

Annual Report 2016

57 years of Excellence



Rated **AA-** by PACRA



The UNITED INSURANCE
COMPANY OF PAKISTAN LIMITED



ON THE PATH OF SUCCESS

THANKS TO ALMIGHTY ALLAH

UIC attained AA- (Stable Outlook)

4th Largest General Insurance Co of Pakistan

Rated by PACRA



We are thankful to our Valued Policy Holders, Shareholders, Business Allies, Banks and Regulatory Authorities for reposing their continued trust, support and full confidence.

This success is an acknowledgement to our employees and field force's Tireless efforts.

Rising together

WE COVERS EVERY ASPECT OF LIFE



Congratulations from:



ISO-9001:2008 Certified Company
U.A.N. (042) 111-000-014
www.theunitedinsurance.com

Key information

Our 2016 performance was strong, with continued progress towards achieving our 2011–2016 financial targets.

- We continued our focus on customer centricity and sustainability.
- UICL and Al Tamim Takaful posted 2016 underlying gross premiums and contributions written in a challenging environment:
 - Conventional Rs. 3,781.74 millions
 - Takaful Rs. 528.99 millions
- Capital and liquidity positions improved.
- UICL continued to de-risk, streamline its portfolio and strengthen its business lines.



Rated by: PACRA

Gross Premiums written

(Rs. in Millions)

2016 **3,781.74**

2015 **3,062.16**

Percentage **23** ↑

Net Premium

(Rs. in Millions)

2016 **2,473.43**

2015 **2,151.78**

Percentage **15** ↑

Net Claims

(Rs. in Millions)

2016 **934.52**

2015 **742.33**

Percentage **26** ↑

Net Commission

(Rs. in Millions)

2016 **235.00**

2015 **201.02**

Percentage **17** ↑

Underwriting Profit

(Rs. in Millions)

2016 **803.80**

2015 **798.28**

Percentage **04** ↑

Investments

(Rs. in Millions)

2016 **1,064.66**

2015 **1,036.46**

Percentage **03** ↑

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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.

1. The United Insurance Company of Pakistan Limited.
2. APNA Microfinance Bank Limited.
3. United Track System (Pvt.) Limited.
4. United Software & Technologies International (Pvt.) Limited.
5. United International Farms.
6. Tawasul Insurance Services LLC, Abu Dhabi.
7. Tawasul Risk Management Services (Pvt.) Limited.
8. UIG Global Services Limited, UK.

Corporate

Calendar 2016

April 04, 2016

Audit Committee and Board of Directors meeting to consider annual accounts of the Company for the year ended December 31, 2015.

April 26, 2016

Annual General Meeting of Shareholders to consider annual accounts of the Company for the year ended December 31, 2015 and dividend announcement.

April 28, 2016

Audit Committee and Board of Directors meeting to consider quarterly accounts of the Company for the quarter ended March 31, 2016.

August 30, 2016

Audit Committee and Board of Directors meeting to consider half yearly accounts of the Company for the half year ended June 30, 2016.

August 31, 2016

Extraordinary General Meeting of shareholders to consider increase in authorized capital of company and announcement of further investment in associate.

October 27, 2016

Audit Committee and Board of Directors meeting to consider quarterly accounts of the company for the quarter ended September 30, 2016.

Core Beliefs

UIC believes in providing high quality solutions to risk exposures to the fulfilment 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 operations 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 Zurich. 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 Statement

A first class Insurance Company / Window Takaful Operator to provide cost effective risk management solutions to its policyholders / participants through highest level of quality.

Mission Statement

For our customers

- To provide superior services through high quality business solutions and health protection, based on expert advice and financial management and adding value to all corporate and non corporate customers.

For our Members

- To maximize the members' value by optimum utilization of resources.

For our Employees

- To provide opportunities for self development in a highly challenging performance oriented work environment.

For the Society

- To ensure good governance by maintaining high ethical standards and risk coverage.

For the Government

- Prompt and timely liquidation of liabilities and adherence to the policies established.

Investor

Information

We are not just another Insurance Company.
We are a success partner and a trusted friend, and
we are building a better tomorrow.

