
	Share capital	Capital reserve	Revenue reserves			Unappropriated profit	
			Reserve for issuance of bonus shares	General reserve	Available for sale reserve		
----- Rupees -----							
Balance as at January 01, 2019	2,261,753,760	-	-	75,115,917	(16,911,458)	723,538,082	3,043,496,301
Transfer to reserve for issue of bonus shares	-	-	339,263,060	-	-	(339,263,060)	-
Bonus share reserve capitalized on issuance of shares	339,263,060	-	(339,263,060)	-	-	-	-
Dividends relating to 2018	-	-	-	-	-	-	-
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation-net of tax	-	-	-	-	-	764,299	764,299
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	401,590,726	401,590,726
Other comprehensive income	-	-	-	-	(8,305,626)	-	(8,305,626)
	-	-	-	-	(8,305,626)	401,590,726	393,285,100
Balance as at December 31, 2019	2,601,016,820	-	-	75,115,917	(25,217,084)	786,630,047	3,437,545,700
Balance as at January 01, 2020	2,601,016,820	-	-	75,115,917	(25,217,084)	786,630,047	3,437,545,700
Transfer to reserve for issue of bonus shares	-	-	348,983,180	-	-	(348,983,180)	-
Bonus share reserve capitalized on issuance of shares	348,983,180	-	(348,983,180)	-	-	-	-
Interim cash dividends at Rs. 0.60 per share relating to 2020	-	-	-	-	-	(177,000,000)	(177,000,000)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation-net of tax	-	-	-	-	-	76,049,851	76,049,851
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	414,554,616	414,554,616
Other comprehensive income	-	-	-	-	2,946,978	-	2,946,978
	-	-	-	-	2,946,978	414,554,616	417,501,594
Balance as at December 31, 2020	2,950,000,000	-	-	75,115,917	(22,270,106)	751,251,334	3,754,097,145

The annexed notes from 1 to 47 form an integral part of these financial statements.


Muhammad Rahat Sadiq
Chief Executive Officer


Huma Waheed
Director


Maqbool Ahmad
Chief Financial Officer


Syed Rahat Ali Shah
Director


Javaid Sadiq
Chairman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

The United Insurance Company of Pakistan Limited (“the Company”) was incorporated on October 20, 1959, in Pakistan as a Public Limited Company under the Defunct Companies Act, 1913, now the Companies Act, 2017, and its shares are quoted on Pakistan Stock Exchange Limited. The Registered Office of the Company is situated at 204, 2nd floor, Madina City Mall, Abdullah Haroon Road, Saddar, Karachi, in the province of Sindh, and its Head Office is located in Lahore, in the province of Punjab. The principal activity of the Company is General Insurance Business and it qualifies as a domestic insurance company under the Insurance Ordinance, 2000 and undertakes Fire & Property Damage, Marine Aviation & Transport, Motor, Crop and Miscellaneous General Insurance. The Company has been allowed to carry on Window Takaful Operation on August 18, 2014 by the Securities and Exchange Commission of Pakistan (SECP) under the Takaful Rules, 2012. The Company has not transacted any insurance business outside Pakistan.

For the purpose of carrying on takaful business, the Company has formed a Waqf/ Participants’ Takaful Fund (PTF) on June 09, 2014 under a trust deed. The trust deed governs the relationship of shareholders and policy holders for management of takaful operations.

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 International Accounting Standard 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, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

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

Total assets, total liabilities and profit of the window takaful operations of the Company referred to as the Operator’s Fund has been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated 09 July 2015. A separate set of financial statements of the General Window Takaful Operations has been reported which is annexed to these financial statements as per the requirements of the SECP Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

2.1 Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain property and equipment which are measured at revalued amount and certain financial instruments which are measured at fair value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency. All figures have been rounded to the nearest rupee, unless otherwise stated.

2.3 Standards, interpretations and amendments effective in (current year)

2.3.1 The Company has adopted the following amendments in accounting standards and interpretations of IFRSs which became effective for the current year:

IFRS 3 Amendments to IFRS 3 - Business combinations - Amended by definition of a Business.

IFRS 7 Amendments to IFRS 7 - Financial Instruments: Disclosures - Amended by Interest Rate Benchmark Reform, disclosures around uncertainty arising from the interest rate benchmark reform.

IFRS 14 Regulatory Deferral Accounts. - First time adoption.

IAS 1 Amendments to IAS 1- Presentation of Financial Statements - Amended by definition of Materiality.

IAS 8 Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - Amended by definition of Materiality.

Amendments to the Conceptual Framework for Financial Reporting, including amendments to references to the Conceptual Framework in IFRS Standards.

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

2.4 Standards, interpretations and amendments not effective at year end

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan have not become effective during current year:

Standards, amendments or interpretation	Effective date (Annual periods beginning on or after)
IFRS 3 Amendments to IFRS 3 - Business Combinations - Amended by reference to the Conceptual Framework.	01-Jan-22
IFRS 4 Amendments to IFRS 4 - Insurance Contracts - Amended by Interest Rate Benchmark Reform — Phase 2	01-Jan-21
IFRS 7 Amendments to IFRS 7 - Financial Instruments: Disclosures - Interest Rate Benchmark Reform Phase 2	01-Jan-21
IFRS 9 Financial Instruments - Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9.	01-Jan-23

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Standards, amendments or interpretation	Effective date (Annual periods beginning on or after)
IFRS 16 Leases - Covid-19 related Rent concessions (Amendments)	01-Jun-20
IAS 1 Presentation of Financial Statements - Amended by Classification of Liabilities as Current or Non-current.	01-Jan-23
IAS 16 Amendments to IAS 16 - Property, Plant and Equipment - Amendments relating prohibition of deducting any proceeds from selling items produced from the cost of an item of property, plant and equipment while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.	01-Jan-22
IAS 37 Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets - Amended by Onerous Contracts — Cost of Fulfilling a Contract.	01-Jan-22

2.4.1 IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

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

The Company has determined that it is eligible for the temporary exemption option. The determination is based on an analysis of the percentage of the total carrying amount of liabilities connected with insurance activities relative to the total carrying amount of all liabilities, which indicates that the Company's activities are predominately connected with insurance. Further, the Company does not engage in significant activities unconnected with insurance based on historical available information. Accordingly, the Company has adopted temporary exemption and defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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

The debt instruments accounted for fair value through other comprehensive income under IAS 39 are potentially eligible to SPPI test whereas it is not applicable for the debt instruments accounted for fair value through profit or loss.

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

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

b) all other financial assets.

	Fail the SPPI Test		Pass the SPPI Test		
	Fair value	Change in unrealised gain / (loss) during the year	Carrying value	Cost less impairment	Change in unrealised gain / (loss) during the year
FINANCIAL ASSETS					
Investments in associate	708,746,180	-	-	-	-
Investments					
- Equity securities - Available for sale	48,163,076	2,828,889	-	-	-
- Debt securities - Held to maturity*	-	-	379,351,873	-	-
- Term deposits - Held to maturity*	-	-	170,097,872	-	-
Total Assets in Window Takaful Operations	754,035,663	-	-	-	-
Loans and other receivables*	113,553,639	-	-	-	-
Insurance / reinsurance receivables*	1,509,586,735	-	-	-	-
Reinsurance recoveries against outstanding claims*	1,349,738,271	-	-	-	-
Cash & bank*	78,831,255	-	378,465,619	-	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

2.4.2 The other amendments mentioned in Note 2.4 are assessed by the Company and are likely to have no material impact on these financial statements.

2.5 In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standards, amendments or Interpretation	Effective date (Annual periods beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting Standards - Amended by Annual Improvements to IFRS Standards 2018-2020.	01-Jan-22
IFRS 17 Insurance Contracts	01-Jan-23

2.6 Standards, interpretations and amendments becoming effective in future period but not relevant:

There are certain new standards, amendments to standards and interpretations that are effective for different future periods but are considered not to be relevant to Company's operations, therefore not disclosed in these financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and Equipment

3.1.1 Operating assets

3.1.1.1 Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment, if any, except for freehold land, certain buildings and motor vehicles which are stated at revalued amount less accumulated depreciation and accumulated impairment, if any.

Depreciation on all property and equipment is charged to profit and loss account on reducing balance method so as to write off depreciable amount of an asset over its estimated useful life at the rates specified in note 5.1 to the financial statements. Depreciation on additions to/ disposal from property and equipment for the year is charged on "number of days basis".

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Surplus arising on revaluation of an item of property and equipment is credited to surplus on revaluation of property and equipment, except to the extent of reversal of deficit previously charged to income, in which case that portion of the surplus is recognized in income. Deficit on revaluation of an item of property and equipment is charged to surplus on revaluation of that asset to the extent of surplus and any excess deficit is charged to income. During continuing use of the item of property and equipment the surplus on revaluation of property and equipment to the extent of incremental depreciation charged on the related assets is transferred to the unappropriated profits. On subsequent sale or retirement of revalued item of property and equipment, the attributable balance of surplus is transferred directly to the unappropriated profits. Moreover, the Company has a policy to get the Property and equipment revalued once in three (3) years.

3.1.1.2 Right-of-use assets

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the reducing balance method from the commencement date to the earlier of the end of the estimated useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company has elected not to recognise right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term. The payments associated with such leases are recognised as an expense as disclosed in note no 27.3.

- Ijarah contracts

Ijarah rentals (Ijarah) under Ijarah contracts are recognized as an expense in the profit and loss on a straight-line basis over the Ijarah term as per Islamic Financial Accounting Standard issued by SECP vide S.R.O 431(I)/2007 dated May 22, 2007.

3.1.1.3 Capital work in progress

Capital work in progress is stated at cost less any impairment in value. It consists of expenses incurred and advances made to suppliers in respect of tangible and intangible assets.

3.2 Intangible assets

These are stated at cost less accumulated amortization and accumulated impairment loss, if any.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Amortization on intangibles is charged to profit and loss account on the reducing balance method so as to write off amortization amount of an intangible asset over its estimated useful life at the rates specified in note 6 to the financial statements. Amortization on additions to/ disposal from intangibles, if any, is charged on "number of days basis".

The gain or (loss) on disposal or retirement of an intangible asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense.

3.3 Investment property

Investment properties are held for earning rentals and capital appreciation. Investment property is accounted for under the cost model in accordance with International Accounting Standards (IAS) 40 'Investment property'.

Depreciation expense, subsequent capital expenditures and gains / losses on disposal are accounted for in the same manner as tangible Property and equipment.

3.4 Insurance contracts

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

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.

Insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property damage
- Marine, aviation and transport
- Motor
- Crop
- Miscellaneous

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost.

Marine Insurance covers the loss or damage of vessels, cargo, terminals and any transport of property by which cargo is transferred, acquired or held between the points of origin and final destination.

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

Crop insurance provides financial protection against natural disasters, fire and lightning and insect/ pest attack on standing crop.

Other various types of insurance are classified in miscellaneous category which includes mainly engineering and livestock, personal accident, worker's compensation, travel guard, products of financial institutions and health insurance etc.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

The Company does not issue any insurance contracts with discretionary participation features (DPF) or any investment contracts.

3.5 Deferred commission expense / Acquisition cost

Commission and other incremental acquisition costs incurred in obtaining and recording policies of insurance and reinsurance are deferred and calculated by applying twenty-fourths method and recognized as assets where they can be reliably measured and it is probable that they will give rise to premium revenue that will be recognized in subsequent reporting periods. Incremental acquisition costs of a policy are costs of selling, underwriting and initialing an insurance policy which has been issued, i.e., the costs are identified at the level of an individual policy and not at the level of a portfolio of policies.

Deferred acquisition costs (if any) are amortized systematically over the reporting period over which the related premium revenue is recognized.

An acquisition cost, which is not incremental, is recognized as expense during the period in which the related premium revenue is recognized.

3.6 Unearned premium

The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the Company. This liability is calculated by applying twenty-fourths method as specified in the Insurance Accounting Regulations, 2017.

3.7 Premium deficiency

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium reserve 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. This provision (liability adequacy test) is recognized in accordance with the requirements given in International Financial Reporting Standard (IFRS) 4- Insurance contracts. The movement in the premium deficiency reserve is recorded as an expense/ income in profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Historical experience is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. Further, actuarial valuation has been carried out to determine the amount of premium deficiency reserve in respect of Accident and Health insurance as required by the Insurance Rules, 2017. If these ratios are adverse, premium deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

	2020	2019
- Fire and property damage	30%	32%
- Marine, aviation and transport	11%	26%
- Motor	58%	57%
- Crop	46%	49%
- Miscellaneous	44%	54%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Based on analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserves for all the 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. No reserve for the same has been made in these financial statements as premium deficiency reserve.

3.8 Reinsurance contracts held

Insurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts.

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

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

Reinsurance assets or liabilities are derecognized 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 reinsurance assets are impaired, the Company reduces the carrying amount of the reinsurance assets to its recoverable amount and recognizes impairment loss in the profit and loss account.

3.9 Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any.

3.9.1 Insurance / reinsurance receivable

Receivables under insurance / reinsurance contracts are recognized when due at the fair value of 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 profit and loss account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

3.9.2 Reinsurance recoveries against outstanding claims

Claims recoveries recoverable 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

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company follows IFRS 8 'Operating Segments', the Insurance Ordinance, 2000 and the Insurance Rules, 2017 for segment reporting of operating results using the classes of business as specified therein.

Based on its classification of insurance contracts issued, the Company has five primary business segments for reporting purposes namely Fire and Property Damage, Marine Aviation and Transport, Motor, Crop and Miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the financial statements.

Assets and liabilities are allocated to particular segments on the basis of gross premium written. 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 Cash & cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand and balances with banks.

3.12 Revenue recognition

3.12.1 Premium

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued.

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.

3.12.2 Commission income

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and recognized as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission from reinsurers is arrived at after taking the impact of opening and closing unearned reinsurance commission. Profit/ commission, if any, which the Company may be entitled to under the terms of reinsurance is recognized on accrual basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

3.12.3 Investment income

Return on held-to-maturity investments and term deposits are recognized using the effective interest rate method. Profit or loss on sale of investments is recognized at the time of sale.

3.12.4 Dividend income and other income

Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend and bonus shares is established. Rental and other income are recognized as and when accrued.

3.13 Investment

3.13.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given including transaction cost, except for held for trading investments in which case transaction costs are charged to the profit and loss account. These are classified into the following categories:

- In subsidiary and associates
- In equity securities
- In debt securities
- In term deposits

3.13.2 Measurement

In subsidiary and associates

IAS-28 and IFRS-10 provide the criteria for determining the controlling interest, relationship between parent & subsidiary company and associated concerns. As per IAS-28, Entities in which the Company has significant influence but no control and which are neither its subsidiary nor joint ventures are associates and are accounted for by using the equity method of accounting and measurement after recognition is made by following the equity method.

Under equity method of accounting, the investments are initially recognized at cost; thereafter its carrying amount is increased or decreased for the Company's share of post acquisition changes in the net assets of the associate and dividend distributions. Goodwill relating to an associate is included in carrying amount of the investment and is not amortized. The Company's share of the profit and loss of the associate is accounted for in the Company's profit and loss account, whereas changes in the associate's equity which has not been recognized in the associate's profit and loss account are recognized directly in other comprehensive income of the Company.

After application of equity method, the carrying amount of investment in associate is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognized in profit and loss account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

In equity securities - Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss. These are primarily the investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

Subsequent to initial recognition at cost including the transaction cost, these are measured at fair value, changes in fair value are recognized as other comprehensive income until the investment is derecognized or impaired. Gains and losses on derecognition and impairment losses are recognized in profit and loss account.

Return on fixed income securities classified as available for sale is recognized on a time proportion basis.

In debt securities - Held to maturity

Investments 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.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of investment.

In Term deposits - Held to maturity

Investments 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.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of investment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Investment in window takaful operations

Investment in window takaful operations has been measured and disclosed in accordance with the provisions of the Takaful Rules, 2012 and Circular No. 25 of 2015, dated July 09, 2015 on "Financial Reporting of Window Takaful Operations by Non-Life Insurers".

Net assets in window takaful operations are recorded after adjusting the portion of profit / (loss) and other comprehensive income/ (loss) from Operator's Fund (OPF) of takaful operations.

Profit / (loss) share from takaful operations in profit and loss account is recorded as 100 percent share of profit / (loss) from Operator's Fund (OPF) in takaful operations. Similarly share of other comprehensive income / (loss) from takaful operations is recorded in other comprehensive income of the Company based on 100 percent share of other comprehensive income / (loss) from OPF.

Qarz-e-Hasna funded by Operator's Fund (OPF) of takaful operations to Participants' Takaful Fund (PTF) of takaful operations is recorded as apportionment of profit in the financial statements of the Company.

3.13.3 Financial instruments

Financial assets and financial liabilities within the scope of IAS - 39 are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the statement of financial position date include investments, certain loans and other receivables, insurance/ reinsurance receivables, reinsurance recoveries against outstanding claims, cash and bank, outstanding claims including IBNR, liabilities against assets subject to finance lease, insurance/ reinsurance payables and certain other creditors and accruals.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Valuation Techniques

IFRS-13 require to disclose valuation techniques used to measure fair value of financial instruments. For investment in equity securities, mutual funds and investment in associate, market price for trading in shares is considered as fair value at statement of financial position date. For Pakistan Investment Bonds & treasury bills, sale prices quoted by dealers are considered as fair value at the statement of financial position date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

3.14 Offsetting of financial assets and liabilities

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

3.15 Provisions

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 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 incident giving rise to the claims except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims Incurred But Not Reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of 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 the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the 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.

The provision for claims Incurred But Not Reported (IBNR) is consistently made at the statement of financial position date in accordance with the SECP Circular no. 9 of 2016. 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.

IBNR for all classes is determined and recognized in accordance with valuation carried out by an appointed actuary which is also based on Chain Ladder (CL) method.

3.16 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

3.16.1 Current

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

3.16.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the statement of financial position date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

3.17 Staff retirement benefits

Employee benefit plan

The Company operates an approved employee contribution provident fund for all permanent employees. Equal contributions are made by employees and the Company at the rate of 8.34 percent (2019: 8.34 percent) of gross salary per month and charged to profit and loss account.

3.18 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 recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognized for the assets in prior years. A reversal of an impairment loss is recognized immediately in profit and loss.

In addition, impairment on available for sale investments and reinsurance assets are recognized as follows:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

3.18.1 Available for sale

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

3.18.2 Reinsurance assets

The Company determines the impairment of the reinsurance assets by looking at objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, which indicates that the Company may not be able to recover amount due from reinsurer under the terms of reinsurance contract. In addition, the Company also monitors the financial ratings of its reinsurers on each reporting date.

3.19 Dividend distribution

Profit distribution to share holders 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.

3.20 Management expenses

Management expenses include expenses incurred for the purpose of business and are recorded in the financial statements as and when accrued.

3.21 Creditors, accruals and provisions

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

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

3.22 Foreign currency transactions and 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 Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

3.23 Zakat

Zakat on investment income is accounted for in the year of deduction, under Zakat and Ushr Ordinance, 1980.

3.24 Earnings per share

The Company presents basic and diluted earnings per share (EPS) 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.

3.25 Bonus shares

Reserve for issue of bonus shares is created in the year in which such an issue is approved.

3.26 Related party transactions

Party is said to be related, if they are able to influence the operating and financial decisions of the Company and vice versa. The Company in the normal course of business carries out transactions with related parties. Transactions with related parties are priced at comparable uncontrolled market price and are carried out at arm's length prices.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities as well as 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 results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the current and future periods if the revision affects both current and future periods.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note
- Property and equipment	3.1
- Insurance / reinsurance receivables	13
- Premium deficiency	3.7
- Segment reporting	3.10
- Provisions	3.15
- Taxation	3.16
- Staff retirement benefits	3.17
- Classification & Impairment in value of investments	3.13 & 3.18

	Note	<u>2020</u>	<u>2019</u>
		Rupees	Rupees
5	PROPERTY AND EQUIPMENT		
Operating assets	5.1	1,068,718,779	1,107,761,799
Right-of-use assets	5.2	120,075,733	137,850,000
Capital work-in-progress	5.3	21,180,709	-
		1,209,975,221	1,245,611,799

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Note Description	2020					2019					Depreciation rate %		
	Cost					Depreciation						Written down value as at 31 December	
	As at 01 January	Addition	(Disposal)	Adjustment	Revaluation Surplus	As at 31 December	As at 01 January	For the year	(Disposal)	Adjustment			As at 31 December
Rupees													
5.1 OPERATING ASSETS													
Freehold land	364,103,750	-	-	-	-	364,103,750	-	-	-	-	-	364,103,750	-
Buildings	259,646,295	1,730,000	-	-	-	261,376,295	-	10,251,389	-	-	65,767,992	195,608,303	5
Furniture and fixtures	137,126,544	762,750	-	-	-	137,889,294	-	5,357,692	-	-	89,187,999	48,701,295	10
Office equipment	59,893,263	943,992	-	-	-	60,837,255	-	3,154,881	-	-	31,948,543	28,888,712	10
Computer equipment	31,124,080	2,726,279	-	-	-	33,850,359	-	2,720,788	-	-	26,985,596	6,864,763	33.33
Vehicles	821,731,880	36,786,660	(33,603,998)	68,523,280	-	893,437,822	19,310,904	90,124,751	22,916,832	22,916,832	508,686,559	384,751,263	20
Cycles	113,140	-	-	-	-	113,140	-	5,066	-	-	92,880	20,260	20
Motor tracking devices	159,344,000	14,050,500	(3,593,000)	-	-	169,801,500	(3,293,965)	15,442,953	-	-	130,021,067	39,780,433	33.33
Total	1,833,082,952	57,000,181	(37,196,998)	68,523,280	-	1,921,409,415	(22,604,869)	127,057,520	22,916,832	22,916,832	852,690,636	1,068,718,779	
5.2 Right-of-use assets													
Vehicles	172,691,140	51,743,000	-	(68,523,280)	-	155,910,860	-	23,910,819	-	(22,916,832)	35,835,127	120,075,733	20
Total	172,691,140	51,743,000	-	(68,523,280)	-	155,910,860	-	23,910,819	-	(22,916,832)	35,835,127	120,075,733	
Grand total	2,005,774,092	108,743,181	(37,196,998)	-	-	2,077,320,275	(22,604,869)	150,968,339	(22,604,869)	-	888,525,763	1,188,794,512	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Note	Description	Cost				As at 01 January	For the year	Depreciation (Disposal)	Adjustment	As at 31 December	Written down value as at 31 December	Depreciation rate %
		As at 01 January	Addition	(Disposal)	Adjustment							
----- Rupees -----												
5.1	Operating assets											
	Freehold land	268,295,000	13,950,335	-	-	81,858,415	-	-	-	-	364,103,750	-
	Buildings	174,301,419	2,025,000	-	-	83,319,876	6,255,397	-	-	55,516,603	204,129,692	5
	Furniture and fixtures	136,656,444	470,100	-	-	-	5,898,763	-	-	83,830,307	53,296,237	10
	Office equipment	58,586,276	1,737,787	(430,800)	-	-	3,359,576	(286,605)	-	28,793,662	31,099,601	10
	Computer equipment	29,629,014	1,773,932	(278,866)	-	-	3,027,173	(260,799)	-	24,264,808	6,859,272	33.33
	Vehicles	562,391,364	5,654,400	(37,314,237)	17,000,000	274,000,353	32,902,812	(28,552,729)	10,111,110	414,955,880	406,776,000	20
	Cycles	103,640	9,500	-	-	-	4,986	-	-	87,814	25,326	20
	Motor tracking devices	154,265,500	8,814,500	(3,736,000)	-	-	18,703,215	(3,392,160)	-	117,872,079	41,471,921	33.33
	Total	1,384,228,657	34,435,554	(41,759,903)	17,000,000	439,178,644	70,151,922	(32,492,293)	10,111,110	725,321,153	1,107,761,799	
5.2	Right-of-use assets											
	Vehicles	91,897,000	74,544,575	-	(17,000,000)	23,249,565	21,018,327	-	(10,111,110)	34,841,140	137,850,000	20
	Total	91,897,000	74,544,575	-	(17,000,000)	23,249,565	21,018,327	-	(10,111,110)	34,841,140	137,850,000	
	Grand total	1,476,125,657	108,980,129	(41,759,903)	-	462,428,209	91,170,249	(32,492,293)	-	760,162,293	1,245,611,799	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

5.1.1 Disposal of fixed assets

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/(loss)	Mode of disposal	Sold to	Status
-----Rupees-----								
Vehicles								
- LEB-11-5274-CIVIC VTI	2,840,795	1,687,352	1,153,443	1,450,000	296,557	Negotiation	Augmentec Business Solutions (Pvt) Ltd	Outsider
- ATE-613-CIVIC VTI	2,458,245	1,483,382	974,863	950,000	(24,863)	Negotiation	Abdul Qayyum	Outsider
- LED-11-2883-GLI	2,489,902	1,524,875	965,027	1,330,000	364,973	Negotiation	Muhammad Arshad	Outsider
- AHW-731-COROLLA	1,816,088	1,018,875	797,213	800,000	2,787	Negotiation	Ahmad Akmal	Outsider
- LEB-09-3403-CULTUS	1,706,477	909,264	797,213	600,000	(197,213)	Negotiation	Akbar Shahzad	Outsider
- LEA-07-8339-CITY	1,715,875	919,372	796,503	300,000	(496,503)	Negotiation	Humair Salman	Outsider
- LEA-06-4737-ALTO	1,171,172	485,325	685,847	200,000	(485,847)	Negotiation	Khalid Masood Bhatti	Outsider
- LEC-07-2090-CULTUS	1,260,983	575,136	685,847	465,000	(220,847)	Negotiation	Abdul Qayyum	Outsider
- LXZ-1078-CIVIC	1,883,691	1,197,844	685,847	450,000	(235,847)	Negotiation	Akbar Shahzad	Outsider
- ICT-HZ-412-CIVIC	1,964,887	1,343,302	621,585	465,000	(156,585)	Negotiation	Rana Muhammad Shams	Outsider
- LEC-07-2094-CULTUS	1,260,983	639,398	621,585	420,000	(201,585)	Negotiation	Mian Qaisar Aziz	Outsider
- LEJ-07-5158-CULTUS	1,291,320	669,735	621,585	550,000	(71,585)	Negotiation	Mian Qaisar Aziz	Outsider
- LEE-07-7215-CULTUS	1,258,395	661,291	597,104	422,000	(175,104)	Negotiation	Mian Qaisar Aziz	Outsider
- LRY-6425-2.OD	1,667,101	1,069,997	597,104	785,000	187,896	Negotiation	Makhdoom Ahmad	Outsider
- LEF-07-7310-CULTUS	1,159,398	581,037	578,361	520,000	(58,361)	Negotiation	Ghulam Murtaza	Outsider
- LRL-9293-CULTUS	1,273,228	740,441	532,787	350,000	(182,787)	Negotiation	Zahid Mahmood	Outsider
- LRF-3085-CULTUS	1,173,928	693,054	480,874	400,000	(80,874)	Negotiation	Akbar Shahzad	Outsider
- LRB-9367-ALTO	874,995	489,421	385,574	365,000	(20,574)	Negotiation	Akbar Shahzad	Outsider
- RIA-07-484-MEHRAN	636,328	282,011	354,317	190,000	(164,317)	Negotiation	Akbar Shahzad	Outsider
- DGS-11-2823 - Suzuki Bolan	765,269	473,029	292,240	180,000	(112,240)	Negotiation	Malik Muhammad Afzal	Outsider
- LWF-7935- Mehran	560,377	294,639	265,738	230,500	(35,238)	Negotiation	Akbar Shahzad	Outsider
- LEF-13-6443 Suzuki Bolan	627,308	449,712	177,596	580,000	402,404	Negotiation	Mian Qaisar Aziz	Outsider
Sub total	31,856,745	18,188,492	13,668,253	12,002,500	(1,665,753)	-	-	-

The following assets with book value below Rs. 50,000/- were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/(loss)	Mode of disposal	Sold to
Vehicles-various	1,747,253	1,122,412	624,841	317,000	(307,841)	Negotiation	Various
Vehicles tracking device	3,593,000	3,293,965	299,035	1,021,500	722,465	Negotiation	Various
Sub-total	5,340,253	4,416,377	923,876	1,338,500	414,624	-	-
Grand total 2020	37,196,998	22,604,869	14,592,129	13,341,000	(1,251,129)	-	-
Grand total 2019	41,759,903	32,492,293	9,265,822	26,918,825	17,653,004	-	-

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

5.1.3 The land, building, motor vehicles and right-of-use motor vehicles were revalued by Anderson Consulting (Pvt.) Limited, independent valuer, registered with Pakistan Banks' Association, using market value basis method on December 31, 2019. Fair values were determined by using observable prices in an active market on arm's length terms. All the revaluation surplus was credited to surplus on revaluation of fixed assets as per requirements of the Companies Act, 2017. As per revaluation report, forced sale value of the assets as on December 31, 2019 was Rs. 945,930,526/-.

5.1.4 The Company owns land measuring 36 kanals and 12.08 marlas at the year end, at various locations in the province of Punjab.

5.1.5 Company has rented out portion of owned building of head office to related parties.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

5.1.6 Had there been no revaluation, the cost, accumulated depreciation and book value of revalued assets as at December 31, 2020 would have been as follows:

Description	Cost				Depreciation				Written values as at 31 December	Depreciation rate %	
	As at 01 January	Additions	(Disposal)	Adjustment	As at 31 December	Additions	(Disposal)	Adjustment			As at 31 December
Land	215,756,945	-	-	-	215,756,945	-	-	-	-	215,756,945	-
Building	146,144,262	1,730,000	-	-	147,874,262	47,581,286	5,101,149	-	52,682,435	95,191,827	5%
Vehicles (owned)	547,731,527	36,786,660	(20,284,833)	52,381,663	616,615,017	414,955,880	34,753,510	(18,348,606)	22,076,720	453,437,504	20%
Vehicles (right-of-use)	149,441,575	51,743,000	-	(52,381,663)	148,802,912	34,841,140	21,649,118	-	(22,076,720)	34,413,538	20%
Total 2020	1,059,074,309	90,259,660	(20,284,833)	-	1,129,049,136	497,378,306	61,503,777	(18,348,606)	-	540,533,477	588,515,659
Land	201,806,610	13,950,335	-	-	215,756,945	-	-	-	-	215,756,945	-
Building	144,119,262	2,025,000	-	-	146,144,262	42,287,182	5,294,104	-	47,581,286	98,562,976	5%
Vehicles (owned)	562,391,364	5,654,400	(37,314,237)	17,000,000	547,731,527	400,494,687	32,902,812	(28,552,729)	10,111,110	414,955,880	20%
Vehicles (right-of-use)	91,897,000	74,544,575	-	(17,000,000)	149,441,575	23,933,923	21,018,327	-	(10,111,110)	34,841,140	20%
Total 2019	1,000,214,236	96,174,310	(37,314,237)	-	1,059,074,309	466,715,792	59,215,243	(28,552,729)	-	497,378,306	561,696,003

5.3 Capital work in progress includes construction at 1-Upper Mall, Lahore, having area of land 1 Kanal , 17 Marla & 24 Sq.Ft.

6 INTANGIBLE ASSETS

Description	Cost			Amortization			Estimated Amortization Period		
	As at 01 January	Addition	(Disposal)	As at 31 December	Adjustments	As at 31 December		Written down value as at 31 December	
Computer software - 2020	8,339,600	-	-	8,339,600	659,224	-	6,361,930	1,977,670	4
Computer software - 2019	8,339,600	-	-	8,339,600	878,965	-	5,702,706	2,636,894	4

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

7 INVESTMENT PROPERTY

Description	Cost			Depreciation			Written down value as at 31 December	Estimated Useful Life
	As at 01 January	Addition	(Disposal) Adjustments	As at 31 December	For the year	(Disposal) Adjustments		
	----- Rupees -----			----- Rupees -----				
Free hold								
- Land - 2020	-	25,200,000	-	-	-	-	-	25,200,000
- Buildings - 2020	7,517,535	1,000,000	-	8,517,535	289,489	-	2,536,364	5,981,171
- Total - 2020	7,517,535	26,200,000	-	33,717,535	289,489	-	2,536,364	31,181,171
- Buildings - 2019	4,517,535	3,000,000	-	7,517,535	177,042	-	2,246,875	5,270,660

7.1 Investment property includes:

- Land comprising 52 Kanal and 11.01 marlas, which is purchased during the year, located at various locations of Punjab.
- Office 204, 2nd Floor, Madina City Mall, Abdullah Haroon Road, Karachi, which is rented out and rental income has been disclosed in note no. 30.
- Three shops at Bismillah center, Faisalabad, which are rented out to related party.