Investor's Awareness

With reference to SRO 924(1) / 2016 dated September 9th, 2016 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been added for investor's awareness:

The graphic features a central image of a traditional earthenware pot with a smartphone inside it. Surrounding the pot are icons for a headset, a mouse, a Twitter bird, an email envelope, and a Facebook 'f' logo. The background is a light blue gradient.

www.jamapunji.pk

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**Be aware, Be alert,
Be safe**
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Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes

Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

SECP

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*Mobile apps are also available for download for android and ios devices.

(CSR) – 2016

United Insurance's Corporate Social Responsibilities (CSR) focused on education for special children, creating awareness among the youth about eco-friendly, nature-friendly green environment, sport activities for a healthy society and to develop civic sense by conducting seminars, workshops as well as through lectures in colleges and schools. These elements combined, form the basis of UIC corporate philosophy.

UIC is committed to promote and educate our youth to play their vital roles for building Pakistan as a "Pollution Free Country". In this respect, UIC has been arranging various CSR activities for the last couple of years. Following pictures are showing the commitment of the company towards fulfilling its responsibility in building healthy society,



UIC Cricket Team with President
Super Final Winners of IAP Cricket Tournament 2017

(CSR) – 2016



UIC Cricket Team

Final Winners of IAP Lahore Region Cricket Tournament 2017



(CSR) – 2016



Cricket Extravaganza Sponsorship Award 2017



Winner Final & Super Final Insurance Association of Pakistan Cricket Tournament 2016



Winner Insurance Association of Pakistan Cricket Tournament 2013



Winner Super Final Insurance Association of Pakistan Cricket Tournament 2013



Corporate Social Responsibility Award 2017 National Forum For Environment and Health



Best Achievement Award 2013



Life Time Achievement Award 2016

Board of Directors



Mian M.A. Shahid

Advisor to the Board / (Chairman UIG)



Mohammed Rahat Sadiq

Chief Executive Officer



Khawas Khan Niazi

Director / President



Huma Waheed

Director



Ch. Najeeb-Ur-Rehman

Chairman



Taseer Yousaf Makhdoom

Director



Agha Ali Imam

Director



Javaid Sadiq

Director

Corporate Information

BOARD OF DIRECTORS

Chairman	Chaudhary Najeeb-ur-Rehman
Director /President	Khawas Khan Niazi
Chief Executive Officer	Mohammed Rahat Sadiq
Directors	Huma Waheed Agha Ali Imam Javaid Sadiq Taseer Yousaf Makhdoom
Advisor to Board	Mian M.A.Shahid (Chairman UIG)
Advisors	Sardar Khan (Former Managing Director Universal Insurance Company Limited) Major General (R) Asif Duraiz Akhtar Mr. Jamal-Ud-Din (Ex-President/Chief Executive Officer Askari General Insurance Company Limited)
Company Secretary	Athar A Khan
Chief Financial Officer Chief Internal Auditor Auditors	Maqbool Ahmed Abdul Mannan Munir M/S. RSM Avais Hyder Liaquat Nauman Chartered Accountants
Legal Advisors	Mohammed Farooq Sheikh (Advocate) Mian Asghar Ali (Advocate)
Tax Advisor	M/S. Sarwars Chartered Accountants

Corporate Information

Credit Rating Agency (Pacra)	INSURER FINANCIAL STRENGTH AA-(Double A Minus) 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 is 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, 35776486 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
Sr. Executive Director Underwriting	S.M. Qaiser Imam
Head of Corporate Compliance	Syed Rahat Ali Shah
Sr. General Manager Re-Insurance	Abrar Ahmed Minhas
General Manager (HR & R)	Wakeel Ahmed Mirza
General Manager Administration	Jamil Ahmed
General Manager Operations	Tayyab Bashir
Deputy General Manager Claims	Kamran Zaman
General Manager (I.T)	Munir Ahmed
A.G.M Underwriting	Manzoor Hussain Mirza
A.G.M Reinsurance	Naeem Ahmed Babar
A.G.M Health/Travel	Kashif Shafique
Chief Manager (Web)	Mohammed Arshad
Chief Manager Agriculture	Zulfiqar Ahmed
Sr. Manager Coordination	Tahira Ashar

WINDOW TAKAFUL OPERATIONS

Head of Takaful Operations	Shakeel Ahmed
Shariah Advisor	Mufti Farhan Farooq
Joint Director Operations & Technical	Amir Hameed
Shariah Compliance Officer	Malik Saad Munir

Key Management Personnel

EXECUTIVE DIRECTORS (MARKETING)

Mohammad Rafique Khan
Qamar-uz-Zaman
Mian M.A Zahid
Zarar Ahmed Butt
Mian Kashif Rasheed
Ch. Aslam Feroz
Mohammed Siddique Sheikh
Rizwan-UL-Haq
Shafaqat Ali Goraya
Hassan Nadeem
Ch. Shams-ul-haq
Kh. Adnan Hassan

JOINT DIRECTORS (MARKETING)

Aslam Rajpoot
Mohammed Naseem Butt
Khurram Mansoor
Malik Zafar Yousaf
Mian Mohammed Rafi
Mohammed Mazhar Shah
Mohammed Riaz Hussain Shah
Tanveer Ahmad Bhatti
Faisal Javaid
Sh. Musa Saleem
Mohammed Mohsin ullah
Chaudhary Iqbal Tahir
Zafar Mahmood
Syed Ahmad Ali
Nauman-ul-Haq

Banks & Leasing Companies

BANKS

State Bank of Pakistan
National Bank of Pakistan Limited
Bank Al-Habib Limited
Soneri Bank Limited
Bank Alfalah Limited
Meezan Bank Limited
NIB Bank Limited
SME Bank Limited
The Bank of Khyber
Summit Bank Limited
Silk Bank Limited
Samba Bank Limited
Zarai Taraqiati 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
Industrial Development Bank of Pakistan
JS Bank Limited
Bank Islami Limited
Bank of Azad Jammu & Kashmir

LEASING COMPANIES

Orix Leasing Company Limited
Crescent Standard Modaraba

MICRO FINANCE BANKS

APNA Microfinance Bank Limited
FINCA 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



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 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 is expected to be very small.
- Very strong Reinsurance arrangements with world renowned reinsurers.
- Focused on prompt settlement of claims
- Extending success into new challenges