The market value of investment properties as per valuation carried out by Anderson Consulting (Pvt.) Limited, independent valuer, in 2020 is Rs.33,410,000/- [2019: Rs. 7,782,000/-].

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	2020 Rupees	2019 Rupees
8 INVESTMENT IN SUBSIDIARY AND ASSOCIATE			
Investments in associate	8.1	708,746,180	692,183,678
Share deposit money	8.2	963,015,264	613,015,264
Advance for purchase of shares	8.3	262,153,952	262,153,952
		1,933,915,396	1,567,352,894
8.1 Investment in associate - Apna Microfinance Bank Limited			
8.1.1 Movement of investment in associate			
Beginning of the year		692,183,678	421,189,277
Acquisition/ (Disposal) of investment in associate		-	247,175,750
		692,183,678	668,365,027
Share of profit during the year		16,562,502	23,818,651
Less: dividend received		-	-
Change in comprehensive income		-	-
End of the year		708,746,180	692,183,678

The Company's interests in its associate are as follows:

8.1.2 Particulars of investment in associate

2020	2019	Face value per share (Rupees)	Name of associate	2020 Rupees	2019 Rupees
Number of shares					
153,073,308	153,073,308	10	Apna Micro Finance Bank Limited	708,746,180	692,183,678

Market value of investment and percentage of holding in associate are Rs. 3,535,993,415/- and 44.50% respectively (2019: Rs. 3,721,212,117/- and 44.50%). 153,073,308 (2019: 153,073,308/-) number of shares in associate are frozen with CDC under the provision of section 10(2) of the Microfinance Institutions Ordinance, 2001.

Auditor of the associate has expressed qualified opinion on financial statements for the year ended December 31, 2020, by qualifying non performing advances of Rs 737 million (2019: Rs 1387 million) and provision of Rs 1 million (2019: Rs 1 million). The share of qualifying non performing advances of the Company, holding 44.5% shareholding, comes to Rs. 327.965 million (2019: Rs. 617.215 million). However, as per equity method of accounting, against valuation of Rs 708,746,180/-, the market value at year end comes to Rs. 3,535,993,415/- . The Company has been showing carrying value of investments on equity method of accounting vide IAS 28 "Investment in Associates" & accounting policy note no. 3.13.2. The Company has consistently followed the same during the year. Cost of investment in associate is Rs. 970,037,669/- (2019: Rs. 970,037,669/-).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	2020 Rupees	2019 Rupees
8.1.3 Summarised financial information of APNA Micro Finance Bank Limited is disclosed hereunder			
Assets			
		11,899,769,788	6,806,251,851
		10,119,919,747	8,779,226,353
		6,811,697,947	4,957,775,322
Liabilities			
		26,178,886,970	18,317,083,706
		393,252,555	351,842,829
Total Equity		2,259,247,957	1,874,326,991
Revenue	Net Mark-up / Interest Income	2,029,043,270	1,690,703,504
Profit from operations		57,867,907	89,344,447
Income tax expense		(20,648,801)	(35,819,389)
Other comprehensive income		-	-
Total comprehensive income		37,219,106	53,525,058

8.1.4 Reconciliation of Carrying amount of investment in associate

Net assets of associated company excluding share deposit money	1,296,170,647	1,258,951,541
Company's share (percentage)	44.50%	44.50%
Company's share of assets in associate company	576,795,938	560,233,436
Add: Pre acquisition losses	131,950,242	131,950,242
Carrying amount of investment in associated company	708,746,180	692,183,678

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	2020 Rupees	2019 Rupees
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8.2 Share deposit money

Apna Microfinance Bank Limited		963,015,264	613,015,264
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Share deposit money is interest free and will be utilized by the Bank for the issue of ordinary shares and is not refundable. Moreover, It is injected in Apna Micro Finance Bank Limited to meet its capital adequacy ratio (CAR) in accordance with applicable 'Prudential Regulations for Microfinance Banks' issued by State Bank of Pakistan (SBP).

8.3 Advance for purchase of shares

Advance for purchase of shares	8.3.1	262,153,952	262,153,952
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8.3.1 These advances have been given for the purchase of shares of M/s. Apna Microfinance Bank Limited to the other sponsors / shareholders of M/s. Apna Microfinance Bank Limited.

9 INVESTMENTS IN EQUITY SECURITIES

Available for sale	9.1	48,163,076	57,369,264
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9.1 Available for sale

Listed shares		63,552,747	72,740,304
Less: unrealized (loss) on revaluation of investment		(15,389,671)	(18,382,847)
Carrying value	9.1.1	48,163,076	54,357,457
Mutual Funds		-	2,847,519
Add: unrealized gain on revaluation of investment		-	164,288
Carrying value	9.1.2	-	3,011,807
		48,163,076	57,369,264

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

9.1.1 Ordinary shares of quoted companies

2020	2019	2020	2019	Sector and name of investee company	2020	2019
Number of shares		Market value per share			Rupees	Rupees
Textile Composite						
-	400,000	0.00	3.3	Kohinoor Industries Limited	-	1,320,000
Engineering						
50,000	32,400	82.92	55.76	General Tyre & Rubber Co	4,146,000	1,806,624
-	45,000	0.00	110.84	International Industries Ltd	-	4,987,800
162	162	472.68	338.23	Thal Limited	76,574	54,793
Chemicals						
55,000	-	59.13	-	Buxly Paints Limited	3,252,150	-
30,000	10,000	249.23	188.74	Searle Company Limited	7,476,900	1,887,400
Leasing						
155,000	155,000	3.40	2.81	SME Leasing Limited	527,000	435,550
Capital Markets						
25,000	25,000	70.49	56.89	Arif Habib Limited	1,762,250	1,422,250
-	35,000	0.00	33.49	Arif Habib Corporation Limited	-	1,172,150
Oil and gas						
423,000	423,000	14.52	21.52	Sui Southern Gas Company	6,141,960	9,102,960
-	54,000	0.00	76.17	Sui Northern Gas Pipeline Limited	-	4,113,180
Pharmaceutical						
32,000	-	330.39	-	Ferozsons Laboratories Limited	10,572,480	-
30,000	-	152.65	-	Macter International Limited	4,579,500	-
Auto Industry						
-	50,000	0.00	76.17	Gandhara Nissan Limited	-	3,808,500
-	87,500	0.00	133.28	Gandhara Industries Limited	-	11,662,000
Commercial Banks						
76,500	76,500	125.86	164.5	United Bank Limited	9,628,290	12,584,250
876,662	1,393,562				48,163,104	54,357,457

9.1.1.1 Cost of ordinary shares of quoted companies as at December 31, 2020 is Rs. 63,552,747/- (2019: Rs. 72,740,304/-).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

9.1.2 Mutual fund certificates

	2020	2019	2020	2019	Name of entity	2020	2019
	Number of units		Unit price (Rupees)			Rupees	Rupees
	-	265,117	-	11.36	NBP Income opportunity fund	-	3,011,807

9.1.2.1 Cost of Mutual fund certificates as at December 31, 2020 is Rs. Nil. (2019 : Rs. 2,847,519/-).

10 INVESTMENTS IN DEBT SECURITIES

10.1 Held to maturity

Government securities	10.1.1	311,856,927	296,004,052
Treasury Bills	10.1.2	67,494,946	-
		379,351,873	296,004,052

10.1.1 Government securities

Face value (Rupees)	Types of security		
291,900,000	Pakistan investment bonds - 10 years	305,748,682	290,077,519
6,700,000	Pakistan investment bonds - 5 years	6,108,245	5,926,533
298,600,000		311,856,927	296,004,052

The Pakistan Investment Bonds amounting to Rs. 298,600,000/- (2019: Rs. 283,700,000/-) are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of clause (a) of the sub-section 2 of section 29 of the Insurance Ordinance, 2000.

10.1.2 Treasury Bills

Face value Rupees	Yield rate	Profit payment	Type of Security		
62,800,000	6.20%	Maturity	1 Year Treasury bills	59,997,362	-
7,870,000	7.00%	Maturity	1 Year Treasury bills	7,497,584	-
70,670,000				67,494,946	-

11 INVESTMENTS IN TERM DEPOSITS

11.1 Held to maturity

Deposits maturing within 12 months	11.2	170,097,872	377,887,755
Deposits maturing after 12 months		-	-
		170,097,872	377,887,755

11.2 The rate of return on Term Deposit Certificates issued by various banking companies ranges from 5.25% to 11.75% per annum (2019: 4.00% to 12.00% per annum). These Term Deposit Certificates have maturity up to October 06, 2021.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

- 11.3** Cumulative Liens of Rs.155,697,873/- (2019: Rs. 162,000,000/-) are created on term deposits of various banks against guarantees issued in favour of the Company.

	Note	2020 Rupees	2019 Rupees
11A TOTAL ASSETS IN WINDOW TAKAFUL OPERATIONS (WTO)			
Total assets in Operator's fund		754,035,663	708,353,645
Total liabilities in Operator's fund		(44,645,972)	(1,994,399)
Net assets in window takaful operations (WTO)		709,389,691	706,359,246

Movement of investment in window takaful operations (WTO)

Balance at beginning of the year		706,359,246	576,098,500
Share in profit of WTO		1,708,660	125,476,048
Share in other comprehensive income of WTO		1,321,785	4,784,698
Balance at year end		709,389,691	706,359,246

12 LOANS AND OTHER RECEIVABLES

<i>Unsecured and considered good</i>			
Receivable from related parties	12.1	2,834,805	20,176,103
Rent receivable		-	1,053,500
Accrued investment income		26,112,571	22,361,157
Lease security deposits		15,672,650	5,235,400
Other security deposits		36,990,881	40,895,348
Loans to employees	12.2	17,786,938	14,897,424
Branch balance receivable		8,551,217	8,697,793
Other receivable		21,716,034	13,340,128
		129,665,096	126,656,853

- 12.1** Represents amount due from M/s United Track System (Pvt) Ltd. and Tawasul Healthcare TPA (Private) Ltd., associated undertakings, amounting to Rs. 1,574,805/- (2019: Rs. 20,176,103/-) and Rs. 1,260,000/- (2019: Nil.) respectively. The maximum aggregate amount of receivable from related parties at the end of any month during the year was Rs. 66,265,847/- (2019: Rs. 61,296,424/-).

12.2 Loans to employees

Executives		9,509,384	14,831,024
Non-executives		8,277,554	66,400
	12.2.1	17,786,938	14,897,424

- 12.2.1** These represent interest free loans to employees.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	2020 Rupees	2019 Rupees
13			
INSURANCE / REINSURANCE RECEIVABLES			
<i>Unsecured and considered good</i>			
Due from insurance contract holders		1,114,501,446	569,119,377
Less : Provision for impairment of receivables from insurance contract holders	13.1	-	-
Due from other insurers / reinsurers		395,085,289	312,400,362
Less : Provision for impairment of due from other insurers / reinsurers		-	-
		1,509,586,735	881,519,739
13.1			
Provision for impairment of receivables from insurance contract holders			
Balance at the beginning of the year		-	-
Provision made during the year		-	-
Bad debts recovered during the year		-	-
		-	-
14			
RETIREMENT BENEFIT OBLIGATIONS			
The gratuity scheme has been closed by the Company with effect from April 30, 2017 and all the liabilities of the scheme have been discharged / paid by the Fund. There are no Gratuity Fund Assets as at December 31, 2020. Refer to notes 3.17 and 41 supra.			
15			
DEFERRED TAXATION			
Deferred tax liability / (asset) arising in respect of:			
Accelerated depreciation on property and equipment		45,201,962	46,807,369
Accelerated depreciation on intangibles		573,524	764,699
Liability against assets subject to lease liability		6,642,372	10,665,374
Accrued investment income		8,930,610	6,657,194
Unrealised (loss) on remeasurement of investment		(6,805,699)	(8,009,394)
Liability relating to revaluation surplus on fixed assets		96,799,014	118,853,472
Deferred tax liability		151,341,783	175,738,714

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	2020 Rupees	2019 Rupees
16	PREPAYMENTS		
	Prepaid reinsurance premium ceded	1,664,162,760	989,711,038
	Prepaid rent	8,688,081	4,938,995
	Prepaid miscellaneous expenses	-	-
		1,672,850,841	994,650,033
17	CASH & BANK		
	Cash and cash equivalent		
	-Cash in hand	136,365	233,755
	-Policy & revenue stamps, bond papers	-	-
	Cash at bank		
	-Current accounts	17.1 378,465,619	166,480,752
	-Saving accounts	17.2 78,694,890	99,411,137
		457,296,874	266,125,644
17.1	This includes Rs. 8,527,097/- (2019: Rs. 3,899,190/-) held with Apna Microfinance Bank Limited, an associated undertaking.		
17.2	This includes Rs. 80,481/- (2019: Rs. 612,010/-) held with Apna Microfinance Bank Limited, an associated undertaking.		
17.3	The rate of return on PLS saving accounts maintained at various banks ranges from 5.5% to 6.5% per annum (2019: 5% to 12.5% per annum) depending on size of average deposits		
17.4	Cumulative Liens of Rs. 157,709,179/- (2019: Rs. 43,274,135/-) are created on cash deposits in various bank accounts against guarantees issued in favour of the Company.		
17.5	Cash and short term borrowing include the following for the purpose of the cash flow statement.		
	Cash & bank	457,296,874	266,125,644
	Short term borrowings of up to three months including running finance, if any.	-	-
		457,296,874	266,125,644

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

18 ORDINARY SHARE CAPITAL

18.1 Authorized share capital

2020	2019	Note	2020 Rupees	2019 Rupees
Number of shares				
300,000,000	300,000,000	Ordinary shares of Rs. 10/- each	3,000,000,000	3,000,000,000

18.2 Issued, subscribed and paid-up share capital

2020	2019		2020	2019
Number of shares				
10,963,475	10,963,475	Ordinary shares of Rs. 10/- each fully paid in cash	109,634,750	109,634,750
284,036,525	249,138,207	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	2,840,365,250	2,491,382,070
295,000,000	260,101,682		2,950,000,000	2,601,016,820

Reconciliation of issued, subscribed and paid up share capital

260,101,682	226,175,376	Ordinary shares of Rs. 10/- each fully paid in cash	2,601,016,820	2,261,753,760
34,898,318	33,926,306	Bonus shares issued during the year	348,983,180	339,263,060
295,000,000	260,101,682		2,950,000,000	2,601,016,820

18.3 As at December 31, 2020, United Track System (Private) Limited and Tawasul Healthcare TPA (Private) Ltd., related parties, held 78,665,152 /- (2019: 53,450,076/-) and 13,522,685/- (2019: 14,543,461/-) ordinary shares of the Company of Rs. 10 each, respectively.

19 RESERVES

Capital reserves

Reserve for exceptional loss	-	-
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Revenue reserves

Reserve for bonus shares	19.1	-	-
General reserve		75,115,917	75,115,917
Available for sale reserve		(22,270,106)	(25,217,084)

52,845,811	49,898,833
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2020	2019			
	Rupees	Rupees			
19.1 Reserve for bonus shares					
Balance at the beginning of the year	-	-			
Transfer from unappropriated profit	348,983,180	339,263,060			
Transfer from general reserve	-	-			
Bonus shares issued	(348,983,180)	(339,263,060)			
Balance at the end of the year	-	-			
19A SURPLUS ON REVALUATION OF FIXED ASSETS					
Particulars	Land	Building	Motor Vehicles	Right-of-use Assets	Motor Vehicles (WTO)
Surplus on Assets					
Opening balance 01-01-2019	66,488,390	21,529,536	-	-	-
Add: Revaluation made during the year	81,858,415	83,319,876	274,000,353	23,249,565	3,779,443
Less: Realization of surplus on disposal	-	-	-	-	-
Less: Incremental depreciation charged in current year	-	(1,076,477)	-	-	-
Total revaluation 31-12-2019	148,346,805	103,772,935	274,000,353	23,249,565	3,779,443
Related deferred tax liability					
Opening balance 01-01-2019	-	(7,704,372)	-	-	-
Add: Related deferred tax liability on revaluation made during the year	-	(24,162,764)	(79,460,102)	(6,742,374)	(1,096,038)
Less: Related deferred tax liability on incremental depreciation transferred to retained earnings	-	312,178	-	-	-
Closing balance 31-12-2019	-	(31,554,958)	(79,460,102)	(6,742,374)	(1,096,038)
Revaluation surplus on fixed assets net of deferred tax - 2019 (Aggregate Rs. 434,295,629/-).	148,346,805	72,217,977	194,540,251	16,507,191	2,683,405
Surplus on Assets					
Opening balance 01-01-2020	148,346,805	103,772,935	274,000,353	23,249,565	3,779,443
Add: Revaluation made during the year	-	-	-	-	-
Revaluation transferred during the year	-	-	16,141,617	(16,141,617)	-
Less: Realization of surplus on disposal	-	-	(13,319,165)	-	-
Less: Incremental depreciation charged in current year	-	(5,188,647)	(55,364,561)	(1,421,590)	(755,888)
Total revaluation 31-12-2020	148,346,805	98,584,288	221,458,244	5,686,358	3,023,555
Related deferred tax liability					
Opening balance 01-01-2020	-	(31,554,958)	(79,460,102)	(6,742,374)	(1,096,038)
Add: Related deferred tax liability on revaluation made during the year	-	-	-	-	-
Related deferred tax liability on revaluation transferred during the year	-	-	(4,681,069)	4,681,069	-
Less: Related deferred tax liability on realization of surplus on disposal	-	-	3,862,558	-	-
Less: Related deferred tax liability on incremental depreciation transferred to retained earnings	-	1,504,708	16,055,723	412,261	219,208
Closing balance 31-12-2020	-	(30,050,250)	(64,222,890)	(1,649,044)	(876,830)
Revaluation surplus on fixed assets net of deferred tax - 2020 (Aggregate Rs. 380,300,236/-).	148,346,805	68,534,038	157,235,354	4,037,314	2,146,725

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	2020 Rupees	2019 Rupees
20 BORROWINGS			
Liabilities against assets subject to finance lease	20.1	91,484,644	77,823,296
Current portion		39,220,748	33,580,240
Non-current portion		52,263,896	44,243,056

20.1 Liabilities against assets subject to finance lease

Future minimum lease payments under finance lease together with the present value of the minimum lease payments are as follows:

	2020			2019		
	Minimum lease payments (MLP)	Financial charges for future periods	Principal outstanding	Minimum lease payments (MLP)	Financial charges for future periods	Principal outstanding
	----- Rupees -----					
Not later than one year	44,174,899	4,954,151	39,220,748	40,004,259	6,424,019	33,580,240
Later than one year and not later than five years	54,243,914	1,980,018	52,263,896	48,475,721	4,232,665	44,243,056
Over five years	-	-	-	-	-	-
	98,418,813	6,934,169	91,484,644	88,479,980	10,656,684	77,823,296

20.2 The Company intends to exercise its option to acquire leased vehicles upon completion of lease period. The average rate of interest implicit in the lease ranges from KIBOR+1.5% to KIBOR+2% per annum (2019: 8.5% to 16.25% per annum). These are secured against personal guarantees of chief executive and directors of the Company, demand promissory note for full lease rentals plus residual value, security deposit and title of ownership of leased vehicles. These rentals are payable in equal monthly instalments and there is no financial restriction in the lease agreements.

	2020 Rupees	2019 Rupees
21 INSURANCE / REINSURANCE PAYABLES		
Due to insurance contract holders	-	-
Due to insurers / reinsurers	862,236,702	165,321,214
	862,236,702	165,321,214

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	2020 Rupees	2019 Rupees	
22	OTHER CREDITORS AND ACCRUALS			
Agents commission payable		-	-	
Federal Excise Duty / Sales Tax		23,818,415	16,800,000	
Federal Insurance Fee		10,953,344	2,875,321	
Payable to related parties		-	-	
Accrued expenses		2,042,527	4,987,011	
Other tax payables		22,396,541	19,149,353	
Unpaid and unclaimed dividend		6,898,912	1,501,813	
Provident fund contribution		3,604,445	1,320,409	
Auditors' remuneration		3,575,000	3,075,000	
Others		40,497,168	18,030,930	
		113,786,352	67,739,837	
23	CONTINGENCY(IES) AND COMMITMENT(S)			
23.1	Contingencies			
23.1.1	Income tax assessments			
	Assessment proceeding u/s 161/205 for Tax year 2019 are pending for assessments before the Taxation Authorities. The management is of the view that no liability is likely to arise in this regard.			
23.2	Commitments			
	As of the end of the year, there are no commitments except the following:			
	For future Ijarah rentals payable	23.2.1	11,208,152	20,266,546
23.2.1	Commitments for rentals under Ijarah contracts in respect of vehicles are as follows:			
	Not later than one year		8,389,625	8,389,625
	Later than one year and not later than five years		2,818,527	11,876,921
	Later than five years		-	-
			11,208,152	20,266,546

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	2020 Rupees	2019 Rupees
24 NET INSURANCE PREMIUM			
Written Gross Premium		4,920,602,243	4,310,794,420
Add: Unearned premium reserve - opening		1,550,169,310	1,535,651,678
Less: Unearned premium reserve - closing		(2,322,406,326)	(1,550,169,310)
Premium earned		4,148,365,227	4,296,276,788
Less: Reinsurance premium ceded		2,954,118,708	2,061,808,259
Add: Prepaid reinsurance premium - opening		989,711,038	682,584,097
Less: Prepaid reinsurance premium - closing		(1,664,162,760)	(989,711,038)
Reinsurance expense		2,279,666,986	1,754,681,318
		1,868,698,241	2,541,595,470

25 NET INSURANCE CLAIMS			
Claims Paid		2,132,160,737	2,141,759,416
Add: Outstanding claims including IBNR - closing	25.1	1,758,414,109	1,891,240,875
Less: Outstanding claims including IBNR - opening		(1,891,240,875)	(1,719,012,008)
Claims expense		1,999,333,971	2,313,988,283
Less: Reinsurance and other recoveries received		1,624,547,965	1,126,131,728
Add: Reinsurance and other recoveries in respect of outstanding claims - closing		1,349,738,271	1,413,623,096
Less: Reinsurance and other recoveries in respect of outstanding claims - opening		(1,413,623,096)	(1,379,267,940)
Reinsurance and other recoveries revenue		1,560,663,140	1,160,486,884
		438,670,831	1,153,501,399

25.1 Claim development

Accident year	2017	2018	2019	2020	Total
Estimate of ultimate claims costs:					
At end of accident year	2,487,302,833	2,644,068,066	2,391,615,282	2,178,842,016	-
One year later	1,108,745,774	1,083,850,388	803,615,934	-	-
Two years later	557,534,621	908,116,896	-	-	-
Three years later	-	-	-	-	-
Four years later	-	-	-	-	-
Current estimate of cumulative claims	557,534,621	908,116,896	803,615,934	2,178,842,016	4,448,109,467
Cumulative payments to date	(557,534,621)	(260,301,988)	(707,264,705)	(1,164,594,044)	(2,689,695,358)
Liability recognised in the statement of financial position	-	647,814,908	96,351,229	1,014,247,972	1,758,414,109

25.2 The aforesaid includes outstanding claims of Rs. 442,372,389/- (2019: Rs. 434,806,235/-) which are payable to a related party.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	2020 Rupees	2019 Rupees
26			
NET COMMISSION EXPENSE/ACQUISITION COSTS			
Commission paid or payable		446,321,338	508,911,766
Add: Deferred commission expense - opening		240,000,231	174,654,726
Less: Deferred commission expense - closing		(212,908,956)	(240,000,231)
Net Commission		473,412,613	443,566,261
Less: Commission received or recoverable		386,806,076	384,041,924
Add: Unearned re-insurance commission - opening		187,662,197	128,844,597
Less: Unearned re-insurance commission - closing		(196,587,940)	(187,662,197)
Commission from reinsurers		377,880,333	325,224,324
		95,532,280	118,341,937

27			
MANAGEMENT EXPENSES			
Employee benefit cost	27.1	481,560,075	478,123,189
Travelling expenses		7,059,167	14,421,397
Advertisements & sales promotion		6,018,897	4,898,495
Printing and stationery		1,994,858	2,719,084
Depreciation expense	27.2	151,257,828	91,347,291
Amortisation		659,224	878,965
Rent, rates and taxes	27.3	59,916,944	64,499,234
Legal & professional fee - business related		49,322,334	46,267,950
Electricity, gas and water		11,850,676	11,531,785
Entertainment		6,984,615	6,443,553
Vehicle running expenses		9,132,784	4,246,269
Office repairs and maintenance		6,487,603	19,048,926
Bank charges		2,128,742	2,190,054
Postages, telegrams and telephone		14,245,757	8,980,680
Annual supervision fee SECP		8,220,224	7,834,346
Motor tracking device charges		41,950,870	63,079,440
Service charges		33,397,192	60,930,292
Software maintenance		8,641,913	12,604,571
Miscellaneous		19,145,222	16,968,211
		919,974,925	917,013,732

27.1			
Employee benefit cost			
Salaries, allowance and other benefits		460,884,183	454,856,800
Charges for post employment benefit		20,675,892	23,266,389
		481,560,075	478,123,189

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2020 Rupees	2019 Rupees
27.2 Depreciation		
Investment property	289,489	177,042
Fixed assets	127,057,520	70,151,922
Right-of-use assets	23,910,819	21,018,327
	151,257,828	91,347,291
27.3	This includes expense relating to short-term leases as per IFRS-16 amounting to Rs. 48,270,833/- (2019: Rs. 46,100,997/-).	
28 INVESTMENT INCOME		
Income from equity securities		
Available for sale		
Dividend income on shares	254,560	724,759
Dividend income on mutual fund	372,675	142,864
Income from debt securities		
Held to maturity		
Return on Government securities - T-bills	5,116,369	-
Return on Government securities - PIBs	25,124,649	31,270,548
Income from term deposits		
Return on term deposits	23,651,277	23,328,125
	54,519,530	55,466,296
Net realized gains / (loss) on investments		
Available for sale financial assets		
-Equity securities	3,291,906	6,598,202
-Mutual funds	-	-
Held to maturity		
-Government securities - T-bills	-	-
-Government securities - PIBs	-	5,289,337
Total investment income	57,811,436	67,353,835
Less: (Provision) / Reversal for impairment in value of available for sale securities		
-Equity securities	-	-
-Debt securities	-	-
Less: Investment related expenses	(640,063)	(252,592)
Net Investment Income	57,171,373	67,101,243

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	2020 Rupees	2019 Rupees
29 RENTAL INCOME			
Rental income		2,736,000	2,292,000
Less: Expenses of investment property		-	-
		2,736,000	2,292,000
30 OTHER INCOME			
Income from financial assets			
Bad debts recovered		-	-
Return on bank balances		10,188,048	16,948,871
Liabilities written back		-	-
Miscellaneous Income		8,888,187	14,914,574
		19,076,235	31,863,445
Income from non financial assets			
(Loss) / profit on disposal of fixed assets		(1,251,129)	17,653,004
Discount income		-	-
		(1,251,129)	17,653,004
		17,825,106	49,516,449
31 OTHER EXPENSES			
Auditors' remuneration	31.1	4,180,000	3,800,000
Subscriptions		2,626,590	1,046,162
Expenses on bonus issue		-	-
Donations		92,429	26,795
Others		-	-
		6,899,019	4,872,957
31.1 Auditors' remuneration:			
Annual audit fee and report on CCG compliance		2,565,000	2,275,000
Half yearly review		605,000	605,000
Other certifications		770,000	700,000
Out of pocket expenses		240,000	220,000
		4,180,000	3,800,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2020	2019
	Rupees	Rupees
32 FINANCE COST		
Financing cost	6,084,170	5,926,193
Exchange loss/ (gain)	302,125	(134,965)
	6,386,295	5,791,228

33 INCOME TAX EXPENSE		
For the year		
Current	140,669,396	216,887,036
Deferred	(3,546,168)	26,801,958
For the prior year(s)		
Current	(17,277,426)	(36,165,937)
Deferred	-	-
	119,845,802	207,523,057

33.1 Reconciliation between effective and applicable tax rate	%	%
Applicable tax rate	29.00	29.00
Effect of income charged at different rates	-	-
Effect of tax on amounts deductible for tax purposes	-5.91	0.67
Effect of opening deferred tax	-	-
Effective tax rate	23.09	29.67

34 EARNINGS PER SHARE - BASIC AND DILUTED

34.1 Basic earnings per share

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

	2020	2019
	-----Rupees-----	
Profit after tax for the year	414,554,616	401,590,726
	Number of shares	
Weighted average number of ordinary shares of Rs. 10/- each	295,000,000	295,000,000
	-----Rupees-----	
Earnings per share - basic and diluted (Restated)	1.41	1.36

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

35 COMPENSATION OF DIRECTORS AND EXECUTIVES

	2020			2019		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	-----Rupees-----			-----Rupees-----		
Fee	500,000	2,500,000	-	-	-	-
Managerial remuneration	5,105,028	2,632,260	90,246,054	5,105,028	2,631,600	90,513,677
Leave encashment	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
Ex-gratia allowance	-	-	-	-	-	-
Rent and house maintenance	2,297,268	1,184,520	38,442,927	2,297,268	1,185,240	43,066,434
Medical	510,504	263,220	9,038,293	510,504	263,160	8,609,387
Utilities	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	-	-
Contribution to defined contribution plan	659,400	340,272	7,638,957	659,400	340,272	11,858,243
Conveyance	488,400	222,000	26,830,847	504,400	222,000	27,367,326
Mobile Allowance	120,000	-	12,270,272	120,000	-	13,211,820
Total	9,680,600	7,142,272	184,467,350	9,196,600	4,642,272	194,626,887
Number of persons	1	6	97	1	1	109

35.1 The Chief Executive Officer, Chairman and certain executives are also provided with free use of the Company's maintained cars.

35.2 The Chief Executive Officer and certain executives are also provided with the mobile expenses as per Company policy.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

36 RELATED PARTY TRANSACTIONS

Related parties comprise of chief executive officer, directors, major shareholders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions and compensation to key management personnel is on employment terms. The transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

		2020	2019
Nature of relationship	Nature of transaction	Rupees	Rupees
Balances at year end:			
Associated undertakings	Receivable at year end	2,834,805	22,607,376
	Investment through equity shares at year end	708,746,180	692,183,678
	Share deposit money	963,015,264	613,015,264
	Bank deposits at year end	8,607,578	4,511,200
	Claims lodged / payable	442,372,389	434,806,235
Associated persons	Advance for purchase of shares	262,153,952	262,153,952
Key management personnel	Loan to key management personnel	9,509,384	14,831,024
	Payable to defined contribution plan	3,246,410	1,320,409
Transactions during the year:			
	Motor tracking devices purchased	14,050,500	8,814,500
	Motor tracking device charges paid	26,362,785	45,750,230
	Device monitoring charges paid	12,634,000	17,399,000
	Rental income received during the year	1,719,000	1,350,000
	Health service charges	5,866,203	5,183,192
	Interest received on bank deposits	234,017	4,888,969
	Cash deposited in bank deposits	977,772,639	780,024,576
	Cash withdrawals in bank deposits	973,676,261	777,708,958
	Insurance premium received during the year	-	483,148
	Claims paid	25,000,000	233,875,459
	Share deposit money paid	350,000,000	237,108,078
Key management personnel	Professional fee / remuneration of key management personnel	242,030,222	249,205,759
Employees' provident fund	Employer's contributions made during the period	20,675,892	23,266,389

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

37 SEGMENT INFORMATION

The operator has five primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, crop & miscellaneous.

Assets and liabilities, wherever possible have been assigned to the following segments based on specific identification or allocated on the basis of Premium written by each segment.