Six Years At a Glance

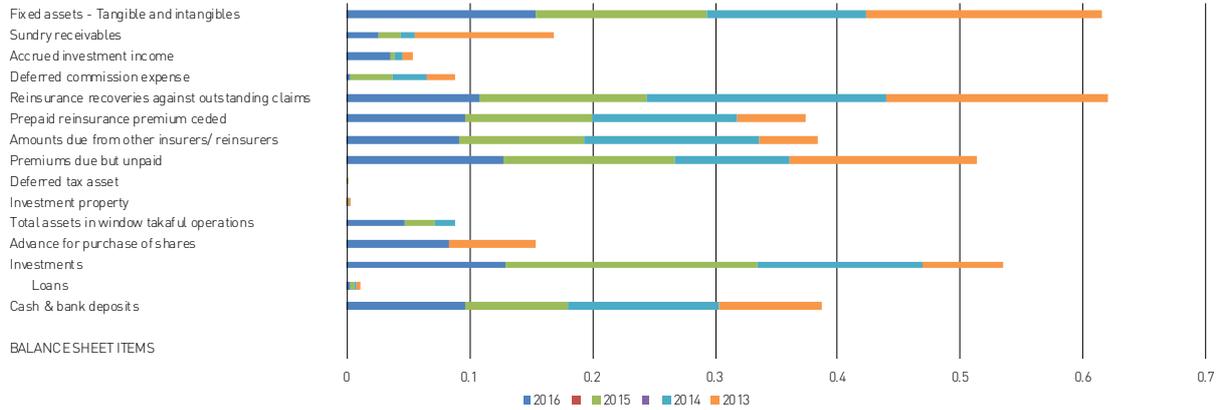
	(RUPEES IN MILLION)					
	2016	2015	2014	2013	2012	2011
FINANCIAL DATA - CONVENTIONAL						
Paid up Capital	1,803.200	1,288.000	920.000	701.943	570.685	496.248
General & Capital Reserves	834.134	996.245	765.121	519.509	393.776	269.896
Equity	2,555.393	2,245.010	1,645.023	1,180.459	918.397	764.809
Underwriting Provisions	2,366.383	2,298.038	2,489.671	1,516.492	886.506	502.906
Investment at Cost	1,064.660	1,036.463	642.626	418.404	189.671	115.398
Total Assets book value	5,466.580	5,058.715	4,820.162	3,008.203	2,077.732	1,444.772
Fixed Assets net	848.148	703.899	628.212	580.294	573.757	444.335
Cash & Bank Deposits	536.248	421.279	593.771	249.656	307.399	271.519
Advance, Deposits & Prepayments	2,755.614	2,713.480	2,861.346	1,765.760	1,008.823	613.521
OPERATING DATA - CONVENTIONAL						
Gross Premium	3,781.741	3,062.158	2,474.744	1,723.743	1,422.915	1,030.438
Net Premium	2,473.432	2,151.784	1,536.703	1,108.541	783.340	643.736
Management Expenses	503.683	423.519	377.600	286.871	201.896	116.919
Net Claims expenses	934.519	742.329	419.432	323.083	245.413	262.777
Change in premium deficiency reserve	3.565	5.261	-	-	-	-
Underwriting Profit	803.795	779.657	629.074	436.881	302.862	231.626
Investment Income	77.994	60.729	63.404	34.689	41.167	18.085
Profit Before Tax	362.848	679.588	507.936	290.554	187.484	114.473
Provision for Taxation	79.513	59.563	47.049	33.175	26.364	16.540
Profit After Tax	283.336	620.026	460.887	257.380	161.120	97.933
FINANCIAL RATIOS - CONVENTIONAL						
Profit Before Tax / Gross Premium (%)	9.595	22.193	20.525	16.856	13.176	11.109
Profit Before Tax / Net Premium (%)	14.670	31.583	33.054	26.210	23.934	17.783
Profit After Tax / Gross Premium (%)	7.492	20.248	18.624	14.931	11.323	9.504
Profit After Tax / Net Premium (%)	11.455	28.815	29.992	23.218	20.568	15.213
Management Exp. / Gross Premium (%)	13.319	13.831	15.258	16.642	14.189	11.346
Management Exp. / Net Premium (%)	20.364	19.682	24.572	25.878	25.774	18.162
Underwriting Profit / Net Premium (%)	32.497	36.233	40.937	39.410	38.663	35.982
Net Claims / Net Premium (%)	37.782	34.498	27.294	29.145	31.329	40.821
Return on Assets (%)	5.183	12.257	9.593	8.556	7.755	6.778
RETURN TO MEMBERS - CONVENTIONAL						
Return on Equity - PBT (%)	14.199	30.271	30.877	24.614	20.414	14.968
Return on Equity - PAT (%)	11.088	27.618	28.017	21.803	17.544	12.805
Earning Per Share (Rs.)	1.571	3.438	3.578	1.998	1.251	0.760
Price Earning Ratio (times)	14.135	6.296	7.811	7.106	10.392	6.247
Market Value at end of Year (Rs.)	22.280	21.650	27.950	14.200	13.000	4.750
Highest Value during the Year (Rs.)	28.990	42.550	30.450	17.830	16.200	8.490
Lowest Value during the year (Rs.)	14.340	19.340	12.710	8.070	4.600	3.600
Stock Dividend Per Share (Rs.)	1.100	4.000	4.000	3.100	2.300	1.500
Net Assets Per Share (times)	30.316	39.276	52.222	42.858	36.413	29.114
LIQUIDITY / LEVERAGE RATIO - CONVENTIONAL						
Current Ratio (times)	1.260	1.225	1.157	1.182	1.294	1.515
Total Assets Turnover (times)	1.446	1.652	1.941	1.745	1.460	1.402
Fixed Assets Turnover (times)	0.224	0.230	0.254	0.337	0.403	0.431
Total Liability / Equity (times)	1.107	1.217	1.896	1.514	1.212	0.887
Return on Capital Employed (%)	14.199	30.271	30.877	24.614	20.414	14.968
Paid up Capital / Total Assets (%)	32.986	25.461	19.149	23.334	27.467	34.348
Equity / Total Assets (%)	46.746	44.379	34.240	39.241	44.202	52.936
DISTRIBUTION - CONVENTIONAL						
Bonus Share (Rs.)	1.100	4.000	4.000	3.100	2.300	1.500
Bonus Share (%)	11%	40%	40%	31%	23%	15%
Cash Dividend Share (Rs.)	1.00	-	-	-	-	-
Cash Dividend Share (%)	10%	-	-	-	-	-
Total Distributions (%)	21%	40%	40%	31%	23%	15%