2020	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	CROP	MISCELLANEOUS	TREATY	TOTAL
----- Rupees -----							
Gross written premium (Inclusive of admin surcharge)	759,831,536	289,913,231	661,974,176	916,933,901	2,291,949,399		4,920,602,243
Gross direct premium	632,706,185	259,170,502	544,277,937	916,919,456	2,223,233,382	-	4,576,307,462
Facultative inward premium	110,023,929	21,506,484	98,962,286	-	48,445,658	-	278,938,357
Administrative surcharge	17,101,422	9,236,245	18,733,953	14,445	20,270,359	-	65,356,424
Insurance premium earned	670,730,508	282,631,833	447,321,985	1,007,576,877	1,740,104,024	-	4,148,365,227
Insurance premium ceded to reinsurance	(429,794,637)	(131,516,908)	(348,001,781)	(382,401,904)	(987,951,756)	-	(2,279,666,986)
Net insurance premium	240,935,871	151,114,925	99,320,204	625,174,973	752,152,268	-	1,868,698,241
Commission income	33,113,327	18,821,409	77,804,977	82,956,289	165,184,331	-	377,880,333
Net underwriting income	274,049,198	169,936,334	177,125,181	708,131,262	917,336,599	-	2,246,578,574
Insurance claims	(580,070,050)	(12,480,743)	(161,620,860)	(483,472,284)	(761,690,034)	-	(1,999,333,971)
Insurance claims recovered from reinsurance	490,574,761	11,951,884	97,272,860	408,270,590	552,593,045	-	1,560,663,140
Net claims	(89,495,289)	(528,859)	(64,348,000)	(75,201,694)	(209,096,989)	-	(438,670,831)
Commission expenses	(99,756,551)	(21,156,078)	(71,444,043)	(100,968,493)	(180,087,448)	-	(473,412,613)
Management expenses	(78,614,635)	(74,395,073)	(48,896,122)	(347,778,584)	(370,290,511)	-	(919,974,925)
Premium deficiency expense	-	-	28,763,802	8,398,084	-	-	37,161,886
Net insurance claims and expenses	(267,866,475)	(96,080,010)	(155,924,363)	(515,550,687)	(759,474,948)	-	(1,794,896,483)
Underwriting results	6,182,723	73,856,324	21,200,818	192,580,575	157,861,651	-	451,682,091
Net investment income							57,171,373
Rental income							2,736,000
Other income							17,825,106
Other expenses							(6,899,019)
Finance cost							(6,386,295)
Profit from window takaful operations							1,708,660
Share of profit from associates							16,562,502
Profit before tax							534,400,418
Segment assets - Conventional	862,670,416	129,899,420	544,477,855	652,372,471	2,530,655,543	-	4,720,075,705
Segment assets - Takaful OPF	84,363,097	84,468,540	138,192,066	-	78,077,610	-	385,101,313
Unallocated assets - Conventional							4,386,633,347
Unallocated assets - Takaful OPF							368,934,350
Total assets							9,860,744,715
Segment liabilities - Conventional	1,007,147,491	122,871,879	677,988,556	621,144,964	2,710,492,187	-	5,139,645,077
Segment liabilities - Takaful OPF	-	-	-	-	-	-	-
Unallocated liabilities - Conventional							542,056,285
Total liabilities							5,681,701,362
Unallocated liabilities - Takaful OPF							44,645,972
Total liabilities including liabilities in window takaful operations							5,726,347,334

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For the year ended December 31, 2020

37 SEGMENT INFORMATION

The operator has five primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, crop & miscellaneous.

Assets and liabilities, wherever possible have been assigned to the following segments based on specific identification or allocated on the basis of Premium written by each segment.

2019	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	CROP	MISCELLANEOUS	TREATY	TOTAL
----- Rupees -----							
Gross written premium (Inclusive of admin surcharge)	708,550,426	318,430,393	652,263,115	938,048,266	1,693,502,220	-	4,310,794,420
Gross direct premium	624,213,959	299,547,700	514,431,233	937,134,641	1,397,206,893	-	3,772,534,426
Facultative inward premium	68,941,058	9,791,119	120,769,730	886,153	281,414,067	-	481,802,127
Administrative surcharge	15,395,409	9,091,574	17,062,152	27,472	14,881,260	-	56,457,867
Insurance premium earned	708,024,511	315,548,257	710,038,495	786,846,256	1,775,819,269	-	4,296,276,788
Insurance premium ceded to reinsurance	(327,987,929)	(98,232,618)	(448,779,239)	(396,135,775)	(483,545,757)	-	(1,754,681,318)
Net insurance premium	380,036,582	217,315,639	261,259,256	390,710,481	1,292,273,512	-	2,541,595,470
Commission income	26,930,084	10,561,644	98,822,143	85,522,997	103,387,456	-	325,224,324
Net underwriting income	406,966,666	227,877,283	360,081,399	476,233,478	1,395,660,968	-	2,866,819,794
Insurance claims	(525,713,439)	(34,429,291)	(485,527,406)	(581,634,707)	(686,683,440)	-	(2,313,988,283)
Insurance claims recovered from reinsurance	441,278,423	6,655,944	330,652,770	331,152,882	50,746,865	-	1,160,486,884
Net claims	(84,435,016)	(27,773,347)	(154,874,636)	(250,481,825)	(635,936,575)	-	(1,153,501,399)
Commission expenses	(97,634,877)	(21,113,103)	(60,058,519)	(102,936,967)	(161,822,795)	-	(443,566,261)
Management expenses	(162,118,109)	(98,408,003)	(79,262,965)	(135,969,277)	(441,255,378)	-	(917,013,732)
Premium deficiency expense	-	-	(28,763,802)	27,598,977	-	-	(1,164,825)
Net insurance claims and expenses	(344,188,002)	(147,294,453)	(322,959,922)	(461,789,092)	(1,239,014,748)	-	(2,515,246,217)
Underwriting results	62,778,664	80,582,830	37,121,477	14,444,386	156,646,220	-	351,573,577
Net investment income							67,101,243
Rental income							2,292,000
Other income							49,516,449
Other expenses							(4,872,957)
Finance cost							(5,791,228)
Profit from window takaful operations							125,476,048
Share of profit from associates							23,818,651
Profit before tax							609,113,783
Segment assets - Conventional	879,179,887	89,953,641	513,386,903	308,940,067	1,681,055,571	-	3,472,516,071
Segment assets - Takaful OPF	129,677,172	73,175,678	204,570,775	-	154,046,669	-	561,470,294
Unallocated assets - Conventional							4,002,192,843
Unallocated assets - Takaful OPF							146,883,351
Total assets							8,183,062,559
Segment liabilities - Conventional	936,210,502	86,112,994	397,597,669	439,920,094	1,934,552,337	-	3,794,393,596
Segment liabilities - Takaful OPF	-	-	-	-	-	-	-
Unallocated liabilities - Conventional							514,833,235
Total liabilities							4,309,226,831
Unallocated liabilities - Takaful OPF							1,994,399
Total liabilities including liabilities in window takaful operations							4,311,221,230

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38 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
	----- Rupees -----			
At beginning of 2019	398,916,080	29,082,689	-	427,998,769
Additions	262,254,343	105,401,895	-	367,656,238
Disposals (sale and redemption)	-	(58,896,761)	-	(58,896,761)
Fair value net loss (excluding net realized gains)	-	(18,218,559)	-	(18,218,559)
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Amortization	12,721,384	-	-	12,721,384
At beginning of 2020	673,891,807	57,369,264	-	731,261,071
Additions	(140,294,937)	156,354,129	-	16,059,192
Disposals (sale and redemption)	-	(150,170,646)	-	(150,170,646)
Fair value net loss (excluding net realized gains)	-	(15,389,671)	-	(15,389,671)
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Amortization	15,852,875	-	-	15,852,875
At end of 2020	549,449,745	48,163,076	-	597,612,821

39 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

39.1 Risk management framework

The Company's activities expose it to a variety of financial risks, credit risks, liquidity risk and market risk (including interest/ mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

39.2 Insurance risks

39.2.1 Insurance risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limit and criteria. Reinsurance is purchased to mitigate the risk of potential loss to the Company. Reinsurance policies are written with approved reinsurers either on a proportional, excess of loss treaty or facultative basis.

A concentration of risk may also arise from a single insurance contract issued to particular demographic 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.

Further the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

Geographical concentration of insurance risk

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.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial residential occupation of the insurers. Details regarding the fire separation/segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and geocoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk.

Reinsurance arrangements

Reinsurance arrangements are key components in the global economy as a means of supporting acceptance of risk by insurance organizations. Arrangements are the most effective ways of getting risks of all types, underwritten by the Company. The Company has prestigious reinsurance arrangements with the world wide acclaimed reinsurers.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

39.2.2 Sources of Uncertainty in estimation of future claim payments

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract.

An estimated amount of the claim is recorded immediately on intimation to the Company. The estimation of the amount is based on the amount notified by the policy holder, management or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. Incurred But Not Reported (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.

There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities. It is likely that final settlement of these liabilities may be different from recognized amounts.

39.2.3 Changes in assumptions

The principal assumption underlying the liability estimation of IBNR and premium deficiency reserve is that the Company'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 judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

39.2.4 Sensitivity analysis

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 recognized 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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10% increase in loss	Profit before tax		Share holders' equity	
	2020	2019	2020	2019
----- Rupees -----				
Net				
Fire and property damage	(8,949,529)	(8,443,502)	(6,354,166)	(5,994,886)
Marine, aviation and transport	(52,886)	(2,777,335)	(37,549)	(1,971,908)
Motor	(6,434,800)	(15,487,464)	(4,568,708)	(10,996,099)
Crop	(7,520,169)	(25,048,183)	(5,339,320)	(17,784,210)
Miscellaneous	(20,909,699)	(63,593,658)	(14,845,886)	(45,151,497)
	(43,867,083)	(115,350,142)	(31,145,629)	(81,898,600)
10% decrease in loss	Profit before tax		Share holders' equity	
	2020	2019	2020	2019
----- Rupees -----				
Net				
Fire and property damage	8,949,529	8,443,502	6,354,166	5,994,886
Marine, aviation and transport	52,886	2,777,335	37,549	1,971,908
Motor	6,434,800	15,487,464	4,568,708	10,996,099
Crop	7,520,169	25,048,183	5,339,320	17,784,210
Miscellaneous	20,909,699	63,593,658	14,845,886	45,151,497
	43,867,083	115,350,142	31,145,629	81,898,600

Claims development table

The table shown in note 25.1 the development of claims over a period of time. 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.

39.3 Financial risk

39.3.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables such as interest rates, foreign exchange rates and market prices.

a) Interest/ mark up rate risk

Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/ mark-up rates. Sensitivity to interest/ mark-up rate risk arises from mismatches of financial assets and liabilities that mature or reprise in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes.

At the statement of financial position date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

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FINANCIAL ASSETS AND LIABILITIES	2019						Total
	Interest/mark-up bearing		Non-interest/mark-up bearing		Sub total	Sub total	
	Maturity upto one year	Maturity after one year	Maturity upto one year	Maturity after one year			
Effective yield/mark-up rate per annum %	Rupees						
Financial assets							
Investments in associate	-	-	-	1,567,352,894	1,567,352,894	1,567,352,894	1,567,352,894
Investments							
- Equity securities	-	-	-	57,369,264	-	57,369,264	57,369,264
- Debt securities	7.61 - 9.90	296,004,052	296,004,052	-	-	296,004,052	296,004,052
- Term deposits	2.26 - 11.50	377,887,755	377,887,755	-	-	377,887,755	377,887,755
Loans and other receivables	-	-	-	118,501,584	-	118,501,584	118,501,584
Insurance / reinsurance receivables	-	-	-	881,519,739	-	881,519,739	881,519,739
Reinsurance recoveries against outstanding claims	-	-	-	1,413,623,096	-	1,413,623,096	1,413,623,096
Cash and bank	2.5 - 6.5	99,411,137	99,411,137	166,714,507	-	166,714,507	266,125,644
Total assets in window takaful operations - OPF		64,852,715	64,852,715	512,714,905	-	512,714,905	577,567,620
December 31, 2019		542,151,607	296,004,052	838,155,659	3,150,443,095	1,567,352,894	4,717,795,989
5,555,951,648							
FINANCIAL LIABILITIES							
Outstanding claims including IBNR	-	-	-	1,891,240,875	-	1,891,240,875	1,891,240,875
Borrowings	33,580,240	44,243,056	77,823,296	-	-	77,823,296	77,823,296
Insurance / reinsurance payables	-	-	-	165,321,214	-	165,321,214	165,321,214
Other creditors and accruals	-	-	-	28,915,163	-	28,915,163	28,915,163
Total liabilities in window takaful operations - OPF		-	-	850,000	-	850,000	850,000
December 31, 2019		33,580,240	44,243,056	77,823,296	2,086,327,252	-	2,086,327,252
2,164,150,548							
Interest risk sensitivity gap		508,571,367	251,760,996	760,332,363	1,064,115,843	1,567,352,894	2,631,468,737
Cumulative interest risk sensitivity gap		508,571,367	760,332,363				3,391,801,100

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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Sensitivity analysis - Interest rate risk

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below.

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
As at December 31, 2020			
Cash flow sensitivity - variable rate financial liabilities	100	(914,846)	(649,541)
	(100)	914,846	649,541
Cash flow sensitivity - variable rate financial assets	100	8,724,700	6,194,537
	(100)	(8,724,700)	(6,194,537)
As at December 31, 2019			
Cash flow sensitivity - variable rate financial liabilities	100	(778,233)	(552,545)
	(100)	778,233	552,545
Cash flow sensitivity - variable rate financial assets	100	8,831,557	5,950,905
	(100)	(8,831,557)	(5,950,905)

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified above. The analysis assumes that all other variables remain constant.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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b) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or liabilities will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As of the statement of financial position date, the Company does not have material assets or liabilities which are exposed to foreign currency risk except for amount due from and due to reinsurers.

c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 48,163,076 /- (2019: Rs. 54,357,457 /-) at the statement of financial position.

The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies. The Company has strategic equity investment in its associate amounting to Rs. 708,746,180 /- (2019: Rs. 692,183,678 /-) which is held for long term.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by relative quantity of the security being sold. The Company has no significant concentration of price risk.

Sensitivity - Equity price risk

The table below summarizes the Company's equity price risk as of December 31, 2020 and 2019 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 the best or worst case scenarios, indeed results could be worse in Company's equity investment portfolio because of the nature of equity markets.

	Fair Value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical increase / (decrease) in shareholder's equity	Hypothetical increase / (decrease) in profit/(loss) before tax
December 31, 2020	48,163,076	10 % increase	52,979,384	3,419,579	4,816,308
		10 % decrease	43,346,768	(3,419,579)	(4,816,308)
December 31, 2019	54,357,457	10 % increase	59,793,203	3,859,380	5,435,746
		10 % decrease	48,921,711	(3,859,380)	(5,435,746)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

39.3.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Company maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained.

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

On the statement of financial position date the Company has cash and bank balance of Rs. 457,296,874 /- (2019: Rs. 266,125,644 /-).

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date on an undiscounted cash flow basis.

	2020			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
-----Rupees-----				
Financial liabilities				
Outstanding claims including IBNR	1,758,414,109	1,758,414,109	1,758,414,109	-
Borrowings	91,484,644	98,418,813	39,220,748	52,263,896
Insurance / reinsurance payables	862,236,702	862,236,702	862,236,702	-
Other creditors and accruals	56,618,052	56,618,052	56,618,052	-
Total Liabilities in Window Takaful Operations - OPF	1,051,480	1,051,480	1,051,480	-
	2,769,804,987	2,776,739,156	2,717,541,091	52,263,896

	2019			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
-----Rupees-----				
Financial liabilities				
Outstanding claims including IBNR	1,891,240,875	1,891,240,875	1,891,240,875	-
Borrowings	77,823,296	88,479,980	33,580,240	44,243,056
Amount due to other insurers/ reinsurers	165,321,214	165,321,214	165,321,214	-
Other creditors and accruals	28,915,163	28,915,163	28,915,163	-
Total Liabilities in Window Takaful Operations - OPF	850,000	850,000	850,000	-
	2,164,150,548	2,174,807,232	2,119,907,492	44,243,056

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

39.4 Credit risk and concentration of credit risk

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

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

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

	2020 Rupees	2019 Rupees
Investments in associate	1,933,915,396	1,567,352,894
Investments		
-Equity securities	48,163,076	57,369,264
-Debt securities	379,351,873	296,004,052
-Term deposits	170,097,872	377,887,755
Loans and other receivables	113,553,639	118,501,584
Insurance / reinsurance receivables	1,509,586,735	881,519,739
Reinsurance recoveries against outstanding claims	1,349,738,271	1,413,623,096
Cash & bank	457,296,874	266,125,644
Total Assets in Window Takaful Operations - OPF	668,119,419	577,567,620
	6,629,823,155	5,555,951,648

The Company did not hold any collateral against the above during the year. General provision is made for receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due. During the year receivables of Rs. Nil. (2019: Rs. Nil.) were further provided for and the provision of Rs. Nil. (2019: Rs. Nil.) were reversed due to recoveries. The movement in the provision for doubtful debt account is shown in note no. 13 to the financial statements. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers/reinsurers for whom there is no recent history of default.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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

	Rating		Rating agency	2020	2019
	Long term	Short term		Rupees	Rupees
Bank Alfalah Limited	AA+	A1+	PACRA	48,291,005	21,607,348
Allied Bank Limited	AAA	A1+	PACRA	17,812,112	11,334,320
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	1,094,967	2,348,260
Habib Bank Limited	AAA	A1+	JCR-VIS	112,110,560	32,274,343
Bank Al-Habib Limited	AA+	A1+	PACRA	32,450,604	20,288,963
Bank Islami Pakistan Limited	A+	A1	PACRA	6,787,085	4,346,830
Soneri Bank Limited	AA-	A1+	PACRA	3,512,112	11,397,699
Albaraka Bank Pakistan Limited	A	A1	PACRA	1,311,631	2,266,676
Askari Bank Limited	AA+	A1+	PACRA	3,723,999	2,425,683
Zarai Tarqiati Bank Limited	AAA	A1+	JCR-VIS	11,493,405	54,698,225
The Bank of Khyber	A	A1	PACRA	4,283,997	5,824,941
The Bank of Punjab	AA	A1+	PACRA	1,467,224	6,253,530
Faysal Bank Limited	AA	A1+	PACRA	4,679,026	4,692,521
First Women Bank Limited	A-	A2	PACRA	672,751	294,164
MCB Bank Limited	AAA	A1+	PACRA	6,601,369	4,237,701
National Bank of Pakistan Limited	AAA	A1+	PACRA	2,604,282	4,618,865
Punjab Provincial Co-operative Bank Limited *	-	-	-	3,365,765	5,138,453
Samba Bank Limited	AA	A1	JCR-VIS	152,131,319	22,205,713
Silk Bank Limited	A-	A2	JCR-VIS	4,123,819	7,286,067
SME Bank Limited	B	B	PACRA	19,428	19,428
United Bank Limited	AAA	A1+	JCR-VIS	7,957,841	5,420,558
U Microfinance bank Limited	A	A1	JCR-VIS	173,934	173,934
Summit Bank Limited *	-	-	JCR-VIS	4,893,733	9,447,263
Dubai Islamic Bank Pakistan Limited	AA	A1+	JCR-VIS	5,867,589	7,311,943
APNA Microfinance Bank Limited	BBB+	A3	PACRA	8,607,578	4,511,201
Sindh Bank Limited	A+	A1	JCR-VIS	188,197	2,724,994
Karakoram Co-Operative Bank Limited *	-	-	-	373,965	264,420
Bank of Azad Jammu & Kashmir *	-	-	-	2,387,584	53,116
NRSP Micro Finance Bank Limited	A	A1	PACRA	1,877,019	3,215,371
JS Bank Limited	AA-	A1+	PACRA	5,487,825	3,805,451
Khushali Bank Limited	A+	A1	JCR-VIS	808,784	5,403,908
				457,160,509	265,891,889

* Credit ratings are not available

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

The age analysis of due from insurance contract holders and due from insurers / reinsurers is as follows:

	2020 Rupees	2019 Rupees
Upto 1 year	1,393,952,391	813,995,327
1-2 years	115,634,344	67,524,412
2-3 years	-	-
Over 3 years	-	-
Total	1,509,586,735	881,519,739

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 agreement.

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

The credit quality of amount due from insurers and reinsurers can be assessed with reference to external credit ratings as follows:

	Due from insurers / reinsurers	Reinsurance recoveries against outstanding claims	2020	2019
-----Rupees-----				
A or above (including PRCL)	392,594,193	1,345,751,009	1,738,345,202	1,725,964,088
Others	2,491,096	3,987,262	6,478,358	59,370
Total	395,085,289	1,349,738,271	1,744,823,560	1,726,023,458

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

39.5 Capital management

The Company's objectives when managing capital or to safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and 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 Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company currently meets the paid up capital requirement as required by Security and Exchange Commission of Pakistan.

39.6 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorized into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Carrying amount				Total	Fair value			Total
	Investments	Loans and other receivables	Cash and cash equivalents	Other financial liabilities		Level 1	Level 2	Level 3	
----- Rupees -----									
December 31, 2020									
Financial assets - measured at fair value									
Equity securities	48,163,076	-	-	-	48,163,076	48,163,076	-	-	48,163,076
Mutual funds	-	-	-	-	-	-	-	-	-
Assets in window takaful operations - OPF									
Equity securities	34,495,720	-	-	-	34,495,720	34,495,720	-	-	34,495,720
Mutual funds	6,013,883	-	-	-	6,013,883	6,013,883	-	-	6,013,883
Financial assets - not measured at fair value									
Investment in associate	708,746,180	-	-	-	708,746,180	3,535,993,415	-	-	3,535,993,415
Share deposit money*	963,015,264	-	-	-	963,015,264	-	-	-	-
Advance for purchase of shares*	262,153,952	-	-	-	262,153,952	-	-	-	-
Government securities	311,856,927	-	-	-	311,856,927	-	300,795,881	-	300,795,881
Treasury bills	67,494,946	-	-	-	67,494,946	-	69,201,464	-	69,201,464
Term deposits maturing within 12 months*	170,097,872	-	-	-	170,097,872	-	-	-	-
Term deposits maturing after 12 months*	-	-	-	-	-	-	-	-	-
Loans and other receivables*	-	113,553,639	-	-	113,553,639	-	-	-	-
Due from insurance contract holders*	-	1,114,501,446	-	-	1,114,501,446	-	-	-	-
Due from other insurers / reinsurers*	-	395,085,289	-	-	395,085,289	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	1,349,738,271	-	-	1,349,738,271	-	-	-	-
Cash in hand*	-	-	136,365	-	136,365	-	-	-	-
Cash at bank*	-	-	457,160,509	-	457,160,509	-	-	-	-
Assets in window takaful operations - OPF*	167,780,000	380,887,214	78,942,602	-	627,609,816	-	-	-	-
	2,739,817,820	3,353,765,859	536,239,476	-	6,629,823,155	3,624,666,094	369,997,345	-	3,994,663,439
Financial liabilities - not measured at fair value									
Outstanding claims including IBNR*	-	-	-	1,758,414,109	1,758,414,109	-	-	-	-
Borrowings*	-	-	-	91,484,644	91,484,644	-	-	-	-
Insurance / reinsurance payables*	-	-	-	862,236,702	862,236,702	-	-	-	-
Other creditors and accruals*	-	-	-	56,618,052	56,618,052	-	-	-	-
Total Liabilities in window takaful operations - OPF*	-	-	-	1,051,480	1,051,480	-	-	-	-
	-	-	-	2,769,804,987	2,769,804,987	-	-	-	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Carrying amount				Fair value				
	Investments	Loans and other receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----									
December 31, 2019									
Financial assets - measured at fair value									
Equity securities	54,357,457	-	-	-	54,357,457	54,357,457	-	-	54,357,457
Mutual funds	3,011,807	-	-	-	3,011,807	3,011,807	-	-	3,011,807
Assets in window takaful operations - OPF									
Equity securities	27,687,540	-	-	-	27,687,540	27,687,540	-	-	27,687,540
Mutual funds	5,262,266	-	-	-	5,262,266	5,262,266	-	-	5,262,266
Financial assets - not measured at fair value									
Investment in associate	692,183,678	-	-	-	692,183,678	3,721,212,117	-	-	3,721,212,117
Share deposit money*	613,015,264	-	-	-	613,015,264	-	-	-	-
Advance for purchase of shares*	262,153,952	-	-	-	262,153,952	-	-	-	-
Government securities*	296,004,052	-	-	-	296,004,052	-	296,004,052	-	296,004,052
Treasury bills	-	-	-	-	-	-	-	-	-
Term deposits maturing within 12 months*	377,887,755	-	-	-	377,887,755	-	-	-	-
Term deposits maturing after 12 months*	-	-	-	-	-	-	-	-	-
Loans and other receivables*	-	118,501,584	-	-	118,501,584	-	-	-	-
Due from insurance contract holders*	-	569,119,377	-	-	569,119,377	-	-	-	-
Due from other insurers / reinsurers*	-	312,400,362	-	-	312,400,362	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	1,413,623,096	-	-	1,413,623,096	-	-	-	-
Cash in hand*	-	-	233,755	-	233,755	-	-	-	-
Cash at bank*	-	-	265,891,889	-	265,891,889	-	-	-	-
Assets in window takaful operations - OPF*	64,000,000	465,866,462	14,751,352	-	544,617,814	-	-	-	-
	2,395,563,771	2,879,510,881	280,876,996	-	5,555,951,648	3,811,531,187	296,004,052	-	4,107,535,239
Financial liabilities - not measured at fair value									
Outstanding claims including IBNR*									
	-	-	-	1,891,240,875	1,891,240,875	-	-	-	-
Borrowings*	-	-	-	77,823,296	77,823,296	-	-	-	-
Insurance / reinsurance payables*	-	-	-	165,321,214	165,321,214	-	-	-	-
Other creditors and accruals*	-	-	-	28,915,163	28,915,163	-	-	-	-
Liabilities in window takaful operations - OPF*									
	-	-	-	850,000	850,000	-	-	-	-
	-	-	-	2,164,150,548	2,164,150,548	-	-	-	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

		2020 Rupees
40	STATEMENT OF SOLVENCY	
Assets		
	Property and equipment	1,209,975,221
	Intangible assets	1,977,670
	Investment property	31,181,171
	Investments in subsidiary and associate	1,933,915,396
	Investments	
	Equity securities	48,163,076
	Debt securities	379,351,873
	Term deposits	170,097,872
	Total assets in window takaful operations	754,035,663
	Loans and other receivables	129,665,096
	Insurance / reinsurance receivables	1,509,586,735
	Reinsurance recoveries against outstanding claims	1,349,738,271
	Deferred commission expense	212,908,956
	Prepayments	1,672,850,841
	Cash & bank	457,296,874
	Total assets (A)	9,860,744,715
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000		
	(d) Loans to employees and agents	17,786,938
	(h) Insurance / reinsurance receivables	474,031,074
	(i) Intangible asset- computer software	1,977,670
	(k) Amounts available to the insurer under guarantees	197,768,385
	(l) Assets subject to encumbrances	155,697,873
	(q) Investment in listed securities	192,287,497
	(s) Immovable property and shares (aggregate)	254,115,738
	(u)-(i) Motor vehicles including leased	504,847,256
	(u)-(i) Motor tracking devices	39,780,433
	(u)-(ii) & (iii) Furniture, fixtures, office and computer equipment	84,454,770
	(U)-(i) Assets in WTO	392,819,633
	Total of Inadmissible assets (B)	2,315,567,267
	Total Admissible assets (C=A-B)	7,545,177,448

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

		2020 Rupees
Total Liabilities		
Total Liabilities in window takaful operations		44,645,972
Underwriting provisions		
Outstanding claims including IBNR	1,758,414,109	
Unearned premium reserve	2,322,406,326	
Premium deficiency reserve	-	
Unearned reinsurance commission	196,587,940	
Deferred taxation	151,341,783	
Borrowings	91,484,644	
Premium received in advance	-	
Insurance / reinsurance payables	862,236,702	
Other creditors and accruals	113,786,352	
Taxation - provision less payment	185,443,506	
Total liabilities		5,681,701,362
Total liabilities including liabilities in window takaful operations (D)		5,726,347,334
Total net admissible assets (E=C-D)		1,818,830,114
Minimum Solvency Requirement (higher of following)		414,836,523
Method A - U/s 36(3)(a)	150,000,000	
Method B - U/s 36(3)(b)	414,836,523	
Method C - U/s 36(3)(c)	408,082,043	
Excess in Net Admissible Assets over Minimum Requirements		1,403,993,591

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

41 PROVIDENT FUND RELATED DISCLOSURE

The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017, and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2020 Rupees Audited	2019 Rupees Audited
Size of the fund - Total net assets		184,726,150	133,836,996
Cost of investments	41.1	173,000,000	124,000,000
Percentage of investments made		93.65%	92.65%
Fair value of investments		173,859,934	124,765,973

41.1 The break-up cost of investments is as follows:

	Amount 2020	Percentage of total fund	Amount 2019	Percentage of total fund
Term deposit receipts	169,000,000	91.49%	93,000,000	69.49%
Mutual funds	4,000,000	2.17%	31,000,000	23.16%
	173,000,000	93.65%	124,000,000	92.65%

	2020	2019
	---	---

42 NUMBER OF EMPLOYEES

	2020	2019
As at December 31	716	697
Average number of employees during the year	672	630

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

43 IMPACT OF COVID-19

During the year, the World Health Organization declared the Novel strain of Corona virus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Federal and Provincial governments of Pakistan also took various measures, including imposition of lockdown, from the end of March 2020 to contain the spread of COVID-19. Consequently, imposition of lock down by the Federal and Provincial Governments of Pakistan caused an overall economic slowdown and disruption to various businesses. The management of the Company has been regularly conducting in depth analysis and has assessed that there is no material impact of COVID-19 on these financial statements. Going forward, the management is taking all the required actions and will continue to monitor the potential impact and take all steps possible to mitigate any effects. Company's management has assessed the possible accounting implications arising from COVID-19 for these financial statements, including but not limited to impairment of financial and non-financial assets, and concluded that there has been no material accounting impact of COVID-19 on these financial statements. From the very outset of COVID-19, the management has adopted various policies and practices to minimise adverse impact of COVID-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from COVID-19.

44 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison and better presentation. However, no significant reclassification have been made.

45 SUBSEQUENT EVENTS - NON ADJUSTING

The board of directors have proposed final cash dividend for the year ended December 31, 2020 of Rs.Nil per share (2019: Rs. Nil per share) in addition to bonus shares for the year ended December 31, 2020 of Rs.Nil per share (2019: Rs. 1.1342 per share), amounting to Rs.Nil (2019: Rs.348,983,180/-) at their meeting held on March 25, 2021 for the approval of the members at the annual general meeting to be held on April 30, 2021. For the purpose of dividend, bonus shares to be issued will not be considered.

The board of directors of the Company has proposed the merger of SPI Insurance Company Limited in to The United Insurance Company of Pakistan Limited and have accorded their consent to prepare merger scheme and initiate the steps necessary for the said merger.

46 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on March 25, 2021 by the Board of Directors of the Company.

47 GENERAL

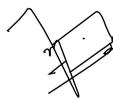
The figures in the financial statements has been rounded off to the nearest Rupee.



Muhammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Maqbool Ahmad
Chief Financial Officer



Syed Rahat Ali Shah
Director



Javaid Sadiq
Chairman

OUR BRANCHES

1	Mr. Asad Rafique Branch Head, The United Insurance Company of Pakistan Ltd. Office No.6,1st Floor, Noor Khanum Plaza, Behind Askari Islamic Bnak, Supply Bazar, Mansehra Road, <u>Abbottabad.</u>	2	Mr. Sajjad Tanveer Branch Head, The United Insurance Company of Pakistan Ltd. Lyall Pur Branch, Lower Ground Floor, Lyallpur Trade Centre, 355-A Small D-Ground, People Colony No. 1 <u>Faisalabad.</u>
3	Mr. Tahir Maan Branch Head, The United Insurance Company of Pakistan Ltd United Centre, 1 st Floor, Opp Askari CNG, Near Faisal Movers Stadium Road, <u>Bahawalpur.</u>	4	Rana Faqir Hussain Assistant General Manager/Branch Head, The United Insurance Company of Pakistan Ltd. 1 st Floor, Arsalan Plaza, Kotwali Road, <u>Faisalabad.</u>
5	Rai Anwaar Alam Branch Head, The United Insurance Company of Pakistan Ltd Khan Baba Road, Near WF, Continental Hotel, <u>Bahawalnagar.</u>	6	Khawaja Adnan Hassan Executive Director/Branch Head The United Insurance Company of Pakistan Ltd. Khawaja Mudassar Arcade, Opp: Din Plaza, G.T. Road, <u>Gujranwala.</u>
7	Mr. Haji Waris Khan Branch Head, The United Insurance Company of Pakistan Ltd. Shop No. M-37, 1 st Floor, Aashinana Shopping Centre, North Circular Road, <u>Dera Ismail Khan.</u>	8	Mr. Waseem Bari Zonal Manager/Branch Head The United Insurance Company of Pakistan Ltd. Trust Plaza, Block-H3, 1 st Floor, G.T Road, <u>Gujranwala.</u>
9	Mian Kashif Rasheed Executive Director/Branch Head, The United Insurance Company of Pakistan Ltd. 1 st & 2 nd Floor, Upper BOP Kotwali Road <u>Faisalabad.</u>	10	Mir Muhammad Jalal-ud-Din General Manager/Branch Head, The United Insurance Company of Pakistan Ltd. 1 st Floor, Office No. 02, Shahzada Market, Near KCBL Cantt, Shahrah-e-Qauid Azam Jutial, <u>Gilgit Balitistan.</u>
11	Mr. Akram Ali Shah Zonal Manager/Branch Head, The United Insurance Company of Pakistan Ltd. 11-Cheema Chambers, Railway Road, <u>Faisalabad.</u>	12	Mr. Muhammad Muneef Branch Head The United Insurance Company of Pakistan Ltd. Ali Akbar Plaza, Shah Hussain Chowk, Circular Road, <u>Gujrat.</u>
13	Mr. Umar Aslam Branch Head, The United Insurance Company of Pakistan Ltd. G.M Office, 2 nd Floor, Faisal Complex, Bital Road, Civil Line, <u>Faisalabad.</u>	14	Mian Sheeraz Ahsan Branch Head, The United Insurance Company of Pakistan Ltd. Kunjah Road, Near N.B.P, <u>Gujrat.</u>
15	Mr. Muhammad Rauf Branch Head The United Insurance Company of Pakistan Ltd. 5 th Floor, State Life Building, 2-Liaqaut Road, <u>Faisalabad.</u>	16	Ch. Shehnaz Deputy General Manager/Branch Head The United Insurance Company of Pakistan Ltd. 1st floor, Shehroze Plaza, Near Allied School, G.T Road, <u>Gujrat.</u>

OUR BRANCHES

17	Mr. Junaid Samoo Joint Director/Branch Head, The United Insurance Company of Pakistan Ltd. 2 nd Floor, Goal Building, (Circular Building), Risala Road, <u>Hyderabad.</u>	18	Mr. Tahir Mehmood Khan Branch Head, The United Insurance Company of Pakistan Ltd. 3 rd Floor, Sikandar Plaza, G.T. Road, Jada Chowk, <u>Jhelum.</u>
19	Mian M. Asif Joint Director/Branch Head, The United Insurance Company of Pakistan Ltd. Chamber No.1 & 2, Mezzanine Floor, City View Plaza, Unit No. 7, Latifabad, <u>Hyderabad</u>	20	Mr. Nazir Ahmad Memon D.G.M/Branch Head, The United Insurance Company of Pakistan Ltd. Camp Office, 404-Madina City Mall, Abdullah Haroon Road, Saddar, <u>Karachi.</u>
21	Dr. Murtaza Mughal Senior Executive Director/Branch Head The United Insurance Company of Pakistan Ltd 402-4 th Floor, Gulistan House, Fazal-e-Haq Road, Blue Area, <u>Islamabad.</u>	22	Syed Matin Ahmed Deputy General Manager/Branch Head, The United Insurance Company of Pakistan Ltd. 2 nd Floor, State Life Building No. 2-A Wallace Road, Policy Branch, <u>Karachi.</u>
23	Ch. Iqbal Tahir Joint Director/Branch Head The United Insurance Company of Pakistan Ltd. Kashmir Commercial Complex, Building No. 1032- E, 2 nd Floor, Fazal-e-Haq Road, Blue Area, <u>Islamabad.</u>	24	Mr. Tanveer Ahmed Bhatti Executive Director/Branch Head, The United Insurance Company of Pakistan Ltd. 3 rd Floor 303, Europa Centre, Hasrat Mohani Road, <u>Karachi.</u>
25	Mr. Rizwan Ul Haq Executive Director/Branch Head, The United Insurance Company of Pakistan Ltd. Office No. 304, 305 (3 rd Floor), Capital Business Centre, F-10, Markaz, <u>Islamabad.</u>	26	Mr. Rakesh Kumar A.G.M/Branch Head, The United Insurance Company of Pakistan Ltd. Office No. 1607, 16 th Floor, K.S Trade Tower, New Chilli New Branch Opening (15-08-2020), <u>Karachi.</u>
27	Chaudhry Shamas ul Haq Executive Director/Branch Head, The United Insurance Company of Pakistan Ltd. Office No. 108, 1 st Floor, Dossal Plaza, Jinnah Avenue Blue Area, Merge In MB City Mall Plaza <u>Islamabad.</u>	28	Mr. Rizwan Masoom Ali Joint Director Marketing/Branch Head, The United Insurance Company of Pakistan Limited Office # 802, 8 th Floor, Business Centre, Mumtaz Hassan Road Off I.I Chundrigarh Road, <u>Karachi.</u>
29	Mr. Muhammad Faisal Baig D.G.M/Branch Head, The United Insurance Company of Pakistan Ltd. Office No. 301, 3 rd Floor, Capital Business Centre, F-10/ Markaz. <u>Islamabad.</u>	30	Mr. Shakeel Ahmed Executive Director/Branch Head, The United Insurance Company of Pakistan Ltd. Suit No. 201, 2 nd Floor, Aamir Trade Centre PECHS Block-2, Allah Wali Chowranghi, Main Shahrah-e- Quaideen, <u>Karachi.</u>

OUR BRANCHES

31	Mr. Hafiz Sohail Ahmed General Manager/Branch Head, The United Insurance Company of Pakistan Limited. Flat No. 7, 1 st Floor, Twin City Plaza, I-8 Markaz <u>Islamabad.</u>	32	Mr. Imran Hashmi Branch Head, The United Insurance Company of Pakistan Ltd. 18-Taj Mansion, 46-Shahrah-e-Quaid-e-Azam, <u>Lahore.</u>
33	Ch. Aslam Feroze Executive Director/Branch Head, The United Insurance Company of Pakistan Ltd. 21-E Huma Plaza, Mezzanine Floor, Blue Area, <u>Islamabad.</u>	34	Mr. Muhammad Rafi Joint Director/Branch Head, The United Insurance Company of Pakistan Ltd. 40-Bank Square, The Mall, <u>Lahore.</u>
35	Mr. Altamash Malik General Manager/Branch Head, The United Insurance Company of Pakistan Ltd. Room No. 202, 2 nd Floor, Clifton Centre, Block No. 5, Clifton, <u>Karachi.</u>	36	Mr. Waqar Ahmed Noshahi Assistant General Manager/Branch Head, The United Insurance Company of Pakistan Ltd. Room No: 12, 11 nd Floor, Jalal Centre, Mozang Road, <u>Lahore.</u>
37	Mr. Muhammad Asif Branch Head, The United Insurance Company of Pakistan Ltd 4 th Floor, State Life Building 2-A, I.I Chundrigar Road, Saddar, <u>Karachi.</u>	38	Mr. Faisal Javed Joint Director/Branch Head, The United Insurance Company of Pakistan Ltd, 1 st Floor, 93-B Shadman Colony, <u>Lahore.</u>
39	Mr. Hammad Samoo Branch Head The United Insurance Company of Pakistan Ltd. Office No. 226, 2 nd Floor, SP Chambers, S.I.T.E, <u>Karachi.</u>	40	Mr. Khalid Masood Bhatti A.G.M/Branch Head, The United Insurance Company of Pakistan Ltd. Pak Chambers, 2 nd Floor, 5-Temple Road, <u>Lahore.</u>
41	Mian Muhammad Asif Joint Director/Branch Head, The United Insurance Company of Pakistan Ltd Office No. 302-A, Panorama Centre-2, Raja Ghazanfar Ali Road, <u>Karachi.</u>	42	Mr. Muhammad Azeem Zonal Manager/Branch Head, The United Insurance Company of Pakistan Ltd, 51-F, Auto Centre, 108-Lytton Road, <u>Lahore.</u>
43	Mr. Danial Aleem Branch Head, The United Insurance Company of Pakistan Ltd. Karachi Export Processing Zone (KEPZ) <u>Karachi.</u>	44	Mr. Nadeem Haider Branch Head/A.V.P, The United Insurance Company of Pakistan Ltd. Office No. 7, 2 nd Floor, Patiala Complex, 2-Link Mcload Road <u>Lahore.</u>
45	Mr. Muhammad Ayaz Khattak Branch Head, The United Insurance Company of Pakistan Ltd. House No. 166, Street No. 1, Sector-I, KDA, <u>Kohat.</u>	46	Mr. Shafaqat Ali Goraya Executive Director/Branch Head The United Insurance Company of Pakistan Ltd. 2 nd Floor, Shehpar Plaza, 19-Templer Road, <u>Lahore.</u>

OUR BRANCHES

47	Mr. Muhammad Qasim Butt General Manager/Branch Head, The United Insurance Company of Pakistan Ltd. 18-Taj Mansion, 46-Shahrah-e-Quaid-e-Azam, <u>Lahore.</u>	48	Khawaja Waseem Ahmad Branch Head, The United Insurance Company of Pakistan Ltd. Office No. 613, 6 th Floor, Eden Tower, Main Boulevard, Gulberg-III, <u>Lahore.</u>
49	Mr. Zahid Bhatti General Manager/Branch Head The United Insurance Company of Pakistan Limited 129-E-1, 2 nd Floor, Tahawar Plaza, Mian Boulevard Gulberg-III, <u>Lahore.</u>	50	Mr. Nadeem Safdar Chaudhry Branch Head, The United Insurance Company of Pakistan Ltd, FF-II, Central Plaza, Barket Market, Garden Town, <u>Lahore.</u>
51	Mr. Ahsan Khurshid Haq S.V.P/Branch Head, The United Insurance Company of Pakistan Ltd. Room No. 303, 3 rd Floor, Khalij Tower Branch No. II, Jail Road, <u>Lahore.</u>	52	Mr. Raja Akhtar Khan General Manager/Head Office, The United Insurance Company of Pakistan Ltd Room No. 14, 3 rd Floor, Bilal Centre, Nicholson Road, <u>Lahore.</u>
53	Mr. Khurram Mansoor Executive Director/Branch Head The United Insurance Company of Pakistan Ltd, Office # 224, 2 nd Floor, Land Mark Plaza, Gulberg V, Jail Road, <u>Lahore.</u>	54	Mr. Nouman Ul Haq Executive Director/Branch Head, The United Insurance Company of Pakistan Ltd 2 nd Floor, Plaza No. 51-T, Phase-II Commercial, D.H.A, <u>Lahore-Cantt.</u>
55	Mr. Athar Zaman Branch Head, The United Insurance Company of Pakistan Ltd. 129-E, 2 nd Floor, Tahawar Plaza, Main Boulevard, Gulberg-III, <u>Lahore.</u>	56	Mr. Muhammad Mazhar Shah Executive Director/Branch Head The United Insurance Company of Pakistan Ltd. Room No. 303, 3 rd Floor, Al-Qadir Center, New Garden Town, <u>Lahore.</u>
57	Mr. Zafar Mehmood Joint Director/Head Office The United Insurance Company of Pakistan Ltd. Office No. 10, 1 st Floor, Centre Point Plaza, Main Boulevard, Gulberg-III. <u>Lahore.</u>	58	Mian Kashif Rasheed Executive Director/Branch Head, The United Insurance Company of Pakistan Ltd. 1 st Floor, Nizam Chambers, Shahrah-e-Fatima Jinnah, <u>Lahore.</u>
59	Mr. Muhammad Aslam Rajput Joint Director/Branch Head, The United Insurance Company of Pakistan Ltd, 3 rd Floor, Room No. 303, Al-Hafeez Shopping Mall, Main Boulevard, Gulberg, <u>Lahore.</u>	60	Mr. Khurram Mansoor Executive Director/Branch Head The United Insurance Company of Pakistan Ltd. 1 st Floor, 31-Commercial Cavalry Ground, Cantt, <u>Lahore.</u>
61	Syed Naseem Hussain Jafree General Manager/Branch Head, The United Insurance Company of Pakistan Ltd. Iqbal Market, 7. 5-KM, Main Raiwind Road, <u>Lahore.</u>	62	Mr. Jamsheed Mir Joint Director/Branch Head, The United Insurance Company of Pakistan Ltd. House No. 68, Fazil Road, Saint John Park, Cantt Branch, <u>Lahore.</u>

OUR BRANCHES

63	Mr. Akmal Aslam Deputy General Manager/Branch Head, The United Insurance Company of Pakistan Ltd., Room No. 1, 2 nd Floor, Carpet Chambers, 10-Abbot Road, <u>Lahore.</u>	64	Mr. Ibad Ali Malik Chief Manager/Branch Head The United Insurance Company Of Pakistan M. Hassan Din & Sons Plaza, 2387-Water Works Road, <u>Multan.</u>
65	Mr. Muhammad Aman Akhtar SVP/Branch Head The United Insurance Company of Pakistan Ltd. Office No. 5, Khurshid Building, 2 nd Floor, 10-Abbot Road, <u>Lahore.</u>	66	Mr. Muhammad Bilal Branch Manager/Branch Head, The United Insurance Company of Pakistan Ltd. 1 st Floor, London Tower, Shadman Colony, Opp: High Court, Multan Cantt, <u>Multan.</u>
67	Mr. Shahbaz Branch Head Shahzadi Rifaqat Market, 83-Brandreth Road , <u>Lahore</u>	68	Mr. Rizwan Saleem General Manager/Branch Head Office No. 11, 1st Floor, Muhammad Arcade, LMQ Road, Near Chungi No. 9, <u>Multan.</u>
69	Mr. Muhammad Sameer Branch Head, The United Insurance Company of Pakistan Ltd. P-2-121- Paradise, 2 nd Floor, Jeff Heights-77-E-1, Main Boulevard, Gulgerg III <u>Lahore.</u>	70	Mr. Saqib Maqsood General Manager/Branch Head Office No. 11, 1st Floor, Muhammad Arcade, LMQ Road, Near Chungi No. 9, <u>Multan.</u>
71	Mr. Awais Shamshad Butt A.G.M/Branch Head, Room No. 3 & 10, 2 nd Floor, Bilal Centre, Nicolson Road, <u>Lahore.</u>	72	Mr. M. Tariq Khan Branch Head, The United Insurance Company of Pakistan Ltd. S/o. Saeed A. Khan, House No. 439, B-VII, Upper Story, Wapda- IIInd Sub Division, D.G. Khan Road, <u>Muzaffar Garh.</u>
73	Mr. Muhammad Usman Branch Head The United Insurance Co. of Pakistan Ltd. Office No. 07, 3 rd Floor, Taj Arcade Plaza, 73-Jail Road <u>Lahore.</u>	74	Mr. Jahanzeb Ali Branch Head, The United Insurance Company of Pakistan Ltd, 2 nd floor Shayan Plaza, Nihar Kinara Bahadar Khan Road. <u>Mardan.</u>
75	Mr. Nazeef Aqil Zonal Manager/Brach Head, The United Insurance Company of Pakistan Ltd. Apartment No. 17, 3 rd Floor, Liberty Round About, Big City Plaza, Main Boulevard, Gulberg-III, <u>Lahore.</u>	76	Mr. Shoaib Khan General Manager/Branch Head The United Insurance Company of Pakistan Ltd, Ground Floor, Statelife Building, 34-The Mall, <u>Peshawar Cantt.</u>
77	Mr. Muhammad Afsaar Ahmed Zonal Manager/Branch Head, The United Insurance Company of Pakistan Ltd, House No. 1844/1, Nishtar Road, Hameed Pur Colony No.3, <u>Mir Pur Khas.</u>	78	Syed Hamid Ali Zaidi Chief Manager/Branch Head, The United Insurance Company of Pakistan Ltd. 1 st Floor, FC Trust Building, Sonehri Masjid Road, <u>Peshawar Cantt.</u>

OUR BRANCHES

79	Mr. Afzaal Khan D.G.M/Branch Head The United Insurance Company of Pakistan Ltd. 2 nd Floor, Commercial Plaza No.1, Opposite children Complex, Abdali Road, Camp Office , <u>Multan.</u>	80	Mr. Ishaq Awan General Manager/Branch Head The United Insurance Company of Pakistan Limited Office # 10 & 11, 5th Floor, Rizwan Arcade, Adam Gee Road, Saddar, <u>Rawalpindi.</u>
81	Mr. Ayaz Ahmad Branch Head, The United Insurance Company of Pakistan Ltd. 2 nd Floor, Alvaz Arcade, Opp: PTCL Exchange, Mumtazabad, <u>Multan.</u>	82	Mr. Muhammad Ashraf Kharal Joint Director/Branch Head, Office No. 03, 1 st Floor, National Building, Opp Rawalpindi General Hospital, Murree Road, <u>Rawalpindi.</u>
83	Mr. Jahanzeb Khan General Manager/Branch Head, The United Insurance Company of Pakistan Ltd. Room No.6, 5th Floor, Falak Shir Plaza Sadar Road, <u>Peshawar Cantt.</u>	84	Rao Nisar Zonal Manager/Branch Head 1st Floor, Shah Din Plaza, Farid Gate, <u>Bahawalpur.</u>
85	Mr. Mushtaq Ahmed Assistant General Manager/Branch Head, The United Insurance Company of Pakistan Ltd. Century Tower, 2 nd Floor Opposite Statelife Building 6 th The Mall, <u>Rawalpindi.</u>	86	Mr. Mansoor Shoaib Regional Manager/Branch Head, 20-Model Town <u>Rahim Yaar Khan.</u>
87	Mr. Mujeeb-Ur-Rehman Khokhar Joint Director/Branch Head, The United Insurance Company of Pakistan Ltd. Room No. 13, 2 nd Floor, Resham Plaza, Chandni Chowk, <u>Rawalpindi.</u>	88	Mr. Tahir Mustafa Zonal Manager/Branch Head, The United Insurance Company of Pakistan Ltd. Street Opp: City Public High School, Kutchery Road, <u>Sialkot.</u>
89	Mr. Tanveer Ahmad Bhatti Executive Director/Branch Head, The United Insurance Company of Pakistan Ltd. Office No. 5, 1st Floor, Crown Plaza, B-224, Satellite Town, Rawalpindi. <u>Rawalpindi.</u>	90	Syed Farhat Abbas Branch Head, The United Insurance Company of Pakistan Ltd. 1 st Floor, Karim Plaza, Defense Road, Iqbal Town, <u>Sialkot.</u>
91	Malik Meharban Khan General Manager/Branch Head, The United Insurance Company of Pakistan Ltd. Munaf Plaza, 2nd Floor, Main Commercial Area, Double Road, Chaklala Scheme-III, <u>Rawalpindi.</u>	92	Khawaja Sohail Anwar Branch Head The United Insurance Company of Pakistan Ltd. Al-Sheikh Welfare Centre Urdu Bazar, <u>Sialkot.</u>
93	Mr. Zarrar Ahmed Butt Executive Director/Branch Head, The United Insurance Company of Pakistan Ltd. 1 st Floor, Al-Bilal Plaza, Chandni Chowk, Murree Road, <u>Rawalpindi.</u>	94	Mr. Sajid Iqbal Branch Head The United Insurance Company of Pakistan Ltd. Suit No. C-13, 2 nd Floor, Jawad Centre, Defense Road, <u>Sialkot.</u>

OUR BRANCHES

95	Mr. Mahmood Ahmad General Manager/Branch Head, The United Insurance Company of Pakistan Ltd. Office No. 3/5, 4 th Floor, Silk Centre, Rehmanabad, Murree Road, <u>Rawalpindi.</u>	96	Mr. M Hassan Rajput General Manager/Branch Head, The United Insurance Company of Pakistan Ltd. House # B-204/3, Muhallah Babar ki Bazar Thalla <u>Sukkur.</u>
97	Mr. Tahir Mehboob Awan General Manager/Branch Head The United Insurance Company of Pakistan Ltd. 2 nd Floor, Mall-1, Saddar Road, <u>Rawalpindi.</u>	98	Mr. Ashfaq Ali Moriani Regional Manager/Branch Head, The United Insurance of Pakistan Ltd. House No. 34/38, Old Saddar, <u>Shikarpur</u>
99	Mr. Raheel Zia Joint Director/Branch Head The United Insurance of Pakistan Ltd. Office No. 406, 4 th Floor, Kohistan Tower, Saddar. <u>Rawalpindi.</u>	100	Mr. Tanveer Ejaz S.V.P/Branch Head, The United Insurance Company of Pakistan Ltd. 2 nd Floor, Room No. 3, Sharif Plaza, Sargodha Road, <u>Sheikhupura.</u>
101	Mr. Zulfiqar Ali Branch Head, The United Insurance Company of Pakistan Ltd. Office No. 7, Mezzanine Floor, Shalimar Complex, Minara Road, <u>Sukkur.</u>	102	Mr. Muhammad Yasin Branch Manager/Branch Head The United Insurance Company of Pakistan Ltd. Room No.10,1 st Floor, Al-Shafi PLaza, Bank Road, Karkhana Bazar, <u>Vehari.</u>
103	Mr. Ejaz Ahmed Senior General Manager/Branch Head, The United Insurance Company of Pakistan Ltd. House No: 1408/475, New Latif Park Old, <u>Sukkur.</u>	104	Mr. Muhammad Yaseen Chaudhry Zonal Manager/Branch Head, The United Insurance Company of Pakistan Ltd. 147-Railway Road, <u>Sahiwal.</u>
105	Syed Athar Raza Zaidi Zonal Manager/Branch Head, The United Insurance Company of Pakistan Ltd, 405-V2- Green View Complex, Stadium Road, <u>Sahiwal.</u>	106	Raja Muhammad Abdullah Regional Manager/Branch Head, The United Insurance Company of Pakistan Ltd. Shaheen Plaza, Railway Road, <u>Sargodha.</u>
107	Mr. Mumtaz Kahlon. Branch Head United Window Takaful Operations Office No. 206, 2nd floor, Garden Heights, 8 - Aibok block, Near Mughal-e-Azam Marriage Hall, New Garden Lahore	108	Mr. Toufeeq Mannan Corporate Head/General Manager United Window Takaful Operations Ibrahim Trade Tower Branch Karachi
109	Mr. Faisal Afzaal Branch Head The United Insurance Company of Pakistan Ltd. Window Takaful Operations Eden Centre Lahore.	110	Mr. Hassan Nadeem Executive Director/ Country Head United Window Takaful Operations F-7 Markaz Branch Islamabad.

Above branches include both UIC Conventional & Window Takaful Operations.

The United Insurance Company of Pakistan Limited

Window Takaful Operations Financial Statements

For The Year Ended December 31, 2020



SHARIAH AUDITOR'S REPORT ON COMPLIANCE

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 **The United Insurance Company of Pakistan Limited** ("the Company") to report on the management's assessment of compliance of the Window Takaful Operations ("Takaful Operations") of the Company, as set out in the annexed statement prepared by the management for the year ended December 31, 2020, 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 Takaful 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" 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

SHARIAH AUDITOR'S REPORT ON COMPLIANCE

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

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 December 31, 2020 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 December 31, 2020, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.



ILYAS SAEED & CO.

Chartered Accountants
Engagement Partner: Muhammad Ilyas

Place: Lahore

Date: March 25, 2021

SHARIAH ADVISOR'S REPORT TO THE BOARD OF DIRECTORS

for the Year Ended December 31, 2020

الحمد لله رب العالمين والصلاة والسلام على سيد الانبياء
والمرسلين وعلى اله واصحابه اجمعين، وبعد.

Being a Shariah Advisor of **The United Insurance of Company of Pakistan Limited Window Takaful Operations** (hereafter referred as the "Operator") it is my responsibility to review the Takaful products including PMDs and all relevant documents, underwriting procedures, Re-Takaful Arrangements, and all financial activities related to the Participants and shareholder funds undertaken by the operator.

On the other hand it is the responsibility of the Operator to follow the prevailing Takaful Rules issued by SECP and guidelines set by the Shariah Advisor and to take prior approval of Shariah Advisor for all policies and services being offered by the Operator.

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

1. Underwriting, investments and financial activities undertaken by the Operator for the year ended 31 December, 2020 were in accordance with the Takaful Rules, 2012 and guidelines issued by me in the capacity of Shariah Advisor.
2. 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".
3. The Operator found performing its duties to its level best by following Shariah guidelines and through consultation with me where needed.
4. Shariah Compliance review has been conducted by Shariah Compliance Officer related matters have been discussed in the review report.
5. Any cases which were required to be consulted in accordance with the Shariah and Takaful Rules have been discussed and duly resolved.

Consequently, I pray to Allah Almighty to grant United Window Takaful Operations remarkable success and help the entire team at every step and keep away from every hindrance and difficulty.



Mufti Muhammad Farhan Farooq

Shariah Advisor

The United Insurance Company of Pakistan Limited
Window Takaful Operations

Date: March 25, 2021

وصل اللهم وسلم وبارك على سيدنا محمد وعلى اله واصحابه اجمعين

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited- Window Takaful Operations Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **THE UNITED INSURANCE COMPANY OF PAKISTAN LIMITED – WINDOW TAKAFUL OPERATIONS (the Operator)**, which comprise the statement of financial position as at December 31, 2020 and the profit and loss account, the statement of comprehensive income, the statement of changes in operator's and participants' takaful funds and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in operator's and participants' takaful funds and the cash flow statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of the Operator's affairs as at December 31, 2020, and of the profit, total comprehensive income, the changes in operator's and participants' takaful 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 *Accountant's 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 Matter

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.

We have determined that there are no key audit matters to communicate in our report.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited- Window Takaful Operations

Report on the Audit of the Financial Statements

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of The United Insurance Company of Pakistan Limited-
Window Takaful Operations

Report on the Audit of the Financial Statements

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Ilyas**.



ILYAS SAEED & CO.
Chartered Accountants

Place: LAHORE

Date: March 25, 2021

STATEMENT OF FINANCIAL POSITION

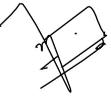
As at December 31, 2020

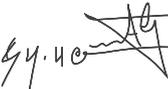
	Note	Operator's fund		Participants' Takaful Fund	
		2020	2019	2020	2019
-----Rupees-----					
Assets					
Property and equipment	5	22,486,641	26,353,040	17,438,901	24,499,629
Intangible assets		-	-	-	-
Investment property		-	-	-	-
Investment in subsidiary and associate		-	-	-	-
Investments					
Equity securities	6	40,509,603	32,949,806	81,359,988	66,198,121
Debt securities	7	101,780,000	-	59,493,800	21,137,973
Term deposits	8	66,000,000	64,000,000	-	-
Loans and other receivables	9	12,958,569	7,786,740	54,743,721	27,530,552
Takaful / retakaful receivables	10	-	-	111,873,472	383,814,502
Salvage recoveries accrued		-	-	-	-
Deferred taxation		-	-	-	-
Deferred wakala fee	24	-	-	42,088,931	-
Receivable from OPF / PTF	11	364,698,792	458,332,959	-	-
Accrued investment income		4,682,636	594,683	1,362,186	-
Taxation - payment less provision		-	-	-	-
Retakaful recoveries against outstanding claims / benefits		-	-	167,061,743	132,447,203
Deferred commission expense		61,976,820	103,585,065	-	-
Prepayments	12	-	-	146,211,598	263,204,768
Cash & Bank	13	78,942,602	14,751,352	86,548,092	18,955,176
Total assets		754,035,663	708,353,645	768,182,432	937,787,924
Operator's fund (OPF)					
Statutory fund	14	50,000,000	50,000,000	-	-
Accumulated Profit		664,444,392	661,979,844	-	-
Available for sale reserve		[8,078,256]	[9,400,041]	-	-
Total Operator's fund		706,366,136	702,579,803	-	-
Surplus on revaluation of fixed assets	14A	3,023,555	3,779,443	-	-
Participants' Takaful Fund (PTF)					
Ceded money	15	-	-	500,000	500,000
Accumulated deficit		-	-	[46,072,285]	[32,320,740]
Available for sale reserve		-	-	[14,223,592]	[30,713,913]
Balance of Participants' Takaful Fund		-	-	[59,795,877]	[62,534,653]
Liabilities					
PTF underwriting provisions					
Outstanding claims including IBNR		-	-	254,896,316	183,386,885
Unearned contribution reserves		-	-	132,798,788	249,852,862
Contribution deficiency reserves		-	-	-	7,924,944
Reserve for unearned retakaful rebate		-	-	31,145,028	54,966,764
		-	-	418,840,132	496,131,455
Retirement benefits obligations	16	-	-	-	-
Deferred taxation		-	-	-	-
Borrowings		-	-	-	-
Unearned wakala fee	24	42,088,931	-	-	-
Contribution received in advance		-	-	-	-
Takaful / re-takaful payables	17	-	-	37,965,103	39,519,648
Other creditors and accruals	18	2,557,041	1,994,399	6,474,282	6,338,515
Taxation - provision less payment		-	-	-	-
Payable to OPF / PTF	11	-	-	364,698,792	458,332,959
Income tax liabilities		-	-	-	-
Total Liabilities		44,645,972	1,994,399	827,978,309	1,000,322,577
Total fund and liabilities		754,035,663	708,353,645	768,182,432	937,787,924
Contingency(ies) and commitment(s)	19	-	-	-	-

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


Muhammad Rahat Sadiq
Chief Executive Officer


Huma Waheed
Director


Maqbool Ahmad
Chief Financial Officer


Syed Rahat Ali Shah
Director


Javaid Sadiq
Chairman

PROFIT AND LOSS ACCOUNT

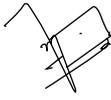
For the year ended December 31, 2020

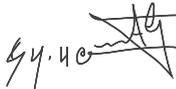
	Note	2020 Rupees	2019 Rupees
Participants' Takaful Fund			
Contribution earned	20	641,620,248	744,759,509
Less: Contribution ceded to re-takaful		(434,898,827)	(486,938,311)
Net contributions revenue		206,721,421	257,821,198
Retakaful rebate earned	21	92,752,256	101,609,396
Net underwriting income		299,473,677	359,430,594
Net claims	22	(310,670,403)	(306,085,086)
Reversal / (charge) of contribution deficiency reserve		7,924,944	(7,248,594)
		(302,745,459)	(313,333,680)
Other direct expenses		(15,692,170)	(35,440,469)
(Deficit)/ Surplus before investment income		(18,963,952)	10,656,445
Investment Income	26	2,875,084	2,297,197
Other income	27	3,056,094	2,510,625
Modarib's share of investment income	28	(718,771)	(447,730)
Provision for doubtful contributions (net of wakala fee)		-	-
(Deficit) / Surplus transferred to accumulated deficit		(13,751,545)	15,016,537
Operator's Fund			
Wakala fee	24	276,915,117	358,670,476
Commission expense	23	(172,831,041)	(107,344,255)
General, administrative and management expenses	25	(106,909,560)	(125,665,824)
		(2,825,484)	125,660,397
Modarib's share of PTF investment income	28	718,771	447,730
Investment income	26	8,209,808	6,097,516
Direct expenses	29	(4,657,449)	(6,990,487)
Other income	27	263,014	260,892
Profit before taxation		1,708,660	125,476,048
Taxation		-	-
Profit after taxation		1,708,660	125,476,048

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


Muhammad Rahat Sadiq
Chief Executive Officer


Huma Waheed
Director


Maqbool Ahmad
Chief Financial Officer


Syed Rahat Ali Shah
Director


Javaid Sadiq
Chairman

STATEMENT OF COMPREHENSIVE INCOME

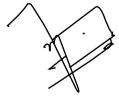
For the year ended December 31, 2020

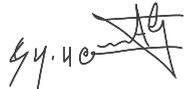
	2020 Rupees	2019 Rupees
Participants' Takaful Fund (PTF)		
(Deficit) / Surplus during the period	(13,751,545)	15,016,537
Other comprehensive income:		
Item to be re-classified to profit and loss account in subsequent period:		
Unrealized gain / (loss) on revaluation of available for sale investments	3,090,989	(30,713,913)
Reclassification adjustments relating to available-for-sale investments disposed off during the year	13,399,332	16,817,260
Item not to be re-classified to profit and loss account in subsequent period	-	-
Other comprehensive income for the year	16,490,321	(13,896,653)
Total comprehensive income for the year	2,738,776	1,119,884
Operator's Fund (OPF)		
Profit after taxation for the year	1,708,660	125,476,048
Other comprehensive income:		
Item to be re-classified to profit and loss account in subsequent period:		
Unrealized (loss) on revaluation of available for sale investments	(3,849,490)	(9,400,041)
Reclassification adjustments relating to available-for-sale investments disposed off during the year	5,171,275	10,405,296
Item not to be re-classified to profit and loss account in subsequent period	-	-
Other comprehensive income for the year	1,321,785	1,005,255
Total comprehensive income for the year	3,030,445	126,481,303

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


Muhammad Rahat Sadiq
Chief Executive Officer


Huma Waheed
Director


Maqbool Ahmad
Chief Financial Officer


Syed Rahat Ali Shah
Director


Javid Sadiq
Chairman

CASH FLOW STATEMENT

For the year ended December 31, 2020

	OPF		PTF	
	2020	2019	2020	2019
-----Rupees-----				
Operating cash flows:				
a) Takaful activities:				
Contribution received	-	-	965,640,630	1,096,118,669
Retakaful contribution (paid) / received	-	(20,117,789)	(319,460,202)	(481,743,303)
Claims / Benefits paid	-	-	(466,224,778)	(558,564,952)
Retakaful and other recoveries received	-	-	300,230,958	193,000,490
Commission paid	(131,222,796)	(144,857,864)	-	-
Wakala fee received/ (paid)	371,268,055	358,670,476	(371,268,055)	(358,670,476)
Modarib share received/ (paid)	-	-	-	-
Management and other expenses paid	(107,479,035)	(128,570,354)	(16,136,900)	(21,727,827)
Retakaful rebate received	-	-	68,930,520	107,309,362
Net cash flow from takaful activities	132,566,224	65,124,469	161,712,174	(24,278,037)
b) Other operating activities:				
Other operating receipts/ (payments)	29,977,648	(7,627,539)	(60,289,570)	(30,127,385)
Loans advanced	(1,359,765)	(1,051,368)	-	-
Loan repayments received	1,343,617	1,079,376	-	-
Net cash flow from other operating activities	29,961,500	(7,599,531)	(60,289,570)	(30,127,385)
Total cash flow from all operating activities	162,527,724	57,524,938	101,422,604	(54,405,422)
Investment activities:				
Investment income/ (loss) received	4,121,855	5,778,055	1,857,786	3,117,998
(Payments)/ receipts for investment / Investment properties	(102,236,754)	(45,984,074)	(37,027,374)	43,225,559
(Payment)/ receipt for fixed capital expenditure	(221,575)	(6,321,189)	1,339,900	(2,206,000)
Total cash flow from investing activities	(98,336,474)	(46,527,208)	(33,829,688)	44,137,557
Financing activities:				
Statutory reserve	-	-	-	-
Ceded money	-	-	-	-
Qarz e hasna	-	-	-	-
Total cash flow financing activities	-	-	-	-
Net cash flow from all activities	64,191,250	10,997,730	67,592,916	(10,267,865)
Cash and cash equivalents at the beginning of the year	14,751,352	3,753,621	18,955,176	29,223,041
Cash and cash equivalents at the end of the year	78,942,602	14,751,352	86,548,092	18,955,176

CASH FLOW STATEMENT

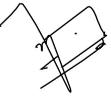
For the year ended December 31, 2020

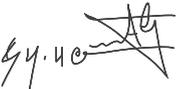
	OPF		PTF	
	2020	2019	2020	2019
-----Rupees-----				
Reconciliation of profit and loss account				
Net cash flow from takaful activities	162,527,724	57,524,939	101,422,603	(54,405,422)
Depreciation expense	(4,087,974)	(3,593,180)	(8,198,985)	(11,649,747)
(Decrease)/ increase in assets other than cash	(127,460,600)	27,375,697	(295,876,174)	(20,568,958)
(Increase)/ decrease in liabilities other than borrowings	(42,651,573)	27,665,780	172,626,595	82,526,208
Realized gain / (loss) on revaluation of available for sale investments	5,171,275	10,405,296	13,399,332	16,817,260
Investment income	8,209,808	6,097,516	2,875,084	2,297,197
Profit / (Loss) for the year	1,708,660	125,476,048	(13,751,545)	15,016,537
Attributed to:				
Participants' takaful fund	-	-	(13,751,545)	15,016,537
Operator's fund	1,708,660	125,476,048	-	-
	1,708,660	125,476,048	(13,751,545)	15,016,537

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


Muhammad Rahat Sadiq
 Chief Executive Officer


Huma Waheed
 Director


Maqbool Ahmad
 Chief Financial Officer


Syed Rahat Ali Shah
 Director


Javaid Sadiq
 Chairman

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

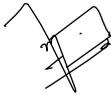
Aa at December 31, 2020

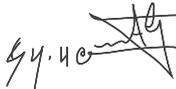
	Attributable to operator of the Fund			
	Statutory fund	Accumulated profit	Available for sale reserve	Total
	-----Rupees-----			
Operator's fund				
Balance as at January 01, 2019	50,000,000	536,503,796	(10,405,296)	576,098,500
Profit after taxation for the year	-	125,476,048	-	125,476,048
Other comprehensive income for the year	-	-	1,005,255	1,005,255
Total comprehensive income for the year	-	125,476,048	1,005,255	126,481,303
Incremental depreciation on revaluation of fixed assets	-	-	-	-
Balance as at December 31, 2019	50,000,000	661,979,844	(9,400,041)	702,579,803
Balance as at January 01, 2020	50,000,000	661,979,844	(9,400,041)	702,579,803
Profit after taxation for the year	-	1,708,660	-	1,708,660
Other comprehensive income for the year	-	-	1,321,785	1,321,785
Total comprehensive income for the year	-	1,708,660	1,321,785	3,030,445
Incremental depreciation on revaluation of fixed assets	-	755,888	-	755,888
Balance as at December 31, 2020	50,000,000	664,444,392	(8,078,256)	706,366,136
	Attributable to participants of the PTF			
	Ceded money	Accumulated (deficit)	Available for sale reserve	Total
	-----Rupees-----			
Participants' Takaful Fund				
Balance as at January 01, 2019	500,000	(47,337,277)	(16,817,260)	(63,654,537)
Surplus for the year	-	15,016,537	-	15,016,537
Other comprehensive income for the year	-	-	(13,896,653)	(13,896,653)
Total comprehensive income for the year	-	15,016,537	(13,896,653)	1,119,884
Balance as at December 31, 2019	500,000	(32,320,740)	(30,713,913)	(62,534,653)
Balance as at January 01, 2020	500,000	(32,320,740)	(30,713,913)	(62,534,653)
(Deficit) for the year	-	(13,751,545)	-	(13,751,545)
Other comprehensive income for the year	-	-	16,490,321	16,490,321
Total comprehensive income for the year	-	(13,751,545)	16,490,321	2,738,776
Balance as at December 31, 2020	500,000	(46,072,285)	(14,223,592)	(59,795,877)

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


Muhammad Rahat Sadiq
Chief Executive Officer


Huma Waheed
Director


Maqbool Ahmad
Chief Financial Officer


Syed Rahat Ali Shah
Director


Javaid Sadiq
Chairman

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

The United Insurance Company of Pakistan Limited (hereinafter called 'the Company') was incorporated in Pakistan on October 20, 1959, as a Public Limited Company under the Defunct Companies Act, 1913, now the Companies Act, 2017, and its shares are quoted on Pakistan Stock Exchange Limited. The Registered Office of the Company is situated at 204, 2nd floor, Madina City Mall, Abdullah Haroon Road, Saddar, Karachi, and its Head Office is located in Lahore. The principal activity of the Company is General Insurance Business and it qualifies as a domestic insurance company under the Insurance Ordinance, 2000 and undertakes Fire & Property Damage, Marine aviation & Transport, Motor and Health & Miscellaneous General Insurance.

The United Insurance Company of Pakistan Limited has been allowed to work as Window Takaful Operator (WTO) (hereinafter called "the Operator") through License No. 1 on August 18, 2014 by Securities and Exchange Commission of Pakistan under the Takaful Rules, 2012 to carry on Islamic General Insurance in Pakistan. For the purpose of carrying on takaful business, the Company has formed a Waqf/Participants' Takaful Fund (PTF) on June 09, 2014 under a trust deed. The trust deed governs the relationship of shareholders and policy holders for management of takaful operations. The Operator has not transacted any business outside Pakistan.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements are prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. Approved accounting and reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

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

These financial statements reflect the financial position and results of Window Takaful Operations of both the Operators' Fund (OPF) and the Participants' Takaful Fund (PTF) in a manner that assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable.

2.1 Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain property and equipment which are measured at revalued amount and certain financial instruments which are measured at fair value.

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Operator's functional currency and presentation currency. All figures have been rounded to the nearest rupee, unless otherwise stated.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

2.3 Standards, interpretations and amendments effective in (current year)

2.3.1 The Operator has adopted the following amendments in accounting standards and interpretations of IFRSs which became effective for the current year:

IFRS 3	Amendments to IFRS 3 - Business combinations - Amended by definition of a Business.
IFRS 7	Amendments to IFRS 7 - Financial Instruments: Disclosures - Amended by Interest Rate Benchmark Reform, disclosures around uncertainty arising from the interest rate benchmark reform.
IFRS 14	Regulatory Deferral Accounts. - First time adoption.
IAS 1	Amendments to IAS 1- Presentation of Financial Statements - Amended by definition of Materiality.
IAS 8	Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - Amended by definition of Materiality Amendments to the Conceptual Framework for Financial Reporting, including amendments to references to the Conceptual Framework in IFRS Standards.

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

2.4 Standards, interpretations and amendments not effective at year end

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan have not become effective during current year:

Standards, amendments or Interpretation	Effective date (annual periods beginning on or after)	
IFRS 3	Amendments to IFRS 3 - Business Combinations - Amended by reference to the Conceptual Framework.	1-Jan-22
IFRS 4	Amendments to IFRS 4 - Insurance Contracts - Amended by Interest Rate Benchmark Reform — Phase 2	1-Jan-21
IFRS 7	Amendments to IFRS 7 - Financial Instruments: Disclosures - Interest Rate Benchmark Reform Phase 2	1-Jan-21
IFRS 9	Financial Instruments - Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9.	1-Jan-23
IFRS 16	Leases - Covid-19 related Rent concessions (Amendments)	1-Jun-20
IAS 1	Presentation of Financial Statements - Amended by Classification of Liabilities as Current or Non-current.	1-Jan-23
IAS 16	Amendments to IAS 16 - Property, Plant and Equipment - Amendments relating prohibition of deducting any proceeds from selling items produced from the cost of an item of property, plant and equipment while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.	1-Jan-22
IAS 37	Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets - Amended by Onerous Contracts — Cost of Fulfilling a Contract.	1-Jan-22

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

2.4.1 IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

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

The Operator has determined that it is eligible for the temporary exemption option. The determination is based on an analysis of the percentage of the total carrying amount of liabilities connected with insurance activities relative to the total carrying amount of all liabilities, which indicates that the Operator's activities are predominately connected with insurance. Further, the Operator does not engage in significant activities unconnected with insurance based on historical available information. Accordingly, the Operator has adopted temporary exemption and defer the implementation of IFRS 9 until the effective date of the new insurance contracts standard.

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

The debt instruments accounted for fair value through other comprehensive income under IAS 39 are potentially eligible to SPPI test whereas it is not applicable for the debt instruments accounted for fair value through profit or loss.

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

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

b) all other financial assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Operator's Fund

	Fail the SPPI test		Pass the SPPI Test		
	Fair value	Change in unrealised gain / (loss) during the year	Carrying value	Cost less impairment	Change in unrealised gain / (loss) during the year
FINANCIAL ASSETS					
Investments					
- Equity securities	40,509,603	1,321,785	-	-	-
- Debt securities - Held to maturity*	-	-	101,780,000	-	-
- Term deposits - Held to maturity*	-	-	66,000,000	-	-
Loans and others receivables*	12,958,569	-	-	-	-
Receivable from OPF/ PTF*	364,698,792	-	-	-	-
Accrued investment income*	4,682,636	-	-	-	-
Cash and bank*	2,397,284	-	76,545,318	-	-

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

Participants' Takaful Fund

	Fail the SPPI test		Pass the SPPI Test		
	Fair value	Change in unrealised gain / (loss) during the year	Carrying value	Cost less impairment	Change in unrealised gain / (loss) during the year
FINANCIAL ASSETS					
Investments					
- Equity securities	81,359,988	16,490,321	-	-	-
- Debt securities - Held to maturity*	-	-	59,493,800	-	-
- Term deposits - Held to maturity*	-	-	-	-	-
Loans and others receivables*	54,743,721	-	-	-	-
Takaful / Re-takaful receivables*	111,873,472	-	-	-	-
Retakaful recoveries against outstanding claims/benefits*	167,061,743	-	-	-	-
Accrued investment income*	1,362,186	-	-	-	-
Cash and bank*	69,946,224	-	16,601,868	-	-

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

2.4.2 The other amendments mentioned in Note 2.4 are assessed by the Operator and are likely to have no material impact on the financial statements.

2.5 In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Standards, amendments or Interpretation	Effective date (annual periods beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting Standards - Amended by Annual Improvements to IFRS Standards 2018–2020.	1-Jan-22
IFRS 17 Insurance Contracts	1-Jan-23

2.6 Standards, interpretations and amendments becoming effective in future period but not relevant:

There are certain new standards, amendments to standards and interpretations that are effective for different future periods but are considered not to be relevant to Operator's operations, therefore not disclosed in these financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and equipment

3.1.1 Operating assets

These are stated at cost less accumulated depreciation except for freehold land, which is stated at cost, and certain buildings which are stated at revalued amount less accumulated depreciation and accumulated impairment, if any.

Depreciation on all fixed assets is charged to profit and loss account on the reducing balance method so as to write off depreciable amount of an asset over its useful life at the rates stated in note 5.1. Depreciation on additions to/ disposal from fixed assets for the year is charged on "number of days basis".

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the operator and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Surplus arising on revaluation of an item of property and equipment is credited to surplus on revaluation of property and equipment, except to the extent of reversal of deficit previously charged to income, in which case that portion of the surplus is recognized in income. Deficit on revaluation of an item of property and equipment is charged to surplus on revaluation of that asset to the extent of surplus and any excess deficit is charged to income. During continuing use of the item of property and equipment the surplus on revaluation of property and equipment to the extent of incremental depreciation charged on the related assets is transferred to the unappropriated profits. On subsequent sale or retirement of revalued item of property and equipment, the attributable balance of surplus is transferred directly to the unappropriated profits. The Operator has policy to revalue such class of assets within three years.

3.2 Takaful contracts

The Takaful contracts are based on the principles 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 policy holder) by agreeing to compensate the policyholder if a specified uncertain future event (the takaful event) adversely affects the policyholder 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 this period, unless all rights and obligations are extinguished or expired.

The PTF underwrites non-life takaful contracts that can be categorized into fire and property, marine, aviation and transport, motor, health and miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the PTF under which the contract holder is another takaful operator/ insurer of a facultative nature are included within the individual category of takaful contracts, other than those which fall under the treaty.

- Fire takaful provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.
- Marine, aviation and transport takaful provides coverage against cargo risk, terminals, damage occurred in between the points of origin and final destination and other related perils.
- Motor takaful provides comprehensive car coverage, indemnity against third party loss and other related covers.
- Health & miscellaneous takaful provides basic hospital care including maternity care, outpatient care and cover against burglary, loss of cash in safe, cash in transit, money, engineering losses, travel guard and other coverage.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

3.3 Deferred commission expense

Commission incurred in obtaining and recording policies of takaful and retakaful was deferred and calculated by applying twenty-fourths method and recognized as assets where they can be reliably measured and it is probable that they will give rise to contribution revenue that will be recognized in subsequent reporting periods.

3.4 Unearned contribution reserves

The unearned portion of contribution written net of wakala fee is set aside as a reserve and is recognized as a liability. This liability is calculated by applying twenty-fourths method as specified in the General Takaful Accounting Regulations, 2019.

3.5 Contribution deficiency reserves

The Operator maintains a provision in respect of contribution deficiency for the class of business where the unearned contribution liability is not adequate to meet the expected future liability after retakaful, 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 contribution deficiency reserve is recorded as an expense/ income in profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Historical experience is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. Further, actuarial valuation has been carried out to determine the amount of contribution deficiency reserve in respect of Accident and Health Takaful classes as required by the Insurance Rules, 2017. If these ratios are adverse, contribution deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

	2020	2019
- Fire and property damage	29%	45%
- Marine, aviation and transport	41%	49%
- Motor	42%	41%
- Health and Miscellaneous	54%	70%

Based on analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned contribution reserves for all the classes of business, as at the year end are adequate to meet the expected future liability, after retakaful, 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

3.6 Re-takaful contracts held

Re-Takaful contracts entered into by the operator with retakaful companies for compensation of losses suffered on takaful contracts issued are retakaful contracts. These retakaful contracts include both facultative and treaty arrangement contracts.

The operator enters into retakaful contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward retakaful contributions are accounted for in the same period as the related contributions for the direct or accepted retakaful business.

Retakaful liabilities represent balance due to retakaful companies. Amounts payable are estimated in a manner consistent with the related retakaful contract. Retakaful assets represent balances due from retakaful companies. Amounts recoverable from retakaful companies are estimated in a manner consistent with the provisions for outstanding claims or settled claims associated with the retakaful policies and are in accordance with the related retakaful contract.

Retakaful assets are not offset against related takaful liabilities. Income or expenses from retakaful contracts are not offset against expenses or income from related takaful assets.

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

The operator assesses its retakaful assets for impairment on statement of financial position date. If there is objective evidence that retakaful assets are impaired, the operator reduces the carrying amount of the retakaful assets to its recoverable amount and recognizes impairment loss in the profit and loss account, if any.

3.7 Receivables and payables related to takaful contracts

Receivables and payables related to takaful contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any.

3.7.1 Takaful / Re-takaful receivables

Contributions due from takaful/retakaful represents the amount due from participants and other takaful insurers on account of takaful contracts. These are recognized at cost, which is the fair value of the contribution to be received less provision for impairment, if any.

3.7.2 Retakaful recoveries against outstanding claims / benefits

Claims recoveries recoverable from the retakaful operators are recognized as an asset at the same time as the claims which gives rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

3.8 Segment reporting

A business segment is a distinguishable component of the Operator that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Operator accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019 as the primary reporting format.

Based on its classification of takaful contracts issued, the Operator has four primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, and health & miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the Financial Statements.

Assets and liabilities are allocated to particular segments on the basis of contribution written. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash, cheques, pay orders, demand drafts and balances with banks.

3.10 Revenue recognition

a) Contribution

Contributions including administrative surcharge received / receivable (if any) under a takaful policy are recognized as written at the time of issuance of participant membership document (PMD) and recorded as income of the PTF. Contributions are stated exclusive of taxes and duties levied on contributions. Takaful contribution income under a policy net of Wakala fee is recognized as income of PTF over the period of takaful. Administrative surcharge recovered from participant is recognized as part of contribution.

b) Wakala fee

The operator manages the general takaful operations for the participants and charges 40% (2019: 30%) on gross contribution for fire and marine while 40% (2019: 35%) on motor and health & miscellaneous as wakala fee against the services. It is recognized as expense of PTF and income of OPF. Unearned portion of Wakala fee is recognized as a liability in OPF and accordingly deferred Wakala fee expense is recognized as an asset in PTF. The unearned portion of Wakala fee is calculated by applying twenty-fourths method as specified in the General Takaful Accounting Regulations, 2019.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

c) Rebate income/commission expense

Commission expenses are charged to the profit and loss account at the time the PMD are accepted. Rebate income from retakaful operator is recognized at the time of issuance of the underlying takaful policy by the operator. This income is deferred and recognized as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates. Rebate from retakaful operator is arrived at after taking the impact of opening and closing unearned rebate. Profit/ rebate, if any, which the Operator may be entitled to under the terms of retakaful is recognized on accrual basis. Further, Rebate on retakaful is recognized as income of PTF according to the requirements of Takaful Rules, 2012.

d) Dividend income

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

e) Investment Income/ expense

Returns on debt securities and term deposits are recognized using the effective interest rate method. Gain or loss on sale of investments is recognized at the time of sale.

Gain / loss on sale of available for sale investments is included in profit and loss account.

f) Modarib Income

The Operator manages the participants' investments as a Modarib and charge such percentage, as approved by the Shahriah Advisor, on Modarib's share of net investment income of PTF. It is recognized on the same basis on which related revenue is recognized.

g) Rental and Other income

Rental and other income is recognized as and when accrued.

3.11 Ijarah

Ijarah rentals (Ijarah) under Ijarah contracts are recognised as an expense in the profit and loss on a straight-line basis over the Ijarah term as per Islamic Financial Accounting Standard issued by SECP S.R.O 431(I)/2007 dated May 22, 2007.

3.12 Investments

a) In equity securities

Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

Subsequent to initial recognition at cost including the transaction cost, these are measured at fair value, changes in fair value are recognized as other comprehensive income until the investment is derecognized or impaired. Gains and losses on derecognition and impairment losses are recognized in profit and loss.

Return on fixed income securities classified as available for sale is recognized on a time proportion basis.

b) In debt securities

Held to maturity

Investments 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.

Any contribution paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of investment.

c) In term deposits

Held to maturity

Investments 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.

Any contribution paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of investment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

3.12.1 Financial instruments

Financial assets and financial liabilities within the scope of IAS - 39 are recognized at the time when the Operator becomes a party to the contractual provisions of the instrument and de-recognized when the Operator loses control of contractual rights that comprise of the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the statement of financial position date include investments, accrued investment income, loan to employees, other receivables, takaful/ retakaful receivables, receivable from OPF/ PTF, retakaful recoveries against outstanding claims, cash and bank, outstanding claim including IBNR, takaful/ retakaful payables, certain other creditors and accruals and payable to OPF/ PTF.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Valuation Techniques

IFRS-13 requires to disclose valuation techniques used in measurement of fair value of financial instruments. For investment in equity securities, mutual funds and investment in associate, market price for trading in shares is considered as fair value at statement of financial position date. For Ijara sukuk sale prices quoted by dealers are considered as fair value at statement of financial position date.

3.13 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities other than those relating to takaful contract are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Operator intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.14 Provisions

The Operator recognizes liability in respect of all claims incurred up to the statement of financial position date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of incident giving rise to the claims except as otherwise expressly indicated in a Takaful contract. The liability for claims include amounts relating to unpaid reported claims, claims Incurred But Not Reported (IBNR) and expected claims settlement costs.

The provision for claims Incurred But Not Reported (IBNR) is consistently made at the statement of financial position date in accordance with the SECP Circular no. 9 of 2016. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

IBNR for all classes is determined and recognized in accordance with valuation carried out by an appointed actuary which is also based on Chain Ladder (CL) method.

3.15 Retirement benefits obligations

Employee contribution plan

The Operator operates an approved employee contribution provident fund for all permanent employees. Equal contributions are made by employees and the employer at the rate of 8.34 percent (2019: 8.34 percent) of gross salary per month and charged to profit and loss account.

3.16 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 recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognized for the assets in prior years. A reversal of an impairment loss is recognized immediately in profit and loss.

In addition, impairment on available for sale investments and retakaful assets are recognized as follows:

i) Available for sale

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

ii) Re-takaful assets

The operator determines the impairment of the re-takaful assets by looking at objective evidence, as a result of an event that occurred after initial recognition of the re-takaful assets, which indicates that the operator may not be able to recover amount due from re-takaful under the terms of re-takaful contract. In addition the operator also monitors the financial ratings of its re-takaful operators on each reporting date.

3.17 Management expenses

3.17.1 Other direct expense

Direct expenses are part of Participants Takaful Fund. These expenses are related to the underwriting business and represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross contribution revenue.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

3.17.2 General, administrative and management expense

Expenses not allocable to the underwriting business are charged as management expenses. Management expenses of takaful business are allocated to revenue account of operator as per requirements of Takaful Rules, 2012.

3.17.3 Claims expense

General takaful 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.

3.18 Creditors, accruals and provisions

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

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

3.19 Foreign currency transactions and 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 Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

3.20 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct costs and setting aside various reserves and charity. Allocation to participants, if applicable, is made after deducting the claims paid to them during the year. Further, surplus will be distributed to participants after payment of Qard-e-Hasna to Operator.

3.21 Qard-e-Hasna

Qard-e-Hasna is provided by Operator's Fund to Participants' Takaful Fund in case of deficit in Participants' Takaful Fund.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

3.22 Zakat

Zakat on investment income is accounted for in the year of deduction, under Zakat & Ushr Ordinance, 1980.

3.23 Related party transactions

Party is said to be related, if they are able to influence the operating and financial decisions of the operator and vice versa. The operator in the normal course of business carries out transactions with related parties. Transactions with related parties are priced at comparable uncontrolled market price and are carried out at arm's length prices.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities as well as 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 results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the current and future periods if the revision affects both current and future periods.

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

	Note
- Property and equipment	3.1
- Takaful / Retakaful receivables	3.7.1
- Contribution deficiency reserve	3.5
- Segment reporting	3.8
- Unearned contribution reserves	3.4
- Outstanding claims including IBNR	3.14
- Retirement benefits obligations	3.15
- Classification & impairment in value of investments	3.16

	Note	OPF		PTF	
		2020	2019	2020	2019
5 PROPERTY AND EQUIPMENT					
Operating assets	5.1	22,486,641	26,353,040	17,438,901	24,499,629

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

5.1 OPERATING ASSETS

OPF													
2020													
Description	Cost				Depreciation				Written values as at 31 December	Depreciation rate %			
	As at 01 January	Additions	(Disposal)	Adjustment	Revaluation Surplus	As at 31 December	For the year	(Disposal)			Adjustment	As at 31 December	
Furniture and fixture	17,262,167	3,250	-	-	-	17,265,417	1,056,334	-	-	-	7,755,257	9,510,160	10
Office equipment	4,334,705	14,500	-	-	-	4,349,205	276,256	-	-	-	1,856,442	2,492,763	10
Computer equipment	3,465,068	122,925	-	-	-	3,587,993	316,798	-	-	-	2,904,589	681,404	33.33
Motor Vehicles	15,472,688	80,900	-	-	-	15,553,588	2,438,586	-	-	-	5,751,274	9,802,314	20
Total	40,534,628	221,575	-	-	-	40,756,203	4,087,974	-	-	-	18,269,562	22,486,641	
-----Rupees-----													
2019													
Description	Cost				Depreciation				Written values as at 31 December	Depreciation rate %			
	As at 01 January	Additions	(Disposal)	Adjustment	Revaluation Surplus	As at 31 December	For the year	(Disposal)			Adjustment	As at 31 December	
Furniture and fixture	17,248,192	13,975	-	-	-	17,262,167	1,172,330	-	-	-	6,698,923	10,563,244	10
Office equipment	4,300,929	33,776	-	-	-	4,334,705	305,881	-	-	-	1,580,186	2,754,519	10
Computer equipment	3,327,725	137,343	-	-	-	3,465,068	401,157	-	-	-	2,589,791	875,277	33.33
Motor Vehicles	5,557,150	6,136,095	-	-	3,779,443	15,472,688	1,713,812	-	-	-	3,312,688	12,160,000	20
Total	30,433,996	6,321,189	-	-	3,779,443	40,534,628	3,593,180	-	-	-	14,181,588	26,353,040	
-----Rupees-----													

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

PTF 2020													
Description	Cost				Depreciation				Written values as at 31 December	Depreciation rate %			
	As at 01 January	Additions	(Disposal)	Adjustment	Revaluation Surplus	As at 31 December	For the year	(Disposal)			Adjustment	As at 31 December	
Motor tracking devices	103,103,397	1,575,500	(2,915,400)	-	-	101,763,497	78,603,768	8,198,985	(2,478,157)	-	84,324,596	17,438,901	33.33
Total	103,103,397	1,575,500	(2,915,400)	-	-	101,763,497	78,603,768	8,198,985	(2,478,157)	-	84,324,596	17,438,901	
2019													
Description	Cost				Depreciation				Written values as at 31 December	Depreciation rate %			
	As at 01 January	Additions	(Disposal)	Adjustment	Revaluation Surplus	As at 31 December	For the year	(Disposal)			Adjustment	As at 31 December	
Motor Tracking devices	100,897,397	2,507,500	(301,500)	-	-	103,103,397	66,954,021	11,685,715	(35,968)	-	78,603,768	24,499,629	33.33
Total	100,897,397	2,507,500	(301,500)	-	-	103,103,397	66,954,021	11,685,715	(35,968)	-	78,603,768	24,499,629	
Grand total - 2020	143,638,025	1,797,075	(2,915,400)	-	-	142,519,700	92,785,356	12,286,959	(2,478,157)	-	102,594,158	39,925,542	
Grand total - 2019	131,331,393	8,828,689	(301,500)	-	3,779,443	143,638,025	77,542,429	15,278,895	(35,968)	-	92,785,356	50,852,669	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	2020 Rupees	2019 Rupees
6.2 Participants' takaful fund			
Available for sale			
Listed shares at cost		86,679,397	87,097,729
Less: unrealized loss on revaluation of investment		(14,275,249)	(30,458,942)
Carrying value	6.2.1	72,404,148	56,638,787
Mutual funds at cost			
		8,904,183	9,814,305
Less: unrealized loss on revaluation of investment		51,657	(254,971)
Carrying value	6.2.2	8,955,840	9,559,334
		81,359,988	66,198,121

6.2.1 Listed shares

2020	2019	Fair value per share	Name of investee company	2020 Rupees	2019 Rupees
Number of units					
241,000	241,000	101.77	Nishat Mills Limited	24,526,570	25,579,740
77,520	64,600	82.92	The General Tyre & Rubber Co. of Pakistan Limited	6,427,958	3,602,095
-	145,475	-	The Searle Company Limited	-	27,456,952
58,000	-	330.39	Ferozsons Laboratories Limited	19,162,620	-
300,000	-	42.96	National Bank Of Pakistan	12,888,000	-
300,000	-	31.33	Treet Corporation Limited	9,399,000	-
976,520	451,075			72,404,148	56,638,787

6.2.2 Mutual Funds

2020	2019	Unit price (Rupees)	Name of entity	2020 Rupees	2019 Rupees
Number of units					
79,738	72,435	97.26	NBP Islamic Active Allocation Plan-VI	7,755,176	6,785,932
-	50,732	-	NBP Active Allocation Riba Free Savings Fund	-	548,748
10,713	10,181	112.08	ABL Islamic Financial Planning Fund	1,200,665	1,125,343
-	108,969	-	NBP Islamic Savings Fund	-	1,099,311
90,451	242,317			8,955,840	9,559,334

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	2020 Rupees	2019 Rupees
7			
INVESTMENT IN DEBT SECURITIES			
7.1			
Operator's fund			
Held-to maturity			
Sukuk bonds	7.1.1	101,780,000	-
7.1.1			
Operator's fund-Sukuk Bonds			
Face value (Rupees)	Profit payment	Types of security	Maturity date
10,000,000	Half yearly	Government of Pakistan Ijarah Sukuk	24-Jun-2025
			10,340,000
90,000,000	Half yearly	Government of Pakistan Ijarah Sukuk	29-Jul-2025
			91,440,000
100,000,000			101,780,000
7.2			
Participants' takaful fund			
Held-to maturity			
Sukuk bonds	7.2.1	59,493,800	21,137,973
7.2.1			
Participants' takaful fund-Sukuk Bonds			
Face value (Rupees)	Profit payment	Types of security	Maturity date
-	Half yearly	Government of Pakistan ijarah sukuk	30-Jun-2020
			-
20,700,000	Half yearly	Government of Pakistan ijarah sukuk	24-Jun-2025
			21,403,800
37,500,000	Half yearly	Government of Pakistan ijarah sukuk	29-Jul-2025
			38,090,000
58,200,000			59,493,800
			21,137,973

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	2020 Rupees	2019 Rupees
8			
INVESTMENT IN TERM DEPOSITS			
8.1			
Operator's fund			
Short term deposits	8.1.1	66,000,000	64,000,000

8.1.1 The rate of return on Certificate of Islamic Investment issued by Soneri Bank Limited (2019: Meezan Bank Limited) for the year is 6.30% (2019: 11.5%) per annum.