Figures are re-arranged according to the annexed Notes to the financial statements # 43.1

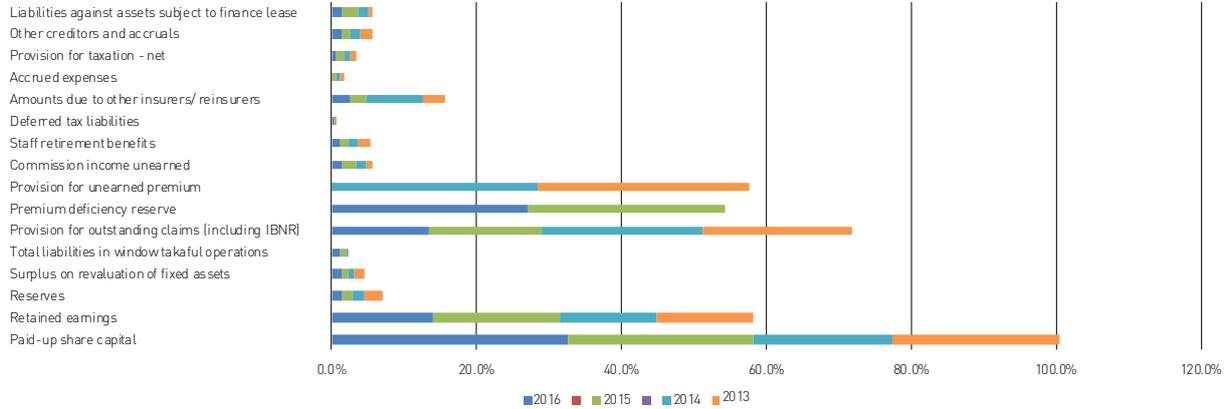
Vertical Analysis

	YEARS			
	2016	2015	2014	2013
BALANCE SHEET ITEMS				
Cash & bank deposits	9.8%	8.3%	12.4%	8.3%
Loans	0.3%	0.3%	0.2%	0.3%
Investments	11.0%	20.5%	13.4%	6.6%
Advance for purchase of shares	8.5%	0.0%	0.0%	7.1%
Total assets in window takaful operations	4.7%	2.6%	1.6%	0.0%
Investment property	0.0%	0.1%	0.1%	0.1%
Deferred tax asset	0.0%	0.2%	0.0%	0.0%
Premiums due but unpaid	13.0%	13.9%	9.4%	15.2%
Amounts due from other insurers/ reinsurers	9.2%	10.3%	14.2%	4.8%
Prepaid reinsurance premium ceded	10.9%	10.3%	11.8%	5.7%
Reinsurance recoveries against outstanding claims	10.6%	13.7%	19.4%	18.1%
Deferred commission expense	3.6%	3.5%	2.7%	2.4%
Accrued investment income	0.2%	0.3%	0.6%	0.9%
Sundry receivables	2.5%	1.9%	1.2%	11.2%
Fixed assets - Tangible and intangibles	15.5%	14.0%	13.0%	19.2%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%
Paid-up share capital	33.0%	25.5%	19.1%	23.3%
Retained earnings	12.4%	17.4%	13.2%	13.4%
Reserves	1.4%	1.5%	1.6%	2.5%
Surplus on revaluation of fixed assets	1.5%	0.8%	0.8%	1.4%
Total liabilities in window takaful operations	1.1%	0.8%	0.3%	0.0%
Provision for outstanding claims (including IBNR)	14.5%	15.8%	22.2%	20.6%
Premium deficiency reserve	0.0%	27.5%	0.0%	0.0%
Provision for unearned premium	27.3%	0.1%	28.3%	29.2%
Commission income unearned	1.5%	2.0%	1.3%	0.7%
Staff retirement benefits	1.1%	1.2%	1.3%	1.7%
Deferred tax liabilities	0.3%	0.0%	0.1%	0.3%
Amounts due to other insurers/ reinsurers	2.7%	2.2%	7.7%	3.1%
Accrued expenses	0.1%	0.5%	0.5%	0.6%
Provision for taxation - net	0.3%	1.2%	0.8%	1.0%
Other creditors and accruals	1.4%	1.2%	1.3%	1.6%
Liabilities against assets subject to finance lease	1.5%	2.2%	1.4%	0.8%
TOTAL EQUITY AND LIABILITIES	100.0%	100.0%	100.0%	100.0%
PROFIT AND LOSS ACCOUNT				
Net premium	100%	100%	100%	100%
Net claims	-37.8%	-34.5%	-27.3%	-29.1%
Change in premium deficiency reserve	0.1%	-0.2%	0.0%	0.0%
Management expenses	-20.4%	-19.7%	-24.6%	-25.9%
Net commission	-9.5%	-9.3%	-7.2%	-5.6%
Investment income	3.2%	2.8%	4.1%	3.1%
Rental income	0.1%	0.1%	0.1%	0.1%
Other income	1.23%	0.99%	2.05%	1.83%
Share of Loss from associate	-11.19%	-0.51%	-0.02%	0.00%
Income from Window Takaful Operations	1.99%	3.24%	1.85%	0.00%
General & admin expenses	-12.2%	-10.7%	-15.5%	-18.0%
Finance charge on lease rentals	-0.4%	-0.6%	-0.5%	-0.3%
Car ljarah expense	-0.4%	0.0%	0.0%	0.0%
Provision for taxation	-3.2%	-2.8%	-3.1%	-3.0%
(Profit)/ loss after Tax	-11.5%	-28.8%	-30.0%	-23.2%
	100.0%	100.0%	100.0%	100.0%