	Note	OPF		PTF	
		2020	2019	2020	2019
9					
LOANS AND OTHER RECEIVABLES					
<i>Unsecured and considered good</i>					
Security deposits	9.1	4,332,199	4,332,199	42,902,025	27,194,948
Loan to employees	9.2	1,302,000	1,285,852	-	-
Advance tax		1,452,783	847,920	11,581,462	-
Other receivable		5,871,587	1,320,769	260,234	335,604
Less: Provision for impairment of loans and receivables		-	-	-	-
		12,958,569	7,786,740	54,743,721	27,530,552

9.1 Security deposit includes earnest money deposited against tenders offered by different parties.

9.2			
Unsecured			
Executives		580,000	878,687
Non-executives		722,000	407,165
		1,302,000	1,285,852

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	PTF	
		2020	2019
		Rupees	Rupees
10 TAKAFUL / RETAKAFUL RECEIVABLES			
<i>Unsecured and considered good</i>			
Due from Takaful contract holders		64,337,114	228,496,452
Less: Provision for impairment of receivables from takaful contract holders		-	-
Due from other Takaful / re-takaful operators		50,568,030	158,349,722
Less: Provision for impairment of receivables from takaful/ retakaful	10.1	(3,031,672)	(3,031,672)
		111,873,472	383,814,502

10.1 Provision for impairment of receivables from takaful/retakaful

Balance at the beginning of the year	3,031,672	3,031,672
Provision made during the year	-	-
Bad debts recovered during the year	-	-
	3,031,672	3,031,672

	OPF		PTF	
	2020	2019	2020	2019
11 RECEIVABLE (OPF) / PAYABLE (PTF)				
Wakala fee	363,532,291	457,885,229	363,532,291	457,885,229
Modarib's fee	1,166,501	447,730	1,166,501	447,730
	364,698,792	458,332,959	364,698,792	458,332,959

12 PREPAYMENTS

Prepaid re-takaful contribution ceded	146,211,598	263,204,768
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	OPF		PTF	
		2020	2019	2020	2019
		Rupees	Rupees	Rupees	Rupees
13 CASH & BANK					
Cash and cash equivalent					
-Cash in hand		86,630	54,260	-	-
Cash at bank					
-Current accounts		2,310,654	13,844,377	69,946,224	4,130,050
-Saving accounts	13.1	76,545,318	852,715	16,601,868	14,825,126
		78,942,602	14,751,352	86,548,092	18,955,176

- 13.1** The rate of return on PLS saving accounts maintained at various banks range from 2.84% to 7.06% (2019: 4% to 8%) per annum.

	Note	2020	2019
		Rupees	Rupees
14 STATUTORY FUND			
Statutory reserves	14.1	50,000,000	50,000,000

- 14.1** Amount of Rs. 50 million is deposited as statutory reserves to comply with provisions of para 4 of Circular No 8 of 2014 read with section 11(c) of the Takaful Rules, 2012 issued by Securities and Exchange Commission of Pakistan which states that "Every insurer who is interested to commence window takaful business shall transfer an amount of not less than 50 million Rupees to be deposited in a separate bank account for window takaful business duly maintained in a scheduled bank" .

	OPF	
	2020	2019
	Rupees	Rupees
14A SURPLUS ON REVALUATION OF FIXED ASSETS		
Surplus on motor vehicles		
Balance at beginning of the year	3,779,443	-
Add: Revaluation made during the year	-	3,779,443
Less: Realization of surplus on disposal of motor vehicles	-	-
Total revaluation surplus on vehicles	3,779,443	3,779,443
Less: Incremental depreciation charged in current year	(755,888)	-
Total revaluation surplus at the end of the year	3,023,555	3,779,443

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

		PTF	
		2020	2019
		Rupees	Rupees
15	CEDED MONEY		
	Waqf money	15.1	500,000
			500,000

15.1 The amount of Rs. 500,000/- has been set apart for Waqf Fund/ Participant Takaful Fund as Waqf money according to the Waqf deed prepared for the purpose of creation of Waqf Fund/ Participants' Takaful Fund.

16 RETIREMENT BENEFITS OBLIGATIONS

The gratuity scheme has been closed by the Company with effect from April 30, 2017 and all the liabilities of the scheme have been discharged / paid by the Fund. There are no Gratuity Fund Assets as at December 31, 2020. Refer to note 3.15 supra.

17	TAKAFUL / RE-TAKAFUL PAYABLES		
	Due to Takaful participants/ re-takaful payable	37,965,103	39,519,648

	OPF		PTF	
	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees
18	OTHER CREDITORS AND ACCRUALS			
Federal Excise Duty / Sales tax	-	-	2,692,253	3,261,225
Federal Takaful Fee	-	-	391,235	195,635
Payable to related parties	-	-	334,766	-
Other tax payables	1,505,561	1,144,399	2,396,309	2,687,175
Auditors' remuneration	1,000,000	850,000	-	-
Other payables	51,480	-	659,719	194,480
	2,557,041	1,994,399	6,474,282	6,338,515

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	PTF	
		2020 Rupees	2019 Rupees
21 RETAKAFUL REBATE EARNED			
Rebate received or recoverable		68,930,520	107,309,362
Add: Unearned re-takaful rebate - Opening		54,966,764	49,266,798
Less: Unearned re-takaful rebate - Closing		(31,145,028)	(54,966,764)
Retakaful rebate earned		92,752,256	101,609,396
22 NET CLAIMS			
Benefits/ Claims Paid		466,224,778	558,564,952
Add: Outstanding benefits/ claims including IBNR - Closing	22.1	254,896,316	183,386,885
Less: Outstanding benefits/ claims including IBNR - Opening		(183,386,885)	(215,396,440)
Claims expense		537,734,209	526,555,397
Re-takaful and other recoveries received		192,449,266	172,333,285
Add: Re-takaful and other recoveries in respect of outstanding claims - Closing		167,061,743	132,447,203
Less: Re-takaful and other recoveries in respect of outstanding claims - Opening		(132,447,203)	(84,310,177)
Re-takaful and other recoveries revenue		227,063,806	220,470,311
Net claims		310,670,403	306,085,086

22.1 Claim development - PTF

Accident year	2017	2018	2019	2020	Total
Estimate of ultimate claims costs:					
At end of accident year	362,538,154	623,936,821	298,566,772	525,390,577	
One year later	147,228,162	394,001,756	170,315,229	-	
Two years later	49,383,309	12,260,245	-	-	
Three years later	13,155,043	-	-	-	
Current estimate of cumulative claims	13,155,043	12,260,245	170,315,229	525,390,577	721,121,094
Cumulative payments to date	(1,590,095)	(10,505,585)	(147,700,543)	(306,428,555)	(466,224,778)
Liability recognised in the statement of financial position	11,564,948	1,754,660	22,614,686	218,962,022	254,896,316

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	OPF	
		2020 Rupees	2019 Rupees
23 COMMISSION EXPENSE			
Commission paid or payable		131,222,796	144,857,864
Add: Deferred commission expense - Opening		103,585,065	66,071,456
Less: Deferred commission expense - Closing		(61,976,820)	(103,585,065)
Commission expense		172,831,041	107,344,255
24 WAKALA FEE			
Gross wakala fee	24.1	319,004,048	358,670,476
Add: Deferred wakala expense / unearned wakala fee - Opening		-	-
Less: Deferred wakala expense / unearned wakala fee - Closing		(42,088,931)	-
Wakala fee		276,915,117	358,670,476
24.1	The Operator manages the general takaful operations for the participants and charges 40% (2019: 30%) in case of fire and marine, 40% (2019: 35%) in case of motor and health & miscellaneous of the gross contribution written net of administrative surcharge on co-takaful inward as wakala fee against the services.		
25 GENERAL, ADMINISTRATIVE AND MANAGEMENT EXPENSES			
Employee benefit cost	25.1	74,425,695	81,438,685
Travelling expenses		4,470,410	9,280,938
Printing and stationery		3,533,573	9,281,570
Depreciation		4,087,974	3,593,180
Rent, rates and taxes	25.2	13,976,236	13,497,827
Electricity, gas and water		786,354	1,681,203
Entertainment		573,390	1,183,002
Vehicle running expenses		747,076	3,581,792
Office repairs and maintenance		423,256	736,359
Bank charges		17,631	23,800
Postage, telegrams and telephone		869,571	1,262,549
Health claim management fee		2,800,000	-
Miscellaneous		198,394	104,919
		106,909,560	125,665,824
25.1 Employee benefit cost			
Salaries, allowance and other benefits		70,500,973	76,803,320
Charges for post employment benefit		3,924,722	4,635,365
		74,425,695	81,438,685

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

25.2 Rent, rates and taxes include rental on car ijarah amounting to Rs. 6,784,663/- (2019: Rs. 4,987,897/-).

	OPF		PTF	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
26 INVESTMENT INCOME				
Income from equity securities				
Available for sale				
Dividend income on listed shares	700,000	1,558,050	-	402,448
Dividend income on mutual fund	534,846	-	919,700	91,052
Income from debt securities				
Held to maturity				
Return on Government securities	2,089,401	207,017	1,779,595	1,507,807
Income from term deposits				
Return on term deposits	3,889,207	3,954,017	-	295,890
	7,213,454	5,719,084	2,699,295	2,297,197
Net realized gains/ (losses) on investments				
Available for sale financial assets				
-Equity securities	1,068,067	398,425	381,768	-
-Mutual funds	166,482	-	138,909	-
	1,234,549	398,425	520,678	-
Total Investment Income	8,448,003	6,117,509	3,219,973	2,297,197
Less: (Provision) / Reversal for impairment in value of available for sale securities				
-Equity securities	-	-	-	-
-Debt securities	-	-	-	-
Less: Investment related expenses	(238,195)	(19,993)	(344,889)	-
Net Investment Income	8,209,808	6,097,516	2,875,084	2,297,197
27 OTHER INCOME				
Return on bank balances	152,173	260,892	1,228,103	917,803
Gain on sale of fixed assets	-	-	-	-
Liabilities written back	-	-	-	142,892
Miscellaneous	110,841	-	1,827,991	1,449,930
	263,014	260,892	3,056,094	2,510,625

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	OPF		PTF	
		2020	2019	2020	2019
		Rupees	Rupees	Rupees	Rupees
28 MODARIB'S FEE					
Modarib's share of investment income	28.1	718,771	447,730	718,771	447,730

28.1 The Operator manages the participants' investments as a Modarib and charges 25% Modarib's share of net investment income.

	Note	OPF	
		2020	2019
		Rupees	Rupees
29 DIRECT EXPENSES			
Legal and professional fee other than business related		653,183	400,000
Auditors' remuneration	29.1	1,000,000	1,000,000
Shariah advisor fee		1,251,612	1,268,248
Annual supervision fee		1,752,654	1,770,239
Software charges		-	2,552,000
		4,657,449	6,990,487

29.1 AUDITORS' REMUNERATION

Audit fee		850,000	850,000
Half yearly review		150,000	150,000
		1,000,000	1,000,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

30 COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Fees	-	-	-	-	-	-
Managerial remuneration	-	-	-	-	15,820,621	26,777,402
Leave encashment	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
Ex-gratia allowance	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	-	1,805,205	2,430,636
Rent and house maintenance	-	-	-	-	6,427,718	-
Utilities	-	-	-	-	-	-
Medical	-	-	-	-	1,405,613	1,846,706
Conveyance	-	-	-	-	-	-
Retirement benefits	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	-	-	-	-	25,459,157	31,054,744
Number of persons	-	-	-	-	16	22

30.1 Certain executives are also provided with free use of the Operator's maintained car.

31 RELATED PARTY TRANSACTIONS

Related parties comprise of directors, major shareholders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions and compensation to key management personnel is on employment terms. The transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Relation with undertaking	Nature and transaction	OPF		PTF	
		2020	2019	2020	2019
		Rupees	Rupees	Rupees	Rupees
Balances at year end:					
Associated undertakings	Receivable/ (payable) at year end	-	-	(334,766)	-
Key management personnel	Loan to key management personnel	580,000	818,687	-	-
Staff retirement benefits plan	(Payable) to defined benefit plan	-	-	-	-
	(Payable) to defined contribution plan	-	-	-	-
Transactions during the year:					
Associated undertakings	Motor tracking devices purchased	-	-	1,575,500	2,507,500
	Device monitoring charges paid	-	-	4,755,952	15,513,076
	Health service charges paid	2,800,000	-	2,000,000	3,100,000
Key management personnel	Remuneration of key management personnel	25,459,157	31,054,744	-	-
Employees' Provident Fund	Employer's Contributions made during the period	3,924,722	4,635,365	-	-
Provisions for doubtful debts		-	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

32 SEGMENT REPORTING

The operator has four primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, and health & miscellaneous.

Assets and liabilities, wherever possible have been assigned to the following segments based on specific identification or allocated on the basis of contribution written by each segment.

2020 Participants' Takaful Fund	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	HEALTH & MISCELLANEOUS	TREATY	TOTAL
----- Rupees -----						
Gross written contribution (inclusive of admin surcharge)	73,886,698	63,126,428	236,684,695	427,783,471	-	801,481,292
Gross direct contribution	47,675,367	41,736,350	132,597,156	418,767,686	-	640,776,559
Facultative inward contribution	25,740,332	20,298,059	101,727,333	8,967,785	-	156,733,509
Administrative surcharge	470,999	1,092,019	2,360,206	48,000	-	3,971,224
Wakala fee	22,891,733	21,033,395	79,268,636	153,721,354	-	276,915,118
Takaful contribution earned	63,909,596	39,628,122	164,891,539	373,190,992	-	641,620,248
Takaful contribution ceded to retakaful	(64,574,897)	(32,317,666)	(78,783,484)	(259,222,781)	-	(434,898,828)
Net contribution revenue	(665,301)	7,310,456	86,108,055	113,968,210	-	206,721,420
Re-takaful rebate	11,336,672	8,133,706	15,593,784	57,688,094	-	92,752,256
Net underwriting income	10,671,371	15,444,162	101,701,839	171,656,304	-	299,473,676
Takaful claims	133,633,794	28,441,939	63,931,846	311,726,630	-	537,734,209
Takaful claims recovered from retakaful	94,301,095	22,072,767	18,006,718	92,683,226	-	227,063,806
Net claims	39,332,699	6,369,172	45,925,128	219,043,404	-	310,670,403
Contribution deficiency expense	-	-	-	(7,924,944)	-	(7,924,944)
Other direct expenses	1,446,625	1,235,950	4,634,040	8,375,555	-	15,692,170
Net takaful claims and expenses	40,779,324	7,605,122	50,559,168	219,494,015	-	318,437,628
(Deficit) / surplus before investment income	(30,107,953)	7,839,040	51,142,671	(47,837,711)	-	(18,963,952)
Net investment income						2,875,084
Other income						3,056,094
Modarib's share of investment income						(718,771)
(Deficit) transferred to balance of PTF						(13,751,545)
Corporate segment assets	110,644,796	19,137,797	87,394,783	207,969,436	-	425,146,812
Corporate unallocated assets						343,035,620
Total assets						768,182,432
Corporate segment liabilities	184,207,571	102,492,212	241,658,430	292,180,831	-	820,539,044
Corporate unallocated liabilities						7,439,265
Total liabilities						827,978,309
Operator's Fund						
Wakala fee	22,891,733	21,033,395	79,268,635	153,721,354	-	276,915,117
Commission expense	(32,401,869)	(16,270,736)	(59,460,276)	(64,698,160)	-	(172,831,041)
Direct expenses						(4,657,449)
						99,426,627
Modarib's share of PTF investment income					-	718,771
General, administrative and management expenses					-	(106,909,560)
Other income					-	263,014
Investment income						8,209,808
Profit before taxation						1,708,660
Corporate segment assets	84,363,097	84,468,540	138,192,066	78,077,610	-	385,101,313
Corporate unallocated assets						368,934,350
Total assets						754,035,663
Corporate segment liabilities	-	-	-	-	-	-
Corporate unallocated liabilities						44,645,972
Total liabilities						44,645,972

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

32 SEGMENT REPORTING

The operator has four primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, and health & miscellaneous.

Assets and liabilities, wherever possible have been assigned to the following segments based on specific identification or allocated on the basis of contribution written by each segment.

2019 Participants' Takaful Fund	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	HEALTH & MISCELLANEOUS	TREATY	TOTAL
----- Rupees -----						
Gross written contribution (inclusive of admin surcharge)	134,321,101	34,090,854	316,555,625	569,572,715	-	1,054,540,295
Gross direct contribution	68,127,590	23,677,204	265,821,059	561,859,553	-	919,485,406
Facultative inward contribution	66,176,020	10,385,480	50,714,729	7,654,862	-	134,931,091
Administrative surcharge	17,491	28,170	19,837	58,300	-	123,798
Wakala fee	40,291,239	10,219,121	110,788,053	197,372,063	-	358,670,476
Takaful contribution earned	107,982,667	26,055,099	221,589,627	389,132,116	-	744,759,509
Takaful contribution ceded to retakaful	(69,248,100)	(18,587,834)	(46,385,988)	(352,716,389)	-	(486,938,311)
Net contribution revenue	38,734,567	7,467,265	175,203,639	36,415,727	-	257,821,198
Re-takaful rebate	12,803,112	4,523,592	9,836,241	74,446,451	-	101,609,396
Net underwriting income	51,537,679	11,990,857	185,039,880	110,862,178	-	359,430,594
Takaful claims	10,372,383	9,591,115	145,062,912	361,528,987	-	526,555,397
Takaful claims recovered from retakaful	12,137,871	7,674,005	43,452,806	157,205,629	-	220,470,311
Net claims	(1,765,488)	1,917,110	101,610,106	204,323,358	-	306,085,086
Contribution deficiency expense	-	-	-	7,248,594	-	7,248,594
Other direct expenses	4,514,197	1,145,709	10,638,645	19,141,918	-	35,440,469
Net Takaful claims and expenses	2,748,709	3,062,819	112,248,751	230,713,870	-	348,774,149
Surplus before investment income	48,788,970	8,928,038	72,791,129	(119,851,692)	-	10,656,445
Net investment income						2,297,197
Other income						2,510,625
Modarib's share of investment income						(447,730)
Surplus transferred to balance of PTF						15,016,537
Corporate segment assets	126,267,585	18,988,050	160,100,129	474,110,708	-	779,466,472
Corporate unallocated assets						158,321,452
Total assets						937,787,924
Corporate segment liabilities	176,007,445	83,214,386	323,135,948	402,704,824	-	985,062,603
Corporate unallocated liabilities						15,259,974
Total liabilities						1,000,322,577
Operator's Fund						
Wakala fee	40,291,239	10,219,121	110,788,053	197,372,063	-	358,670,476
Commission expense	(20,388,092)	(6,981,070)	(27,770,257)	(52,204,836)	-	(107,344,255)
Direct expenses						(6,990,487)
Modarib's share of investment income						447,730
General, administrative and management expenses						(125,665,823)
Other income						260,892
Investment income						6,097,516
Profit before taxation						125,476,049
Corporate segment assets	129,677,172	73,175,678	204,570,775	154,046,669	-	561,470,294
Corporate unallocated assets						146,883,351
Total assets						708,353,645
Corporate segment liabilities	-	-	-	-	-	-
Corporate unallocated liabilities						1,994,399
Total liabilities						1,994,399

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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33 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
At beginning of 2019	81,864,859	107,412,246	-	189,277,105
Additions	64,000,000	4,627,079	-	68,627,079
Disposals (sale and redemption)	(60,628,015)	-	-	(60,628,015)
Fair value net loss (excluding net realised gains)	-	(12,891,398)	-	(12,891,398)
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	(98,871)	-	-	(98,871)
At beginning of 2020	85,137,973	99,147,927	-	184,285,900
Additions	293,273,800	241,425,805	-	534,699,605
Disposals (sale and redemption)	(151,137,973)	(236,516,247)	-	(387,654,220)
Fair value net gain (excluding net realised loss)	-	17,812,106	-	17,812,106
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
At end of 2020	227,273,800	121,869,591	-	349,143,391

34 MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

34.1 Risk management framework

The Operator's activities expose it to a variety of financial risks, credit risks, liquidity risk and market risk (including interest/ mark-up rate risk and price risk). The operator's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the operator's financial assets and liabilities are limited. The operator consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of operator's risk management framework. The Board is also responsible for developing the operator's risk management policies.

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34.2 Takaful risks

34.2.1 Takaful risk

The operator accepts the takaful risk through its takaful contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The operator is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The operator manages its risk via its underwriting and retakaful strategy within an overall risk management framework. Exposures are managed by having documented underwriting limit and criteria. Retakaful is purchased to mitigate the risk of potential loss to the operator. Retakaful policies are written with approved retakaful companies on either a proportional or excess of loss treaty basis.

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

Further, the operator adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the takaful risk.

Geographical concentration of takaful risk

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.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial/ industrial residential occupation of the takaful companies. Details regarding the fire separation/ segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/ retakaful personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Takaful Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an policy holder's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

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Address look-up and geocoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system/ application through which a number of MIS reports can be generated to assess the concentration of risk.

34.2.2 Retakaful arrangements

Retakaful arrangements are key components in the global economy as a means of supporting acceptance of risk by takaful organizations. Arrangements are the most effective ways of getting coverage of all types risks, underwritten by the operator. The operator has prestigious retakaful arrangements with the world wide acclaimed retakaful companies.

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

The operator's class wise risk exposure (based on maximum loss coverage in a single policy) is as follows:

	Maximum sum insured		Retakaful cover		Highest net liability	
	2020	2019	2020	2019	2020	2019
----- Rupees -----						
Fire and property damage	4,193,462,150	1,159,600,358	4,143,462,150	1,109,600,358	50,000,000	50,000,000
Marine, aviation and transport	666,023,090	393,912,299	653,523,090	381,412,299	12,500,000	12,500,000
Motor	37,500,000	26,913,975	36,000,000	25,413,975	1,500,000	1,500,000
Health & Miscellaneous	8,429,000,000	8,392,240,813	8,379,000,000	8,342,240,813	50,000,000	50,000,000

The table below sets out the concentration of takaful contract liabilities by type of contract:

	Gross liabilities		Gross assets		Net liabilities / (assets)	
	2020	2019	2020	2019	2020	2019
----- Rupees -----						
Fire and property damage	184,207,571	176,007,445	110,644,796	126,267,585	73,562,775	49,739,860
Marine, aviation and transport	102,492,212	83,214,386	19,137,797	18,988,050	83,354,415	64,226,336
Motor	241,658,430	323,135,948	87,394,783	160,100,129	154,263,647	163,035,819
Health & Miscellaneous	292,180,831	402,704,824	207,969,436	474,110,708	84,211,395	(71,405,884)
	820,539,044	985,062,603	425,146,812	779,466,472	395,392,232	205,596,131

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34.2.3 Sources of uncertainty in the estimation of future claims payment

Claims on general takaful contracts are payable on a claim occurrence basis. The operator is liable for all insured events that occur during the term of the takaful contract.

An estimated amount of the claim is recorded immediately on intimation to the Company. The estimation of the amount is based on the amount notified by the policy holder, management or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. Incurred But Not Reported (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.

There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. The operator 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 different from recognised amounts.

34.2.4 Key assumptions

The principal assumption underlying the liability estimation of IBNR and contribution deficiency reserve is that the operator'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 judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

34.2.5 Sensitivity analysis

The risks associated with the takaful contracts are complex and subject to a number of variables which 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 takaful claims recognized in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

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 retakaful.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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	Profit		Participants' takaful fund	
	2020	2019	2020	2019
	----- Rupees -----			
10% increase in loss				
Net				
Fire and property damage	(3,933,270)	176,549	(3,933,270)	176,549
Marine, aviation and transport	(636,917)	(191,711)	(636,917)	(191,711)
Motor	(4,592,513)	(10,161,011)	(4,592,513)	(10,161,011)
Health & Miscellaneous	(21,904,340)	(20,432,336)	(21,904,340)	(20,432,336)
	(31,067,040)	(30,608,509)	(31,067,040)	(30,608,509)

	Profit		Participants' takaful fund	
	2020	2019	2020	2019
	----- Rupees -----			
10% decrease in loss				
Net				
Fire and property damage	3,933,270	(176,549)	3,933,270	(176,549)
Marine, aviation and transport	636,917	191,711	636,917	191,711
Motor	4,592,513	10,161,011	4,592,513	10,161,011
Health & Miscellaneous	21,904,340	20,432,336	21,904,340	20,432,336
	31,067,040	30,608,509	31,067,040	30,608,509

34.3 Financial risk

34.3.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market variables such as interest rates, foreign exchange rates and market prices.

a) Interest / mark up rate risk

Interest/ mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/ mark-up rates. Sensitivity to interest/ mark-up rate risk arises from mismatches of financial assets and liabilities that mature or reprise in a given period. The operator manages this mismatch through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes.

At the statement of financial position date, the interest rate profile of the operator's significant interest bearing financial instruments was as follows:

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FINANCIAL ASSETS AND LIABILITIES	Effective yield/mark-up rate per annum	Interest/mark-up bearing				Non interest/mark-up bearing financial instruments	Total
		Maturity up to one year		Maturity over five years			
		Maturity up to one year	Maturity over one year to five years	Maturity over five years	Sub total		
	%						Rupees
Financial assets							
Investments	6 to 9	66,000,000	161,273,800	-	227,273,800	121,869,591	349,143,391
Loans and others receivables		-	-	-	-	54,668,045	54,668,045
Receivable from OPF/ PTF		-	-	-	-	364,698,792	364,698,792
Accrued investment income		-	-	-	-	6,044,822	6,044,822
Takaful / re-takaful receivables		-	-	-	-	111,873,472	111,873,472
Retakaful recoveries against outstanding claims / benefits		-	-	-	-	167,061,743	167,061,743
Cash and bank	2.80 to 7.06	93,147,186	-	-	93,147,186	72,343,508	165,490,694
		159,147,186	161,273,800	-	320,420,986	898,559,973	1,218,980,959
Financial liabilities							
Outstanding claims including IBNR		-	-	-	-	254,896,316	254,896,316
Takaful / re-takaful payables		-	-	-	-	37,965,103	37,965,103
Other creditors and accruals		-	-	-	-	2,045,965	2,045,965
Payable to OPF / PTF		-	-	-	-	364,698,792	364,698,792
		-	-	-	-	659,606,177	659,606,177

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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FINANCIAL ASSETS AND LIABILITIES	2019						Total
	Effective yield/mark-up rate per annum	Interest/mark-up bearing			Sub total	Non interest/mark-up bearing financial instruments	
		Maturity up to one year	Maturity over one year to five years	Maturity over five years			
%	Rupees						
Financial assets							
Investments	4 to 8	64,000,000	21,137,973	-	85,137,973	99,147,927	184,285,900
Loans and others receivables		-	-	-	-	34,469,373	34,469,373
Receivable from OPF/ PTF		-	-	-	-	458,332,959	458,332,959
Accrued investment income		-	-	-	-	594,683	594,683
Takaful / re-takaful receivables		-	-	-	-	383,814,502	383,814,502
Retakaful recoveries against outstanding claims / benefits		-	-	-	-	132,447,203	132,447,203
Cash and bank	2 to 3	15,677,841	-	-	15,677,841	18,028,687	33,706,528
		79,677,841	21,137,973	-	100,815,814	1,126,835,334	1,227,651,148
Financial liabilities							
Outstanding claims including IBNR		-	-	-	-	183,386,885	183,386,885
Takaful / re-takaful payables		-	-	-	-	39,519,648	39,519,648
Other creditors and accruals		-	-	-	-	1,044,480	1,044,480
Payable to OPF / PTF		-	-	-	-	458,332,959	458,332,959
		-	-	-	-	682,283,972	682,283,972

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Sensitivity analysis - Interest rate risk

The operator does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect the profit and loss of the Operator. For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) profit for the year by the amounts shown below.

	Increase / (decrease) in basis points	Effect on profit	Effect on fund
-----Rupees-----			
As at December 31, 2020			
Cash flow sensitivity - variable rate financial liabilities	100	-	-
	(100)	-	-
Cash flow sensitivity - variable rate financial assets	100	3,204,210	3,204,210
	(100)	(3,204,210)	(3,204,210)
As at December 31, 2019			
Cash flow sensitivity - variable rate financial liabilities	100	-	-
	(100)	-	-
Cash flow sensitivity - variable rate financial assets	100	1,008,158	1,008,158
	(100)	(1,008,158)	(1,008,158)

b) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exists due to transactions in foreign currencies. As of the statement of financial position date, the operator does not have material assets or liabilities which are exposed to foreign currency risk except for amount due from and due to retakaful companies.

c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market.

Operator manages price risk by implementing the strict discipline in internal risk management and investment policies.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by relative quantity of the security being sold. The Operator has no significant concentration of price risk.

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Sensitivity analysis - Equity risk

The table below summarizes Operator's equity price risk as of 31 December 2020 and 2019 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 the best or worst case scenarios, indeed results could be worse in Operator's investment portfolio because of the nature of investment markets.

Fair Value	Price change	Estimated fair value after hypothetical change in price
----- Rupees -----		

December 31, 2020	121,869,591	10 % increase	134,056,550
		10 % decrease	109,682,632
December 31, 2019	99,147,927	10 % increase	109,062,719
		10 % decrease	89,233,134

34.3.2 Liquidity risk

Liquidity risk is the risk that the operator will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the operator maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained. All financial liabilities of the operator are short term in nature.

Liquidity risk is the risk that the operator may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

On the statement of financial position date the Operator has cash and bank balance of Rs. 165,490,694 (2019: Rs. 33,706,528 /-).

The table below analyses the operator's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date on an undiscounted cash flow basis.

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	2020			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
-----Rupees-----				
Financial liabilities				
Outstanding claims (including IBNR)	254,896,316	254,896,316	254,896,316	-
Takaful / re-takaful payables	37,965,103	37,965,103	37,965,103	-
Other creditors and accruals	2,045,965	2,045,965	2,045,965	-
Payable to OPF / PTF	364,698,792	364,698,792	364,698,792	-
	659,606,177	659,606,177	659,606,177	-

	2019			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
-----Rupees-----				
Financial liabilities				
Outstanding claims (including IBNR)	183,386,885	183,386,885	183,386,885	-
Takaful / re-takaful payables	39,519,648	39,519,648	39,519,648	-
Other creditors and accruals	1,044,480	1,044,480	1,044,480	-
Payable to OPF / PTF	458,332,959	458,332,959	458,332,959	-
	682,283,972	682,283,972	682,283,972	-

34.4 Credit risk and concentration of credit risk

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

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

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

	2020	2019
	Rupees	Rupees
Investments	349,143,391	184,285,900
Loans and others receivables	54,668,045	34,469,373
Receivable from OPF / PTF	364,698,792	458,332,959
Accrued investment income	6,044,822	594,683
Takaful / Re-takaful receivables	111,873,472	383,814,502
Retakaful recoveries against outstanding claims / benefits	167,061,743	132,447,203
Cash & bank	165,490,694	33,706,528
	1,218,980,959	1,227,651,148

The operator did not hold any collateral against the above during the year. General provision is made, whenever necessary for receivables according to the operator's policy. The impairment provision is written off when the operator expects that it cannot recover the balance due.

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

	Rating		Rating Agency	2020	2019
	Short term	Long term		Rupees	Rupees
Meezan Bank Limited	A-1+	AA+	JCR-VIS	94,335,290	4,620,085
Summit Bank Limited*	-	-	JCR-VIS	176,232	409,956
Askari Bank Limited	A-1+	AA+	PACRA	1,246,415	2,252,648
Habib Bank Limited	A-1+	AAA	JCR-VIS	65,096,391	226,292
Allied Bank Limited	A-1+	AAA	PACRA	12,736	12,736
United Bank Limited	A-1+	AAA	JCR-VIS	104,147	664,597
Bank Al-Habib Limited	A-1+	AA+	PACRA	1,047	102,512
Bank Islami Pakistan Limited	A-1	A+	PACRA	1,310,780	2,055,339
The Bank of Khyber	A-1	A	PACRA	179,517	854,239
Albaraka Bank Pakistan Limited	A-1	A	PACRA	164,456	273,785
National Bank of Pakistan Limited	A-1+	AAA	PACRA	198,265	639,281
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	1,754,997	2,719,434
MCB Islamic Bank Limited	A-1+	AAA	PACRA	820,776	18,670,971
Faysal Bank Limited	A-1+	AA	PACRA	3,015	150,392
Soneri Bank Limited	A1+	AA-	PACRA	-	-
				165,404,064	33,652,267

* Credit rating is not available

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The age analysis of contributions due but unpaid and amount due from other takaful/ retakaful is as follows:

	2020	2019
	Rupees	Rupees
Upto 1 year	103,382,275	360,785,631
1-2 years	8,491,197	23,028,870
	111,873,472	383,814,501

Re-takaful risk

Retakaful ceded does not relieve the operator from its obligation towards policy holders and, as a result, the operator remains liable for the portion of outstanding claims reinsured to the extent that retakaful Operator fails to meet the obligation under the retakaful agreement.

To minimize its exposure to significant losses from retakaful companies' insolvencies, the operator obtains retakaful companies' ratings who are dispersed over several geographical regions.

The credit quality of amount due from other takaful companies and retakaful companies can be assessed with reference to external credit ratings as follows:

	Amount due from other takaful / re-takaful	Re-takaful recoveries against outstanding claims / benefits	Other re-takaful assets	2020	2019
	-----Rupees-----				
A or above	50,568,030	167,061,743	146,211,598	363,841,371	554,001,692
Total	50,568,030	167,061,743	146,211,598	363,841,371	554,001,692

34.5 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.

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34.6 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Operator uses market observable data to the extent possible. If the fair value of an asset or liability is not directly observable, it is estimated by the Operator using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset/ liability that market participants would take into account.