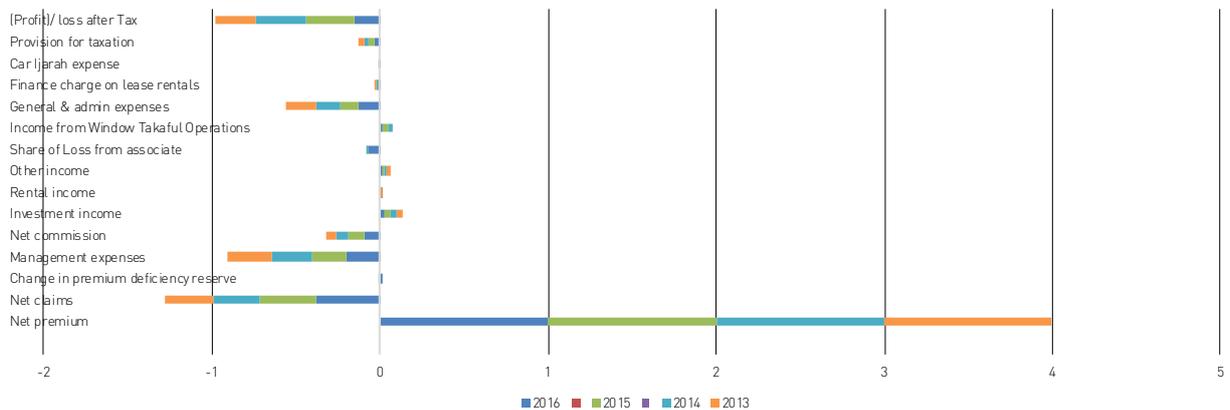
Vertical Analysis - Assets



Vertical Analysis - Equity and Liabilities



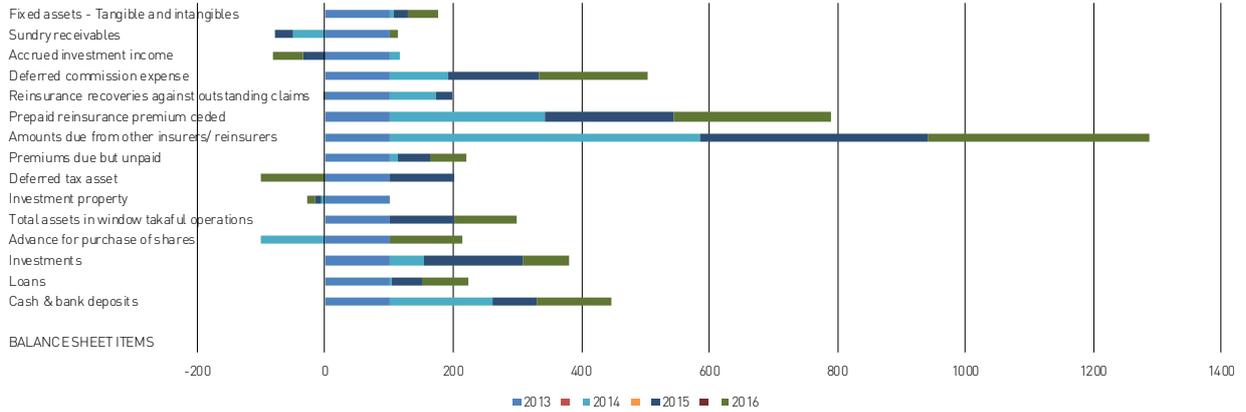
Vertical Analysis - Profit and Loss



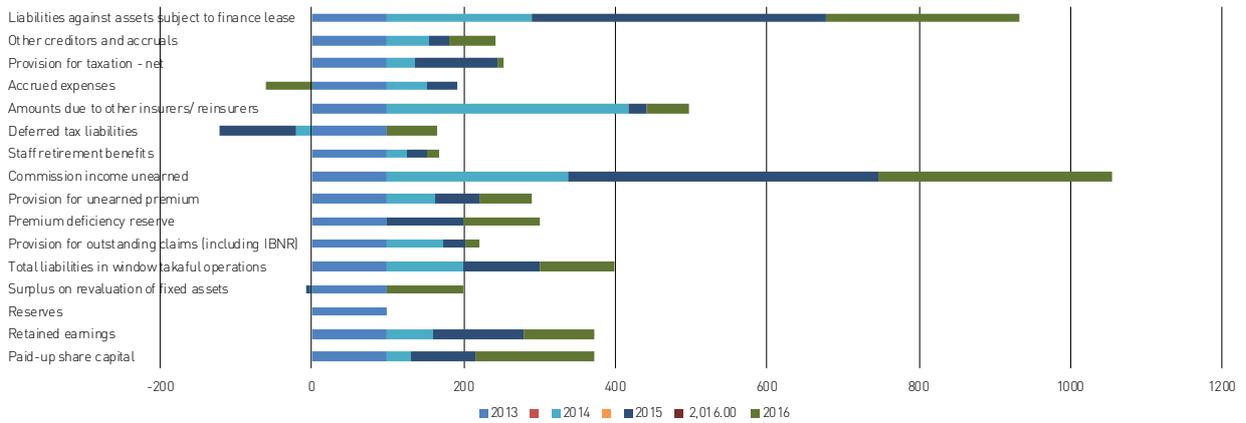
Horizontal Analysis

	YEARS			
	2013	2014	2015	2016
BALANCE SHEET ITEMS				
Cash & bank deposits	100	162.48	68.74	114.80
Loans	100	4.45	45.99	74.58
Investments	100	55.79	151.27	46.05
Advance for purchase of shares	100	(100.00)	-	114.68
Total assets in window takaful operations	-	-	100.00	100.00
Investment property	100	(5.00)	(9.75)	(14.26)
Deferred tax asset	-	-	100.00	-
Premiums due but unpaid	100	13.15	51.75	54.73
Amounts due from other insurers/ reinsurers	100	486.65	355.04	345.91
Prepaid reinsurance premium ceded	100	242.23	200.78	246.54
Reinsurance recoveries against outstanding claims	100	71.88	26.40	6.99
Deferred commission expense	100	91.24	143.05	170.14
Accrued investment income	100	16.94	(35.04)	(48.18)
Sundry receivables	100	(51.01)	(26.69)	13.52
Fixed assets - Tangible and intangibles	100	8.14	21.13	45.95
TOTAL ASSETS	100	63.46	68.16	81.72
Paid-up share capital	100	31.06	83.49	156.89
Retained earnings	100	61.11	118.62	67.84
Reserves	100	-	-	-
Surplus on revaluation of fixed assets	100	(2.18)	(4.29)	99.89
Total liabilities in window takaful operations	-	100.00	100.00	100.00
Provision for outstanding claims (including IBNR)	100	73.03	29.42	27.99
Premium deficiency reserve	100	-	100.00	100.00
Provision for unearned premium	100	62.51	58.23	69.73
Commission income unearned	100	237.91	407.90	309.24
Staff retirement benefits	100	24.80	25.93	17.92
Deferred tax liabilities	100	(20.70)	(100.00)	65.24
Amounts due to other insurers/ reinsurers	100	317.80	22.64	57.72
Accrued expenses	100	50.84	39.88	(59.77)
Provision for taxation - net	100	35.12	108.41	(38.05)
Other creditors and accruals	100	55.61	25.99	57.05
Liabilities against assets subject to finance lease	100	189.11	387.35	255.04
TOTAL EQUITY AND LIABILITIES	100	63.46	68.16	81.72
PROFIT AND LOSS ACCOUNT				