Fair values are categorized into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Transfers between levels of the fair value hierarchy are recognized by the Operator at the end of the reporting period during which the change occurred.

	Carrying amount				Total	Fair value			Total
	Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities		Level 1	Level 2	Level 3	
December 31, 2020									
Financial assets - measured at fair value									
Equity securities	106,899,868	-	-	-	106,899,868	106,899,868	-	-	106,899,868
Mutual fund certificates	14,969,723	-	-	-	14,969,723	14,969,723	-	-	14,969,723
Financial assets - not measured at fair value									
Sukuk bonds	161,273,800	-	-	-	161,273,800	161,273,800	-	-	161,273,800
Term deposits maturing within 12 months*	66,000,000	-	-	-	66,000,000	-	-	-	-
Term deposits maturing after 12 months*	-	-	-	-	-	-	-	-	-
Accrued investment income*	-	6,044,822	-	-	6,044,822	-	-	-	-
Security deposits*	-	47,234,224	-	-	47,234,224	-	-	-	-
Loans to employees*	-	1,302,000	-	-	1,302,000	-	-	-	-
Sundry receivables*	-	6,131,821	-	-	6,131,821	-	-	-	-
Takaful/ Retakaful receivables*	-	111,873,472	-	-	111,873,472	-	-	-	-
Receivable from OPF/ PTF*	-	364,698,792	-	-	364,698,792	-	-	-	-
Reinsurance recoveries against outstanding claims / benefits *	-	167,061,743	-	-	167,061,743	-	-	-	-
Cash in hand*	-	-	86,630	-	86,630	-	-	-	-
Cash at bank*	-	-	165,404,064	-	165,404,064	-	-	-	-
	349,143,391	704,346,874	165,490,694	-	1,218,980,959	283,143,391	-	-	283,143,391
Financial liabilities - not measured at fair value									
Outstanding claims including IBNR*	-	-	-	254,896,316	254,896,316	-	-	-	-
Takaful / re-takaful payables*	-	-	-	37,965,103	37,965,103	-	-	-	-
Other creditors and accruals*	-	-	-	2,045,965	2,045,965	-	-	-	-
Payable to OPF/ PTF*	-	-	-	364,698,792	364,698,792	-	-	-	-
	-	-	-	659,606,177	659,606,177	-	-	-	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Carrying amount				Total	Fair value			
	Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities		Level 1	Level 2	Level 3	Total
December 31, 2019									
Financial assets - measured at fair value									
Equity securities	84,326,327	-	-	-	84,326,327	84,326,327	-	-	84,326,327
Mutual Fund Certificates	14,821,600	-	-	-	14,821,600	14,821,600	-	-	14,821,600
Financial assets - not measured at fair value									
Sukuk Bonds	21,137,973	-	-	-	21,137,973	21,137,973	-	-	21,137,973
Term deposits maturing within 12 months*	64,000,000	-	-	-	64,000,000	-	-	-	-
Term deposits maturing after 12 months*	-	-	-	-	-	-	-	-	-
Accrued investment income*	-	594,683	-	-	594,683	-	-	-	-
Security deposits*	-	31,527,147	-	-	31,527,147	-	-	-	-
Loans to employees*	-	1,285,852	-	-	1,285,852	-	-	-	-
Sundry receivables*	-	1,656,374	-	-	1,656,374	-	-	-	-
Takaful/ Retakaful receivables*	-	383,814,502	-	-	383,814,502	-	-	-	-
Receivable from OPF/ PTF*	-	458,332,959	-	-	458,332,959	-	-	-	-
Reinsurance recoveries against outstanding claims / benefits*	-	132,447,203	-	-	132,447,203	-	-	-	-
Cash in hand*	-	-	54,260	-	54,260	-	-	-	-
Cash at bank*	-	-	33,652,268	-	33,652,268	-	-	-	-
	184,285,900	1,009,658,720	33,706,528	-	1,227,651,148	120,285,900	-	-	120,285,900
Financial liabilities - not measured at fair value									
Outstanding claims including IBNR*	-	-	-	183,386,885	183,386,885	-	-	-	-
Takaful / re-takaful Payables*	-	-	-	39,519,648	39,519,648	-	-	-	-
Other creditors and accruals*	-	-	-	8,332,914	8,332,914	-	-	-	-
Payable to OPF/ PTF*	-	-	-	458,332,959	458,332,959	-	-	-	-
	-	-	-	689,572,406	689,572,406	-	-	-	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

		2020 Rupees
35	STATEMENT OF SOLVENCY	
	Assets	
	Property and equipment	17,438,901
	Investments	
	Equity Securities	81,359,988
	Debt Securities	59,493,800
	Term deposits	-
	Loans and others receivables	54,743,721
	Takaful / Re-takaful receivables	111,873,472
	Deferred wakala fee	42,088,931
	Accrued investment income	1,362,186
	Retakaful recoveries against outstanding claims / benefits	167,061,743
	Prepayments	146,211,598
	Cash & bank	86,548,092
	Total assets (A)	768,182,432
	In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000	
	(h) Takaful / Re-takaful receivables	67,623,800
	(q) Equity Securities	864,614
	(u) Property and equipment	17,438,901
	Total of Inadmissible assets (B)	85,927,315
	Total Admissible assets (C=A-B)	682,255,117
	Total liabilities	
	PTF underwriting provisions	
	Outstanding claims including IBNR	254,896,316
	Contribution deficiency reserve	-
	Unearned contribution reserves	132,798,788
	Reserve for unearned retakaful rebate	31,145,028
	Takaful / Re-takaful payables	37,965,103
	Other creditors and accruals	6,474,282
	Total liabilities (D)	463,279,517
	Total net Admissible assets (E=C-D)	218,975,600

Minimum Solvency Requirement (higher of following)

As per requirement of section 10(k) of the Takaful Rules, 2012. An Operator shall ensure that in case of General takaful each participant takaful fund, at all times, has admissible assets in excess of its liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

36 IMPACT OF COVID - 19

During the year, the World Health Organization declared the Novel strain of Corona virus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Federal and Provincial governments of Pakistan also took various measures, including imposition of lockdown, from the end of March 2020 to contain the spread of COVID-19. Consequently, imposition of lock down by the Federal and Provincial Governments of Pakistan caused an overall economic slowdown and disruption to various businesses. The management of the Operator has been regularly conducting in depth analysis and has assessed that there is no material impact of COVID-19 on these financial statements. Going forward, the management is taking all the required actions and will continue to monitor the potential impact and take all steps possible to mitigate any effects: Operator's management has assessed the possible accounting implications arising from COVID-19 for these financial statements, including but not limited to impairment of financial and non-financial assets, and concluded that there has been no material accounting impact of COVID-19 on these financial statements. From the very outset of COVID-19, the management has adopted various policies and practices to minimise adverse impact of COVID-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from COVID-19.

37 CORRESPONDING FIGURES

As a result of adoption of the General Takaful Accounting Regulations, 2019 corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate better comparisons. Following significant reclassifications and additional disclosures are made during the current year.

37.1 Rearrangements / Reclassifications

Reclassified from	Note	Reclassified to	Note	Rupees
Loans and other receivables	9	Receivable from OPF / PTF	11	458,332,959
Loans and other receivables	9	Accrued investment income	-	594,683
Other creditors and accruals	18	Payable to OPF / PTF	11	458,332,959
Net takaful contribution	20	Net contributions revenue	20	257,821,198

37.2 Change in Nomenclature

In addition, the following nomenclature have been changed during the year for the purpose to comply with above stated Regulations.

Sr.	Old Nomenclature	New Nomenclature
1	Retakaful recoveries against outstanding claims	Retakaful recoveries against outstanding claims / benefits
2	Total Waqf/ Participants takaful funds	Balance of Participants' Takaful Fund
3	Underwriting provisions	PTF underwriting provisions
4	Provision for outstanding claims (including IBNR)	Outstanding claims including IBNR
5	Reserve for unearned contribution	Unearned contribution reserves
6	Staff retirement benefits	Retirement benefits obligations
7	Taxation - provision less payment	Income tax liabilities
8	Net takaful contribution	Net Contribution revenue
9	Net Rebate on retakaful	Retakaful rebate earned
10	Net Takaful claims	Net Claims
11	Contribution deficiency	Reversal/ (charge) of contribution deficiency reserve
12	Direct expenses	Other direct expenses
13	Net commission and other acquisition cost	Commission expense
14	Management expenses	General, administrative and management expenses

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

37.3 Change in Accounting Treatment

The figure of "unearned wakala fee - closing" has been shown as required under Regulation 10(a) of the General Takaful Accounting Regulations, 2019, effective 1-1-2020.

38 SUBSEQUENT EVENTS - NON ADJUSTING

The Board of Directors of the Company has proposed the merger of SPI Insurance Company Limited - Window Takaful Operations in to The United Insurance Company of Pakistan Limited - Window Takaful Operations and have accorded their consent to prepare merger scheme and initiate the steps necessary for the said merger.

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on March 25, 2021 by the Board of Directors of the Company.

40 GENERAL

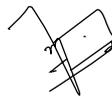
The figures in the financial statements have been rounded off to the nearest rupees.



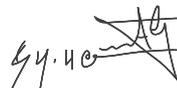
Muhammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Maqbool Ahmad
Chief Financial Officer



Syed Rahat Ali Shah
Director



Javaid Sadiq
Chairman

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ANNUAL GENERAL MEETING

NOTICE is hereby given that the 61st Annual General Meeting of the shareholders of THE UNITED INSURANCE COMPANY OF PAKISTAN LIMITED will be held on Friday the April 30, 2021 at 10:00 a.m. (through Video-link) from the Registered Office of the Company situated at Office # 204, 2nd Floor, Madina City Mall, Abdullah Haroon Road, Saddar Karachi, to transact the following business:

ORDINARY BUSINESS:

- 1) To confirm the minutes of the 60th Annual General Meeting of the Company held on April 27, 2020.
- 2) To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended December 31, 2020 together with the Directors' and Auditors' reports thereon.
- 3) To approve payment of Interim Dividend @ of Rs. 0.60/- per share (i.e. 6%) as recommended by the Board of Directors. (already paid)
- 4) To appoint Auditors and fix their remuneration for the year ending December 31, 2021. The present Auditors M/s. Ilyas Saeed & Co., Chartered Accountants, retires and being eligible, offer themselves for re-appointment.
- 5) To elect Seven (7) Directors of the Company as the number fixed by the Board in accordance with the provision of Section 159(1) of the Companies Acts – 2017 for a term of three (3) years. The name of retiring Directors of the Company are as follow:
 - i) Mr. Javaid Sadiq
 - ii) Mr. Khawas Khan Niazi
 - iii) Mr. Muhammad Rahat Sadiq
 - iv) Ms. Huma Waheed
 - v) Mr. Agha Ali Imam
 - vi) Mr. Jamil Ahmed Khan
 - vii) Mr. Syed Rahat Ali Shah

SPECIAL BUSINESS:

- 6(a) To ratify and approve transactions conducted with Related Parties for the year ended December 31, 2020 by passing the following special resolution with or without modification:

Resolved that the transactions conducted with Related Parties as disclosed in the notes 36 & 31 of conventional & takaful operations respectively for the year ended December 31, 2020 be and are hereby ratified, approved and confirmed.

- 6(b) To authorize the Board of Directors of the Company to approve transactions with Related Parties for the financial year ending December 31, 2021 by passing the following special resolution with or without modification:

Resolved that the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis for the financial year ending December 31, 2021.

7. To consider and if deemed fit, to pass the following Special Resolutions under section 199 of the Companies Act, 2017 with or without modification(s) addition(s) or deletion(s) as recommended by the Directors:

Resolved that in pursuant of the requirement of Section 199 of the Companies Act, 2017 (the "Act"). The United Insurance Company of Pakistan Limited be and is hereby authorized to provide share deposit money/ subordinated loan (subject to approval from regulator) to Apna Microfinance Bank Limited upto Rs. 500,000,000/- (Rupees Five Hundred Million Only) to fulfill the requirement of SBP.

Further Resolved that for the purpose of giving effect to this special resolution the Chief Executive officer and Chief Financial officer be and are hereby empowered and authorized jointly to take all necessary actions and do

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all acts, deeds and things including execution of documents and agreement for the purposes of implementing the aforesaid resolution.

8. To consider and, if thought fit to approve an increase in Authorised Capital of the Company and for this purpose to pass the following resolutions as Special Resolutions:
- a) **RESOLVED** that the Authorised Capital of the Company be increased from Rs. 3,000,000,000/- (Rupees Three Billion Only) divided into 300,000,000 (Three Hundred Million) Ordinary Shares of Rs. 10/- each to Rs. 4,000,000,000/- (Rupees Four Billion Only) divided into 400,000,000 (Four Hundred Million) Ordinary Shares of Rs. 10/- each,
- b) **FURTHER RESOLVED** that as and by way of Special Resolution in respect of the increase in Authorised Capital of the Company, Clause 5 of the Memorandum of Association and Article 6 of the Article of Association of the Company be and are hereby altered to be read as under:

Clause 5 of the Memorandum of Association

"The Capital of the Company is Rs. 4,000,000,000/- (Rupees Four Billion Only), divided into 400,000,000 (Four Hundred Million) Ordinary Shares of Rs. 10/- each with power to increase, reduce, consolidate or otherwise reorganize the share capital of the Company in accordance with the provisions of the Companies Ordinance, 1984".

Article 6 of the Articles of Associations

"The Capital of the Company is Rs. 4,000,000,000/- (Rupees Four Billion Only), divided into 400,000,000 (Four Hundred Million) Ordinary Shares of Rs. 10/- each with power to increase, reduce, consolidate or otherwise reorganize the share capital of the Company in accordance with the provisions of the Companies Ordinance, 1984".

- c) **FURTHER RESOLVED** that Chief Executive Officer and Secretary of the Company be and is hereby authorized to take necessary steps and execute documents as may be necessary or expedient for the purpose of giving effect to the spirit and intent of above resolutions.
- 9) To consider and approve the remuneration of the Executive Directors (including Chief Executive Officer) and fee to the non- executive/independent Directors for attending the Board and its Committee(s) meetings:

RESOLVED THAT the approval be and is hereby granted to pay remuneration, perquisite and other fringe benefits to the Chief Executive Officer, Executive Director(s) and Fee to the Non-executive/Independent Directors, in addition to boarding, lodging and travelling expenses on actual basis as per Company Policy.

- 10) To transact any other business may be brought forward with the permission of the Chair.

A Statement of material facts under section 134(3) and 166(3) of the Companies Act, 2017, pertaining to the special business contained in Agenda Items ,6,7,8 & 9 is annexed to this Notice of Meeting.

By order of the Board

(Athar A. Khan)
 Company Secretary

Karachi
 April 08, 2021

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ANNUAL GENERAL MEETING

NOTES:

Video Link Facility for Attending the Meeting

In pursuance of SECP's circulars nos. 4 & 6 of 2021, pertaining to Regulatory Relief to dilute the impact of COVID – 19 for the Corporate Sector, Company has been advised to modify their usually planning for Annual General Meeting for the well-being of the shareholders and avoid large gatherings by provision of video-link facilities.

Considering the restriction imposed by the Government on public gatherings and SECP's directives, the Company convenes this AGM virtually via video-link facilities managed from the Registered Office of the Company. To attend the AGM through video-link, members are required to register their particulars by sending an email at athar.khan@theunitedinsurance.com. The members registering to connect through video-link facility are required to mention their full name, cnic number, folio/cdc account no, valid email address, cell no. and no. of shares in the email with subject "Registration for UIC's AGM. Video link and login credentials will be shared with those Members whose email, containing all the required particulars are received at the given email address before (5.00 p.m.) on Monday 26th April 2021. Shareholders can also provide their comments and questions for the agenda items of the AGM on the same email address.

Closure of Share Transfer Books

The register of members and the share transfer books of the Company will remain closed as of 23rd April 2021 to 30th April 2021 (both days inclusive).

Transfer received in order at the office of our Shares Registrar M/s. F.D. Registrar Services (Pvt.) Limited, Suit # 1705, 17th Floor, Saima Trade Center, I. I. Chundrigar Road, Karachi by the close of business (5:00 p.m.) on Thursday, April 22, 2021 will be treated in time for the purpose of any entitlement and to attend, participate and vote at the Meeting.

Participant in the Annual General Meeting

A member entitled to attend and vote at the Meeting may appoint any other member as his/her proxy to attend and vote. Proxies must be received at the registered office of the Company not later than forty-eight (48) working hours before the Meeting. A blank Proxy Form is attached at the end of the report and also available at Company's website: www.theunitedinsurance.com for downloading.

CDC account holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. For Attendance:

a) Individuals should be account or sub-account holder(s) and their registration details should be uploaded according to the CDC Regulations. They must establish their identity by providing a copy of their CNIC or passport.

b) Corporate entities must provide a certified copy of a resolution of their respective boards of directors, or a power of attorney for attending the Meeting, which should bear the attorney's specimen signature.

B. For Appointing Proxies:

a) Individuals should be account or sub-account holder(s) whose registration details should be uploaded according to CDC Regulations and their forms of proxy must be lodged at the registered office of the Company not later than 48 hours before the time for holding the Meeting.

b) The form of proxy must be attested by two men, or any one man and two women, whose names, addresses and CNIC numbers should be given underneath their signatures.

c) Attested copies of CNIC or passport of the member and proxy must be submitted with the form of proxy.

Unclaimed Dividend

Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend.

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In compliance with Section 244 of the Companies Act 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend.

Change of Address (if any)

Shareholders are requested to immediately notify change in address, if any to the Company's Share Registrar, M/s. F.D. Registrar Services (Pvt.) Limited, Suit # 1705, 17th Floor, Saima Trade Tower – A, I.I. Chundrigar Road, Karachi – 74000.

Deposit of Physical Shares in to CDC Account:

As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e., May 31, 2017.

The Shareholders having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

Transmission of Annual Financial Statements through Email

The Securities and Exchange Commission of Pakistan (SECP) through its Notification S.R.O. 787(1)/2014 dated 8th September 2014 has permitted companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. Accordingly, members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail. In order to avail this facility a Standard Request Form is available at the Company's website www.theunitedinsurance.com to be sent along with copy of his/her/ its CNIC/Passport to the Company's Share Registrar.

Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice.

Placement of Financial Accounts on Website

Pursuant to the notification of the SECP (SRO 1196(I)/2019) dated October 3, 2019, the financial statement of the Company have been placed on the Company's website at www.theunitedinsurance.com.

Details of Beneficial Ownership

Attention of corporate entities/legal persons is also invited towards SECP Circular No. 16 and 20 of 2018. Respective shareholders (corporate entities/legal persons) are advised to provide the information pertaining to ultimate beneficial owners and/or other information as prescribed in the subject SECP Circulars to the Share Registrar of the Company.

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STATEMENT UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017

IN RESPECT OF ELECTION OF DIRECTORS:

Any member who seeks to contest an election to the office of Director, whether he is a retiring director or otherwise, shall file with the Company at its registered office not later than 14 days before the date of the above said meeting:

- Notice of his/her intention to offer himself/herself for election as Director in terms of Section 159(3) of the Companies Act, 2017.
- Consent to act as Director on Form-28, duly completed and signed by the candidate as required under Section 167(I) of the Companies Act, 2017.
- Detailed profile along with the office address for placement on the Company's website seven (7) days prior to the date of election in terms of S.R.O. 25(I)/2012 of January 16, 2012.
- Signed declaration to the effect that he/she is aware of the duties and powers of directors under the Companies Act, 2017, Memorandum and Articles of Association of the Company, Rule Book of Pakistan Stock Exchange and the Listed Companies (Code of Corporate Governance) Regulations, 2017; and other relevant laws and regulations.
- Signed declaration to the effect that he/she is compliant with the requirements and eligibility criteria as set out in the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 to be appointed as a Director/Independent Director of the listed Company.
- Attested copy of valid CNIC/Passport and NTN.
- Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Companies Act, 2017 and they shall meet the criteria laid down under section 166(2) of the Companies Act, 2017.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

IN RESPECT OF MATERIAL FACTS

The statement sets out material facts concerning "Special Business" to be transacted at the Annual General Meeting of the Company to be held on April 30, 2021. The approval of the Members of the Company will be sought for:

Item No. 6 (a) Related Party Transactions

The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The transactions conducted during the financial year ended December 31, 2020 with associated companies as shown in relevant notes of the Audited Financial Statements are being placed before the shareholders for their consideration and approval/ratification. The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

Item No. 6 (b) Authorization for the Board of Directors to approve the related party transactions during the year ending December 31, 2021

The Company shall be conducting transactions with its related parties during the year ending December 31, 2021 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in the holding/associated companies. In order to promote transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis for the year ending December 31, 2021, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

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The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

Item No. 7 – Equity Investment in Apna Microfinance Bank Limited

The Company has disclosed following information in the statement annexed to the notice, pursuant to subsection (3) of sections 134 of the Companies Act, 2017 of general meeting called for considering investment decision under section 199 of the Act:-

Regulation No 3(1) (a) Disclosure for all types of investment:

Disclosure regarding associated company

A. Regarding Association Company or Association Undertakings

(i)	Name of Associated Company	Apna Microfinance Bank Limited
(ii)	Basis of Relationship	Associated Company
(iii)	Earnings/(Loss) per share for the last three years	Year ended December, 2018 (0.21)
		Year ended December, 2019 (0.17)
		Year ended December, 2020 (0.11)
(iv)	Break-up value per share, based on latest financial statement	Break-up value per share on the basis of latest financial statement as at December 31, 2020 is Rs.10/-
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statement	As per financial statements for the year ended December 31, 2020: Total Assets =Rs.28,831 Million Total Liabilities =Rs.26,572 Million Total Revenue =Rs.3,418.310 Million Profit After Tax =Rs.37.219 Million
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely	Not Applicable
	I Description of the project and its history since conceptualization	Not Applicable
	II Starting date and expected date of completion of work	Not Applicable
	III Time by which such project shall become commercially operational	Not Applicable
	IV Expected time which the project shall paying return on investment	Not Applicable
	V Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amount	Not Applicable

B. General Disclosures:

(i)	Maximum amount of investment to be made	Rs. 500/- Million (Rupees Five Hundred Million)
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	These are the long term strategic investment will able to generate dividend income as well as prospective capital gain in future.

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(iii)	Sources of funds to be utilize for investment and where the investment is intended to be made using borrowed funds:	Not applicable as investment will be made from company's own funds
	(I) Justification for investment through borrowings (II) Detail of collateral, guarantees provided and asset pledged for obtaining such funds (III) Cost benefit analysis	
(iv)	Salient features on the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Not applicable as shares will be purchased time to time
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	No Director, Sponsor and Chief executive has any interest in the proposed investments.
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	Apna Micro Finance Bank limited (AMBL) is associated undertaking of The United insurance company of Pakistan limited and holding 44.50% shares in AMBL. Bank has recovered from its loss making operations and posted profit after tax of Rs.37.219 million in 2020 and Rs.53.525 Million in 2019.
(vii)	Any other important details necessary for the members to understand the transaction	share deposit money is interest free and will be utilized by the bank for the issue of ordinary shares and is not refundable. Moreover, It is injected in Apna Micro Finance Bank Limited to meet its capital adequacy ratio (CAR) in accordance with applicable 'Prudential Regulations for Microfinance Banks' issued by State Bank of Pakistan (SBP).

(b) Additional disclosure regarding Equity Investment

(i)	Maximum price at which securities will be acquired	Fair value of stocks
(ii)	In case the purchase price is higher than the market value in case of limited securities and fair value in case of unlisted securities, justification thereof	Shares will be purchased at face value
(iii)	Maximum number of securities to be acquired	Securities shall be acquired equivalent to the amount of investment.
(iv)	Number of securities and percentage thereof held before and after the proposed investment	The United insurance company of Pakistan Limited is holding 44.50% shares in Apna Micro Finance Bank Limited and will maintain its holding up to 47.5% in future.
(v)	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities	Market Rate on March 25, 2021 is Rs.23.79/- per share. Weighted Avg Rate of twelve weeks preceding from March 25, 2021 is Rs.22.21/- per share.
(vi)	Fair value determined in terms of sub-regulation (1) regulation 5 for investment in unlisted securities	Not Applicable

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Item No. 8 – Increase in Authorized Share Capital

In order to cater for further increase in paid up capital, the Authorized Share Capital of the Company needs to be enhanced. Accordingly, the Board of Directors has recommended to increase the Authorized Share Capital of the Company from Rs. 3,000,000,000/- (Rupees Three Billion Only) divided into 300,000,000 Ordinary Shares of Rs. 10/- each to Rs. 4,000,000,000/- (Rupees Four Billion Only) divided into 400,000,000 Ordinary Shares of Rs. 10/- each.

The proposed increase in the Authorized Share Capital of the Company will also necessitate amendments in clause 5 of the Memorandum of Association and Article 6 of the Article of Association of the Company. Therefore, the Board of Directors has also recommended alteration in the Memorandum of Association and Article of Association of the Company to reflect increase in Authorized Share Capital of the Company.

Item No. 9 – Remuneration of Directors

Approval of the House is required for remuneration, perquisite and other fringe benefits to the Chief Executive Officer, Executive Director(s) and fee of the Non-Executive/Independent Directors, in addition to boarding, lodging and travelling expenses on actual basis as per Company Policy.

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<p>(iv) مجوزہ سرمایہ کاری سے پہلے اور بعد از سیکورٹیز کی تعداد اور شرح فیصد اپنا مائیکروفنانس بینک میں دی یونائیٹڈ انشورنس کمپنی کا موجودہ شیئر %44.50 ہے اور مستقبل میں بھی اسی تناسب کو %47.50 تک برقرار رکھا جائے گا۔</p>	<p>(iv) موجودہ اور گزشتہ بارہ ہفتوں کے وزن میں اوسط مارکیٹ قیمت جہاں درج سیکورٹیز میں سرمایہ کاری کی پیشکش کی ہو</p>
<p>(v) مورخہ 25 مارچ 2021 تک مبلغ 23.79 فی شیئر مارکیٹ ریٹ مورخہ 25 مارچ 2021 سے اگلے 12 ہفتوں کا مجموعی اوسط ریٹ مبلغ 22.21 فی شیئر</p>	<p>(iv) غیر فہرست سیکورٹیز میں سرمایہ کاری کیلئے ضمنی ضابطہ 1 ریگولیشن 5 کی شرائط ناقابل اطلاق میں مقرر کردہ مناسب قیمت</p>

آئٹم نمبر 8- منظور شدہ سرمایہ میں اضافہ

ادائیگی شدہ سرمایہ میں مزید اضافے کو پورا کرنے کے لئے، کمپنی کے مجاز حصص کیپٹل کو بڑھانے کی ضرورت ہے۔ اس کے مطابق، بورڈ آف ڈائریکٹرز نے کمپنی کے مجاز حصص کیپٹل کو 3000000000 (صرف تین ارب روپے) سے بڑھا کر 3000000000 (صرف تین ارب روپے) میں عام حصص 10 روپے میں تقسیم کرنے کی سفارش کی ہے۔ 4000000000 (صرف چار ارب روپے) ہر ایک میں 4000000000 عام حصص میں 10 روپے ہیں۔ کمپنی کے مجاز حصص کیپٹل میں مجوزہ اضافے سے میمورنڈم آف ایسوسی ایشن کی شق 5 اور کمپنی کے آرٹیکل آف ایسوسی ایشن کے آرٹیکل 6 میں بھی ترمیم کی ضرورت ہوگی۔

لہذا، بورڈ آف ڈائریکٹرز نے کمپنی کے میمورنڈم آف ایسوسی ایشن اور کمپنی کے آرٹیکل آف ایسوسی ایشن میں بھی ردوبدل کی سفارش کی ہے تاکہ کمپنی کے مجاز حصص کیپٹل میں اضافے کی عکاسی کی جاسکے۔

آئٹم نمبر 9- ڈائریکٹرز کا معاوضہ

چیف ایگزیکٹو آفیسر، ایگزیکٹو ڈائریکٹرز کے معاوضے، مراعات اور دیگر معاون فوائد کیلئے اور نان ایگزیکٹو/آزاد ڈائریکٹرز کی فیس بشمول بورڈنگ، لاجنگ اور سفری اخراجات کی حقیقی بنیاد پر کمپنی کی پالیسی کے تحت ادائیگی کیلئے ایوان کی منظوری درکار ہوگی۔

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B- عمومی اعلانیہ	
(i)	زیادہ سے زیادہ سرمایہ کاری کی جانے والی رقم
	مبلغ 500 ملین روپے (صرف پانچ سو ملین روپے)
(ii)	مقاصد فوائد جو سرمایہ کاری کمپنی اور اس کے ممبران کو اس طرح کی سرمایہ کاری اور سرمایہ کاری کی مدت سے حاصل ہوں
	اس طویل مدتی حکمت عملی کے تحت سرمایہ کاری سے آمدنی اور مستقبل میں ممکنہ سرمایہ کو فائدہ ہوگا
(iii)	سرمایہ کاری کیلئے استعمال ہونے والے فنڈز کے ذرائع اور جہاں ادھار فنڈز کے ذریعے سرمایہ کاری کا ارادہ ہو
	قابل اطلاق نہیں کیونکہ سرمایہ کاری کمپنی کے اپنے فنڈز سے کی جائے گی
	(i) - قرض کے ذریعے سرمایہ کاری کا جواز (ii) - ضمانت کی تفصیل، فراہم کردہ گارنٹی اور ایسے فنڈز کی حصول کیلئے گروئی شدہ اثاثہ (iii) - لاگت کے فوائد کا تجزیہ
(iv)	معاهدے کی نمایاں خصوصیات، اگر ہوں تو منسلک کمپنی یا منسلک اقران نامہ کی ضمن میں مجوزہ سرمایہ کاری
	قابل اطلاق نہیں کیونکہ حصص وقتاً فوقتاً خریدے جائیں گے
(v)	ڈائریکٹرز، سپانسرز، اکثریتی حصص یافتگان اور ان کے رشتہ داروں منسلک کمپنی یا منسلک اقران نامہ یا زیر غور لین دین کے تحت کی بلا واسطہ یا بلا واسطہ دلچسپی، اگر ہو تو
	کوئی بھی ڈائریکٹر، کنفیل، چیف ایگزیکٹو سرمایہ کاری میں مفاد نہیں رکھتا
(vi)	منسلک کمپنی یا منسلک اقران نامہ کے تحت اگر پہلے ہی سرمایہ کاری کی جا چکی ہو تو، ایسی سرمایہ کاری کی کارکردگی کا جائزہ بشمول مکمل معلومات/جواز برائے کسی نقصان یا تنسیخ
	دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ اپنا مائیکرو فنانس بینک کی منسلک کمپنی ہے اور اسکی اپنا مائیکرو فنانس بینک میں ہولڈنگ %44.50 شیئر ہیں۔ اپنا بینک نے ماضی کے خسارے کو ریکور کر لیا ہے اس نے 2019 میں 53.525 ملین کا منافع لکھا گیا جب کے 2020 میں اس کا منافع 37.219 ملین ہے۔
(b) - ایکویٹی سرمایہ کاری کی ضمن میں اضافی اعلانیہ	
(i)	زیادہ سے زیادہ نرخ جس پر سیکیورٹیز حاصل کی جائیں
	اسٹاک کی مناسب قیمت
(ii)	اگر خریداری کی قیمت محدود سیکیورٹیز کی صورت میں مارکیٹ ویلیو سے زائد ہے اور غیر فہرست سیکیورٹیز کی صورت میں مناسب قیمت ہے تو اس کا جواز
	فی حصص قیمت پر حصص خریدے جائیں گے
(iii)	زیادہ سے زیادہ سیکیورٹیز کی حاصل کردہ تعداد
	سرمایہ کاری کی رقم کے مساوی

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i.	منسلکہ کمپنی کا نام	اپنا میکرو فنانس بینک لمیٹڈ
ii.	تعلقات کی بنیاد	منسلکہ کمپنی
iii.	آمدنی / (خسارہ) فی شیئر برائے گزشتہ تین سال	مختتمہ سال دسمبر 2018 (0.21) مختتمہ سال دسمبر 2019 (0.17) مختتمہ سال دسمبر 2020 (0.11)
iv.	بریک اپ قدر فی شیئر، تازہ ترین مالیاتی گوشواروں پر مبنی	بریک اپ قدر فی شیئر تازہ ترین مالیاتی گوشواروں بمطابق 31 دسمبر 2020 کے تحت 10 روپے ہے
v.	مالیاتی پوزیشن، بشمول تازہ ترین مالی گوشواروں کی بنیاد پر مالی حیثیت اور منافع اور خسارہ کے اکاؤنٹ کا اہم آئٹم	مورخہ 31 دسمبر 2020 کو ختم ہونے والے سال کے مالیاتی گوشواروں کے مطابق کل اثاثے 28831 ملین کل واجبات 26,572 ملین کل ریونیو 3,418.310 ملین منافع بعد از ٹیکس 37.219 ملین
vi.	متعلقہ کمپنی کے منصوبے کے سلسلے میں سرمایہ کاری کی صورت میں یا متعلقہ اقرار نامہ جس کے تحت کارروائی کا آغاز نہیں ہوا کی مندرجہ ذیل مزید معلومات بنام	نا قابل اطلاق
	(i) - منصوبے کی تفصیل اور اس کے آغاز کی تاریخ	نا قابل اطلاق
	(ii) - تاریخ آغاز اور کام کی تکمیل کی متوقع پانچ	نا قابل اطلاق
	(iii) - وہ وقت جب ایسے منصوبے کا تجارتی طور پر عملدرآمد کیا جائیگا	نا قابل اطلاق
	(iv) - متوقع وقت جب منصوبے پر سرمایہ کاری سے منافع حاصل ہوگا	نا قابل اطلاق
	(v) - سرمایہ کار شدہ فنڈ یا پرومٹرز کی جانب سے لگایا جانے والا سرمایہ اسپانسر، منسلکہ کمپنی یا اس سے منسلک اقرار نامہ جس میں نقد اور غیر نقد رقم کے درمیان فرق کیا گیا ہو۔	نا قابل اطلاق

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☆ دستخط شدہ ڈکلیئریشن برائے اطلاق کہ وہ کمپنیز ایکٹ مجریہ 2017 کے اہلیت کے معیار پر پورا اترتا ہے اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2019 کے تحت لسٹڈ کمپنی کے ڈائریکٹر/آزاد ڈائریکٹر کی حیثیت سے مقرر کیا جائیگا۔

☆ کارآمد CNIC/پاسپورٹ اور NTN کی مصدقہ کاپی

☆ آزاد ڈائریکٹر کا انتخاب بذریعہ ڈائریکٹر کے انتخاب کے طریقہ کار بمطابق کمپنیز ایکٹ مجریہ 2017 کی دفعہ 159 کے تحت کیا جائیگا اور وہ کمپنیز ایکٹ مجریہ 2017 کی دفعہ (2) 166 میں مندرجہ اہلیت کے معیار پر پورا اترتا ہے۔

کمپنیز ایکٹ مجریہ 2017 کی دفعہ (3) 134 کے تحت ٹھوس شواہد کے سلسلے میں بیانیہ۔

خصوصی امور سے متعلقہ ٹھوس شواہد پر مبنی بیانیہ کاروائی کی انجام دہی کیلئے کمپنی کا سالانہ اجلاس عام مورخہ 30 اپریل 2021 کو منعقد کیا جائیگا۔ کمپنی کے ممبران کی منظوری حسب ذیل کیلئے طلب کی جائے گی۔

آئٹم نمبر 6(A) متعلقہ فریقوں سے لین دین

متعلقہ کمپنیوں (متعلقہ فریقوں) کیساتھ معمول کے کاروبار کے مطابق ہونے والے لین دین کو بورڈ کی جانب سے اجازت دی جا رہی ہے جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی شق 15 کے تحت سہ ماہی کی بنیاد پر آڈٹ کمیٹی نے سفارش کی تھی۔

متعلقہ کمپنیوں کیساتھ 31 دسمبر 2020 کو ختم ہونے والے مالی سال کے دوران ہونے والی لین دین کو آڈٹ شدہ مالیاتی بیانات کے متعلقہ توثیق اور منظوری ہو سکے۔ ڈائریکٹر صرف اس طرح کی پارٹیوں میں اپنے مشترکہ ہدایت کاروں کی حد تک قرارداد میں دلچسپی نہیں ہے۔

آئٹم نمبر 6(b) بورڈ آف ڈائریکٹرز کو 31 دسمبر 2021 کو ختم ہونے والے سال کے دوران پارٹی سے متعلقہ لین دین کی منظوری کے لئے اجازت کمپنی عام طور پر کاروبار میں "متعلقہ فریقوں کے ساتھ لین دین" کے سلسلے میں منظور شدہ پالیسی کے مطابق 31 دسمبر 2021 کو ختم ہونے والے سال کے دوران اپنی متعلقہ فریقوں کے ساتھ لین دین کرے گی۔ ڈائریکٹروں کی اکثریت ہولڈنگ/اس سے وابستہ کمپنیوں میں مشترکہ ڈائریکٹر شپ کی وجہ سے ان لین دین میں دلچسپی لیتی ہے۔ شفاف کاروباری طریقوں کو فروغ دینے کے لئے، حصص یافتگان 31 دسمبر 2021 کو ختم ہونے والے سال کے لئے وقتاً فوقتاً متعلقہ فریقوں کے ساتھ وقتاً فوقتاً معاملات کی منظوری کے لئے بورڈ آف ڈائریکٹرز کو اختیار دینے کی خواہش کرتے ہیں، شیئر ہولڈرز کے ذریعہ منظوری دی جائے۔ پارٹی سے متعلق اس طرح کے لین دین کی نوعیت اور گنجائش اوپر بیان کی گئی ہے۔ یہ لین دین حصول داروں کے سامنے ان کی باضابطہ منظوری/توثیق کے لئے اگلے اے جی ایم میں رکھے جائیں گے۔

ڈائریکٹر صرف اس طرح کی پارٹیوں میں اپنے مشترکہ ہدایت کاروں کی حد تک قرارداد میں دلچسپی نہیں ہے۔

آئٹم نمبر 7: اپنا مائیکرو فنانس بینک لمیٹڈ میں ایکویٹی سرمایہ کاری

کمپنیز ایکٹ مجریہ 2017 کی دفعہ 134 کی ذیلی دفعہ 3 کی تعمیل میں کمپنی کی جانب سے اعلان کردہ مندرجہ ذیل معلومات کا بیانیہ نوٹس کے ساتھ منسلک ہے۔ جس میں ایکٹ کی دفعہ 199 کے تحت سرمایہ کاری کے فیصلے پر غور و خوض کرنے کا مطالبہ کیا گیا ہے۔

ریگولیشن نمبر (a) 3(1): تمام اقسام کی سرمایہ کاری کا اعلانیہ منسلکہ کمپنی کی ضمن میں اعلانیہ

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فزیکل شیئرز کو اسکرپٹ لیس شکل میں رکھیں۔ اس سے انہیں کئی طرح کی سہولیات ملیں گی جس میں محفوظ تحویل اور حصص کی فروخت شامل ہیں۔ جب بھی وہ چاہیں پاکستان اسٹاک ایکس چینج کے موجودہ قواعد و ضوابط کے مطابق جسمانی حصص کی تجارت کی اجازت نہیں ہے۔

سالانہ مالیاتی گوشواروں کی بذریعہ ای میل ترسیل

سیکیورٹیز اینڈ ایکس چینج کمیشن آف پاکستان (SECP) نے اپنے نوٹیفکیشن بحوالہ ایس آر او نمبر (1) 787 سال 2014 تاریخ 8 ستمبر 2014 میں کمپنیوں کو ای میل کے ذریعے اپنے ممبران کو سالانہ اجلاس عام کا نوٹس بشمول آڈٹ شدہ مالیاتی گوشوارے ترسیل کرنے کی اجازت دیدی ہے جس کے مطابق ممبران سے استدعا ہے کہ وہ آڈٹ شدہ مالیاتی گوشواروں اور بذریعہ ای میل نوٹس کی حصولی کیلئے اپنی رضامندی اور ای میل ایڈریس فراہم کر دیں۔ اس سہولت سے فائدہ اٹھانے کیلئے کمپنی کی ویب سائٹ www.theunitedinsurrance.com پر دستیاب اسٹینڈرڈ درخواست فارم پُر کر کے اپنا/ اپنی شناختی کارڈ کی کاپی/ پاسپورٹ کے ساتھ کمپنی کے شیئرز رجسٹرار کو ارسال کر دیں۔

براہ کرم نوٹ کر لیں کہ ڈاک کے ذریعے سالانہ مالیاتی گوشوارے وصول کرنے کے بجائے ای میل ایڈریس دینا اختیاری ہے۔ اگر آپ اس سہولت سے فائدہ نہیں اٹھانا چاہتے تو براہ کرم اس نوٹس کو نظر انداز کر دیں۔

سالانہ اکاؤنٹس کی ویب سائٹ پر دستیابی

ایس ای سی پی کے نوٹیفکیشن (ایس آر او (1) 1196 سال 2019) بتاریخ 3 اکتوبر 2019 کی تعمیل میں کمپنی کے مالیاتی حسابات کمپنی کی ویب سائٹ www.theunitedinsurrance.com پر دستیاب ہیں۔

بینیفیشیل اور نئی تفصیلات

کاروباری اداروں/ قانونی مجاز افراد کی توجہ SECP کے سرکلر نمبر 16 اور 20 سال 2018 کی جانب سے مذکورہ کی جاتی ہے متعلقہ شیئرز ہولڈرز (کاروباری ادارے/ قانونی مجاز افراد) کو صلاح دی جاتی ہے کہ حتمی بینیفیشیل ملکیت سے متعلقہ معلومات اور/ یا SECP سرکلرز میں مطلوبہ دیگر معلومات کمپنی کے شیئرز رجسٹرار کو فراہم کر دیں۔

کمپنیز ایکٹ مجریہ 2017 کی دفعہ (3) 166 کے تحت ڈائریکٹرز کے انتخاب کے سلسلے میں بیان ہے۔

وہ ممبر جو ڈائریکٹر کے عہدے پر انتخاب میں حصہ لینے کا خواہشمند ہے چاہے وہ سبکدوش ہونے والا ڈائریکٹر ہے یا دیگر، کمپنی کے پاس اسکے رجسٹرڈ آفس پر مندرجہ بالا اجلاس کی تاریخ سے 14 روز قبل حسب ذیل قرار جمع کرادے۔

☆ کمپنیز ایکٹ مجریہ 2017 کی دفعہ (3) 159 کے تحت ڈائریکٹرز کے انتخاب کیلئے خود کو پیش کرنے کے ارادے کا نوٹس:

☆ کمپنیز ایکٹ مجریہ 2017 کی دفعہ (1) 167 کے تحت مطلوبہ امیدوار کے فارم 28 کو مکمل اور دستخط شدہ بطور ڈائریکٹر کام کرنے کی رضامندی۔

☆ ایس آر او (i) 25/2012 بتاریخ 16 جنوری 2012 کے تحت انتخاب کی تاریخ سے سات یوم قبل کمپنی کی ویب سائٹ پر آویزاں کرنے کیلئے تفصیلی پرو فائل جمع دفتر کا پتہ۔

☆ دستخط شدہ ڈکلیئریشن برائے اطلاق کہ وہ کمپنیز ایکٹ مجریہ میمورینڈیم اینڈ آرٹیکل آف ایسوسی ایشن برائے کمپنی، پاکستان ریگولیشن 2019 اور دیگر متعلقہ قانون و ضوابط اور فرائنٹس سے بخوبی واقف ہے۔

دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ پیکرا (PACRA) کی جانب سے 'AA' قرار شدہ نوٹس برائے 61 واں سالانہ اجلاس عام

CDC اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی مندرجہ ذیل ہدایات کی بھی پیروی کرنی ہوگی۔

اے۔ برائے شرکت

الف۔ انفرادی اکاؤنٹ اور ذیلی اکاؤنٹ ہولڈرز اور جن کی رجسٹریشن تفصیلات CDC کے ضوابط کے مطابق لوڈ ہوں۔ وہ اپنی شناخت کیلئے اپنے CNIC یا پاسپورٹ کی ایک کاپی لازمی فراہم کریں۔

ب۔ کاروباری ادارے اپنی متعلقہ بورڈ آف ڈائریکٹرز کی قرارداد کی ایک عدد مصدقہ نقل یا اجلاس میں شرکت کیلئے پاور آف اٹارنی بشمول وکیل کے دستخط کے نمونہ لازمی فراہم کریں۔

ب۔ برائے پراسی تفری

الف۔ انفرادی اکاؤنٹ اور ذیلی اکاؤنٹ ہولڈرز اور جن کی رجسٹریشن تفصیلات CDC کے ضوابط اپ لوڈ ہوں اور ان کا پراسی فارم اجلاس کے آغاز کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس پر لازمی جمع کرا دیں۔

ب۔ پراسی فارم لازمی طور پر دو افراد، یا ایک فرد اور دو خواتین کے ذریعے لازمی تصدیق شدہ ہوں جن کے نام، پتے اور CNIC نمبر اپنے دستخط کے نیچے درج ہوں۔

ج۔ ممبران کی CNIC یا پاسپورٹ کی تصدیق شدہ کاپی اور پراسی لازمی طور پر پراسی فارم کیساتھ جمع کرائی جائے۔

غیر دعویٰ شدہ ڈیویڈنڈ اشیرز

کمپنیز ایکٹ مجریہ 2017 کی دفعہ 244 کی تعمیل میں کمپنی کی جانب سے جاری کردہ اشیرز یا اعلان کردہ ڈیویڈنڈ جو اپنی واجب الادا تاریخ سے تین سال کی مدت سے غیر دعویٰ شدہ یا غیر ادا شدہ ہیں ان حصص یافتگان کو اپنا دعویٰ دائر کرنے کے بعد نوٹس کے اجراء کے بعد وفاقی حکومت کو کمیشن کے ساتھ جمع کرانا ضروری ہے۔ کمپنی کے جاری کردہ اشیرز اور ڈیویڈنڈ کی تفصیلات جو تین سال سے زائد عرصے سے واجب الادا ہیں وہ حصص یافتگان کو ارسال کر دی گئی ہیں۔ حصص یافتگان سے درخواست ہے کہ وہ اپنے غیر دعویٰ شدہ منافع کے دعویٰ اور اشیرز کے بروقت اندراج کو یقینی بنائیں۔ کمپنی کے پاس مقررہ وقت پر دعویٰ کی عدم موصولی کی صورت میں، کمپنی اخباری نوٹس کی اشاعت کے بعد غیر ادا شدہ / غیر دعویٰ شدہ رقم کمپنیز ایکٹ مجریہ 2017 کی دفعہ (2) 244 کے تحت وفاقی حکومت کے پاس جمع کرا دیگی۔

پتہ میں تبدیلی (اگر ہوتو)

حصص یافتگان سے استدعا ہے کہ پتہ میں کسی بھی قسم کی تبدیلی کی صورت میں فوری طور پر کمپنی کے اشیرز رجسٹرار کو مندرجہ پتہ پر مطلع کریں۔ میسرز ایف ڈی رجسٹرار سروس (پرائیویٹ) لمیٹڈ۔ آفس نمبر 1705، 17 ویں منزل، صائمہ ٹریڈ ٹاور -A، آئی آئی چندیگر روڈ کراچی۔ 74000

فزیکل اشیرز کی سی ڈی سی اکاؤنٹ میں ادائیگی

کمپنیز ایکٹ مجریہ 2017 کی دفعہ 72 کے تحت ہر موجودہ لسٹڈ کمپنی اس بات کی پابند ہے کہ کمیشن کی جانب سے مخصوص کردہ تاریخ اور ایسی مدت جو کہ ایکٹ کے آغاز سے چار سال سے زائد نہ ہو یعنی 31 مئی 2017ء اپنے تمام فزیکل اشیرز کو بک انٹری کے ساتھ تبدیل کرے۔ فزیکل حصص یافتگی رکھنے والے حصص یافتگان کو سی ڈی سی کے ذریعہ کسی بھی بروکر یا انویسٹر اکاؤنٹ کے ساتھ براہ راست سی ڈی سی ذیلی اکاؤنٹ کھولنے کا مشورہ دیا جاتا ہے تاکہ وہ اپنے

دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ پیکرا (PACRA) کی جانب سے 'AA' قرار شدہ نوٹس برائے 61 واں سالانہ اجلاس عام

کمپنیز ایکٹ مجریہ 2017 کی دفعہ (3) اور (3) 166 کے تحت ٹھوس شواہد پر مبنی بیانیہ بحوالہ خصوصی قرارداد شامل کردہ ایجنڈہ آئٹم نمبر 6، 7، 8 اور 9 اجلاس کے نوٹس ہذا کے ساتھ منسلک ہے۔

بحکم بورڈ
اطہر اے خان
(کمپنی سیکریٹری)

کراچی: مورخہ 8 اپریل 2021

نوٹس

سالانہ اجلاس میں شرکت کیلئے ویڈیولنک کی سہولت

ایس ای سی پی کے سرکلر نمبر 4 اور 6 سال 2021 کی تعمیل میں کاروباری سیکٹر کیلئے COVID-19 کے اثرات کو کم کرنے کیلئے انضباطی ریلیف کیلئے کمپنی کو شیئرز ہولڈرز کی فلاح و بہبود کیلئے سالانہ اجلاس عام کی منصوبہ بندی میں ترمیم اور بڑے اجتماعات سے اجتناب کیلئے ویڈیولنک سہولت فراہم کرنے کا مشورہ دیا جاتا ہے۔

حکومت کی جانب سے عوامی اجتماعات پر عائد پابندی اور SECP کی ہدایت کو مدنظر رکھتے ہوئے کمپنی اس سالانہ اجلاس عام کو عملی طور پر کمپنی کے رجسٹرڈ آفس سے حاصل کردہ ویڈیولنک سہولت کے ذریعے طلب کرے گی۔ سالانہ اجلاس عام میں بذریعہ ویڈیولنک شرکت کیلئے ممبران کو اپنی تفصیلات athar.khan@theunitedinsurance.com پر ای میل کر کے اپنا اندراج کرانا ضروری ہے۔ رجسٹر ہونے والے ممبران ویڈیولنک سہولت کے ذریعے رابطہ قائم کرنے کیلئے اپنا پورا نام، CNIC نمبر، فیلو/سی ڈی سی اکاؤنٹ نمبر، توثیق شدہ ای میل ایڈریس، موبائل نمبر اور حاصل شیئرز کی تعداد بعنوان "رجسٹریشن برائے UIC's" جی ایم "لازمی درج کریں۔ ویڈیولنک سہولت اور لاگ ان اسناد صرف ان ممبران کے ساتھ شیئرز کی جائیں گی جن کی ای میل بشمول تمام تر ضروری تفصیلات مذکورہ بالا ای میل ایڈریس پر بروز چیر مورخہ 26 اپریل 2021 بوقت شام 5:00 بجے تک موصول ہو جائیں گی۔

شیئرز ٹرانسفر بکس کی بندش

کمپنی کے ممبران کا رجسٹر اور شیئرز ٹرانسفر بکس مورخہ 23 اپریل 2021 تا 30 اپریل 2021 (بشمول دونوں ایام) بند رہیں گے۔ کمپنی کے رجسٹرار میسرز ایف ڈی رجسٹرار سرورمز (پرائیویٹ) لمیٹڈ دفتر نمبر 1705، 17 ویں منزل صائمہ ٹریڈ ٹاور-A، آئی آئی چندریگر کراچی کو مورخہ 22 اپریل 2021 بروز جمعرات کاروباری اوقات کار کے اختتام (شام 5 بجے) تک سے قبل موصول ہونے والی منتقلیاں اجلاس میں شرکت اور رائے دہی کی اہلیت کے تعین کیلئے بروقت تصویر کی جائیں گی۔

اجلاس عام میں شرکت

اجلاس میں رائے دہی اور شرکت کرنے کا اہل ممبر کسی دیگر ممبر کو رائے دہی اور شرکت کیلئے اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی اجلاس کے آغاز سے (48) گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہو جائے۔ خالی پراکسی فارم رپورٹ کے اختتام میں منسلک ہے اور کمپنی کی ویب سائٹ www.theunitedinsurance.com پر ڈاؤن لوڈنگ کیلئے بھی دستیاب ہے۔

دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ پیکرا (PACRA) کی جانب سے 'AA' قرار شدہ نوٹس برائے 61 واں سالانہ اجلاس عام

7- ڈائریکٹرز کی جانب سے تجویز کردہ کمپنیز ایکٹ مجریہ 2017 کی دفعہ 199 کے تحت مندرجہ ذیل خصوصی قرارداد کی ترمیم بلا ترمیم، اضافہ، تخفیف، غور و خوض اور اگر موزوں ہو تو منظوری۔

قرار پایا کہ کمپنیز ایکٹ مجریہ 2017 (ایکٹ) کی دفعہ 199 کے تقاضوں کی تعمیل میں دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ کو بذریعہ ہذا اختیار دیا جاتا ہے کہ وہ اسٹیٹ بینک آف پاکستان کی ضروریات کی تکمیل کیلئے مبلغ -/500,000,000 روپے (صرف پانچ سو ملین) تک اپنا مائیکروفنانس بینک لمیٹڈ کے موجود شیئرز ڈپازٹ منی اسب آرڈینینڈ لون کی فراہمی (ریگولیٹری کی منظوری سے مشروط) کا اختیار دیا جاتا ہے۔

مزید قرار پایا کہ مذکورہ خصوصی قرارداد کو موثر بنانے کے مقصد کیلئے چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر کو تمام امور اور مطلوبہ اقدامات، اعمال بشمول دستاویزات اور معاہدے کی تکمیل مذکورہ قرارداد کی نفاذ کے مقصد کیلئے مشترکہ طور پر انجام دہی کیلئے بذریعہ ہذا استحقاق اور اختیار دیا جاتا ہے۔

8- کمپنی کے مجوزہ سرمایہ میں اضافے اور اس مقصد کیلئے منظور کردہ مندرجہ ذیل قرارداد بطور خصوصی قراردادوں پر غور و خوض اور اگر موزوں ہو تو منظوری۔
(الف)۔ قرار پایا کہ کمپنی کے منظور شدہ سرمایہ مبلغ -/3,000,000,000 روپے (تین بلین روپے) منقسمہ 300,000,000 (تین سو ملین) عمومی شیئرز بحساب مبلغ -/10 روپے فی حصص تا مبلغ 4,000,000,000 (چار سو ملین روپے) منقسمہ -/400,000,000 (چار سو ملین) عمومی شیئرز بحساب مبلغ -/10 روپے فی حصص میں اضافہ۔

(ب)۔ مزید قرار پایا کہ خصوصی قرارداد کے ذریعے کمپنی کے مجوزہ سرمایہ میں اضافے کے سلسلے میں میمورینڈیم آف ایسوسی ایشن کی شق 5 اور کمپنی آرٹیکل آف ایسوسی ایشن کے آرٹیکل 6 کے تحت تبدیلی کو حسب ذیل پڑھا جائے۔

میمورینڈیم آف ایسوسی ایشن کی شق 5

• کمپنی کا سرمایہ مبلغ -/4,000,000,000 روپے (صرف چار بلین روپے) منقسمہ 400,000,000 (چار سو ملین) عمومی شیئرز بحساب -/10 روپے فی شیئرز بحساب کمی، زیادتی، مستحکم یا کمپنی آرڈیننس 1984 کی شرائط کے تحت کمپنی کے شیئرز سرمایہ کی بصورت دیگر تنظیم نوا۔

آرٹیکل آف ایسوسی ایشن کا آرٹیکل 6

• کمپنی کا سرمایہ مبلغ 4000,000,000 روپے (صرف چار بلین روپے) منقسمہ 400,000,000 (چار سو ملین) عمومی شیئرز بحساب -/10 روپے فی شیئرز بحساب کمی، زیادتی، مستحکم یا کمپنی آرڈیننس 1984 کی شرائط کے تحت کمپنی کے شیئرز سرمایہ کی بصورت دیگر تنظیم نو۔

(ج)۔ مزید قرار پایا کہ کمپنی کے چیف ایگزیکٹو آفیسر اور سیکریٹری کو بذریعہ ہذا اختیار دیا جاتا ہے کہ ضروری اقدامات کی انجام دہی اور ضروریات کے تحت دستاویزات کی تکمیل یا مذکورہ قراردادوں کو حقیقی معنوں میں موثر العمل کیا جائے۔

9- ایگزیکٹو ڈائریکٹرز (بشمول چیف ایگزیکٹو آفیسر) کے معاوضے اور نان ایگزیکٹو/انڈیپنڈینٹ ڈائریکٹرز کی بورڈ اور اسکے کمپنی کے اجلاسوں میں شرکت کی فیس پر غور و خوض اور منظوری۔

قرار پایا کہ چیف ایگزیکٹو آفیسر، ایگزیکٹو ڈائریکٹرز کو معقول معاوضہ اور دیگر مراعات کی ادائیگی کی منظوری دی جاتی ہے اور نان ایگزیکٹو/آزاد ڈائریکٹرز کو بشمول بورڈنگ، لاجنگ اور سفری اخراجات کی مد میں فیس کی ادائیگی کمپنی پالیسی کی بنیاد پر ادا کی جائیگی۔

10- چیئرمین کی اجازت سے پیش کردہ کسی دیگر کارروائی کی انجام دہی۔

دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ پیکرا (PACRA) کی جانب سے 'AA' قرار شدہ نوٹس برائے 61 واں سالانہ اجلاس عام

ذریعہ ہذا کو مطلع کیا جاتا ہے کہ دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ کا 61 واں سالانہ اجلاس عام بروز جمعہ مورخہ 30 اپریل 2021 کو صبح 10:00 بجے کمپنی کے رجسٹرڈ آفس واقع روم نمبر 204، دوسری منزل، مدینہ سٹی مال، عبداللہ ہارون روڈ صدر کراچی پر بذریعہ ویڈیولنک مندرجہ درج ذیل امور کی انجام دہی کیلئے منعقد کیا جائیگا۔

عمومی امور

- (1)۔ کمپنی کے 60 ویں سالانہ اجلاس عام منعقدہ 24 اپریل 2020ء کی کارروائیوں کی توثیق۔
- 2۔ 31 دسمبر 2020ء کو ختم ہونے والے سال کیلئے کمپنی کے سالانہ آڈٹ شدہ حسابات مع ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔
- 3۔ بورڈ آف ڈائریکٹرز کی جانب سے تجویز کردہ عبوری منافع منقسمہ بحساب مبلغ -0.60 روپے فی شیئر یعنی 6 فیصد کی ادائیگی کی منظوری (جو ادا کیا جا چکا ہے)۔
- 4۔ مورخہ 31 دسمبر 2021 کو ختم ہونے والے سال کی آڈیٹرز کی تقرری اور مشاہرہ کا تعین، موجودہ آڈیٹرز میسرز الیاس سعید اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس نے سبکدوش ہونے کے بعد اہل ہونے کی بناء پر خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔
- 5۔ کمپنیز ایکٹ مجریہ 2017 کی دفعہ (1) 159 کی شقوں کے مطابق بورڈ کی جانب سے مقرر کردہ تین سالہ مدت کیلئے کمپنی کے سات ڈائریکٹرز کا انتخاب کرنا سبکدوش ہونے والے ڈائریکٹرز کے نام درج ذیل ہیں۔

- | | |
|------------------------------|---------------------------|
| (i)۔ جناب جاوید صادق | (ii)۔ جناب خواص خان نیازی |
| (iii)۔ جناب محمد راحت صادق | (iv)۔ محترمہ ہما وحید |
| (v)۔ جناب آغا علی امام | (vi)۔ جناب جمیل احمد خان |
| (vii)۔ جناب سید راحت علی شاہ | |

خصوصی امور

- (a) 6۔ مورخہ 31 دسمبر 2020ء کو ختم ہونے والے سال کیلئے متعلقہ فریقوں کے ساتھ کئے جانے والے لین دین کے معاملات کی توثیق اور منظوری کیلئے مندرجہ ذیل خصوصی قرارداد کی ترمیم یا بلا ترمیم اجازت دینا۔
- قرار پایا کہ 31 دسمبر 2020ء ختم ہونے والے سال کے دوران متعلقہ فریقوں کے ساتھ روایتی اور تکافل امور برطبق نوٹس 31 اور 36 کے مطابق توثیق، تصدیق اور منظوری دینا۔
- (b) 6۔ کمپنی کے بورڈ آف ڈائریکٹرز کو یہ اختیار دیا جاتا ہے کہ مورخہ 31 دسمبر 2021ء کو ختم ہونے والے مالی سال کیلئے متعلقہ فریقوں کے ساتھ لین دین کی انجام دہی کی منظوری کیلئے مندرجہ ذیل خصوصی قرارداد کی ترمیم یا بلا ترمیم اجازت دینا۔
- قرار پایا کہ کمپنی کے بورڈ آف ڈائریکٹرز کو اختیار دیا جاتا ہے کہ مورخہ 31 دسمبر 2021ء کو ختم ہونے والے مالیاتی سال کیلئے متعلقہ فریقوں کے ساتھ ہر معاملے کی تحت لین دین کی انجام دہی کی منظوری دینا۔

PROXY FORM

The United Insurance Company of Pakistan Limited

204, 2nd Floor, Madina City Mall, Abdullah Haroon Road, Saddar Karachi.

I / We _____ of _____
being a member of The United Insurance Company of Pakistan Limited and a holder of _____
ordinary shares, as per Share Register Folio No. _____ and / or CDC Participant I.D. No. _____
and sub Account No. _____ hereby appoint (Name) _____

_____ of _____

or failing him/her (Name) _____ of _____

who are also members of The United Insurance Company of Pakistan Limited as my/our proxy to vote for me/us and
on my/our behalf at the Annual General Meeting of the Company to be held on April 30, 2021 at 10:00 a.m at Registered
Office of the Company situated at Room No. 204, Madina City Mall, Abdullah Haroon Road, Karachi and at any adjourn-
ment thereof.

Signed this _____ day of _____ 2021.

WITNESS:

1. Signature: _____

Name: _____

Address: _____

CNIC or Passport No: _____

2. Signature: _____

Name: _____

Address: _____

CNIC or Passport No: _____



Signature should agree with specimen
signature with the company

Note:

1. Signature should agree with the specimen signature registered with the company.
2. The Proxy Form must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the Meeting.
3. No person shall act as proxy unless he/she is a member of the company.
4. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular No. 1 dated 26 January 2000 of the Securities & Exchange Commission of Pakistan 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 requirement.
 - 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 the 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 meeting.
 - v. In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

نوٹ:

- 1- ممبر کی دستخط وہی ہونی چاہیے جو پہلے سے کمپنی کے رجسٹر میں موجود ہے۔
- 2- ایک ممبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا مجاز ہو، اپنی جگہ کسی اور شخص کو بطور نائب شرکت کرنے اور ووٹ دینے کا حق تفویض کر سکتا ہے۔
- 3- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس فارم کو مکمل کرے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل کمپنی سیکریٹری، دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ کے رجسٹرڈ آفس نمبر 204 مدینہ سٹی مال عبداللہ ہارون روڈ، صدر کراچی پر ارسال کر دے۔
- 4- سی ڈی سی شیئر ہولڈر ہونے کی صورت میں درج بالا کے علاوہ ذیل میں درج ہدایات پر بھی عمل کرنا ہوگا:
 - (الف) فرد ہونے کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، انہیں کمپنی کی جانب سے دی گئی ہدایات کی روشنی میں پراکسی فارم جمع کرانا ہوگا۔
 - (ب) مختار نامے پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔
 - (ج) بینیفیشیل اونرز (مستفید ہونے والے فرد) کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوں گی جسے نائب مختار نامے کے ہمراہ پیش کرے گا۔
 - (د) اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
 - (ه) کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز کی قرارداد/معامز کردہ شخص/انارنی کے نمونہ دستخط پاور آف انارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامے) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

مختار نامہ

دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ

۲۰۴، دوسری منزل، مدینہ سٹی مال، عبداللہ ہارون روڈ، صدر کراچی۔

میں / ہم _____ ساکن _____

بحیثیت رکن دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ اور حامل عام حصص، بمطابق شیئر رجسٹر فولیو نمبر۔ _____ اور / یا سی ڈی سی پارٹسپینٹ (شرکت)

آئی۔ ڈی نمبر۔ _____ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر۔ _____

محترم / محترمہ _____ کو اپنے / ہمارے ایما پر بروز جمعہ 30 اپریل 2021 کو دن 10:00 بجے بہ مقام کمپنی کے رجسٹرڈ دفتر واقع

روم نمبر 204، مدینہ سٹی مال، عبداللہ ہارون روڈ کراچی میں منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا / ہمارا

نائب مقرر کرتا ہوں / کرتے ہیں۔

آج بروز _____ بتاریخ _____ 2021 کو دستخط کئے گئے۔

گواہان:

1- دستخط: _____ دستخط اور پانچ روپے مالیت کارسیدی ٹکٹ

نام: _____ دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:

2- دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:



www.theunitedinsurance.com



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