Net premium	100	38.62	94.11	123.12
Net claims	100	29.82	129.76	189.25
Premium deficiency reserve	-	-	100.00	100.00
Management expenses	100	31.63	47.63	75.58
Net commission	100	79.23	225.76	280.83
Investment income	100	82.78	75.06	124.84
Rental income	100	19.69	19.69	84.18
Other income	100	55.14	5.50	49.89
Share of loss from associate	-	100.00	100.00	100.00
General & admin expenses	100	19.14	15.36	100.00
Finance charges on lease rentals	100	175.45	332.64	51.73
Car Ijarah expense	100	-	-	273.81
Income from Window Takaful Operations	-	100.00	100.00	100.00
Provision for taxation	100	41.82	79.54	139.68

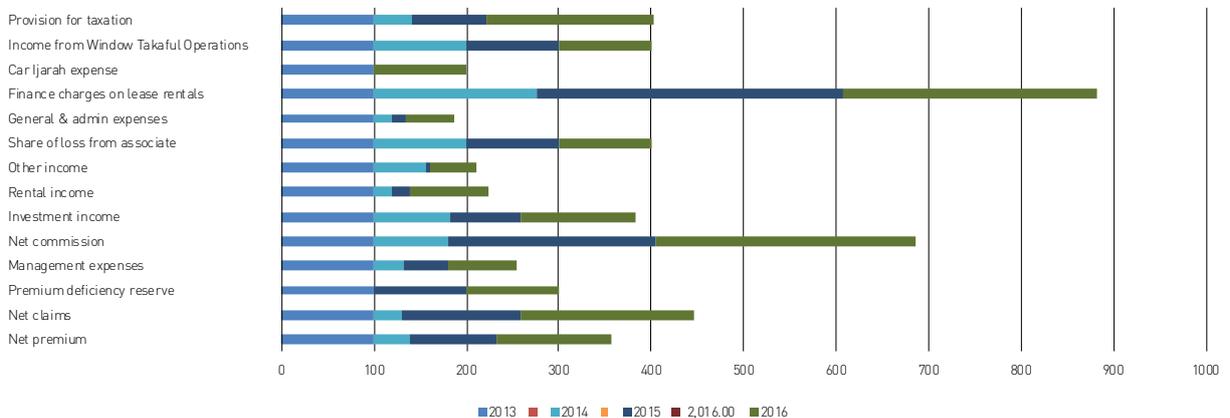
Horizontal Analysis - Assets



Horizontal Analysis Equity and Liabilities



Horizontal Analysis Profit and Loss



Segmentwise Outline

Fire

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 persons who are members of an organization whose aim is to overthrow any legal or defacto Government by terrorism or violence.

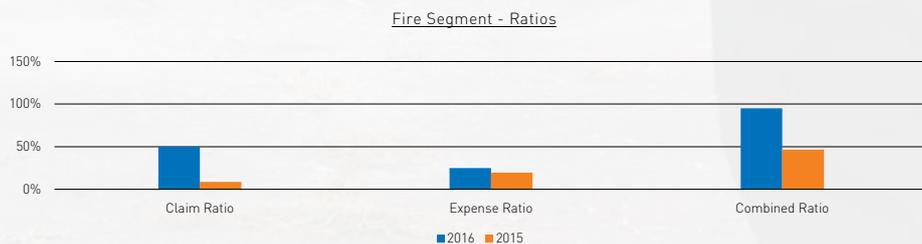
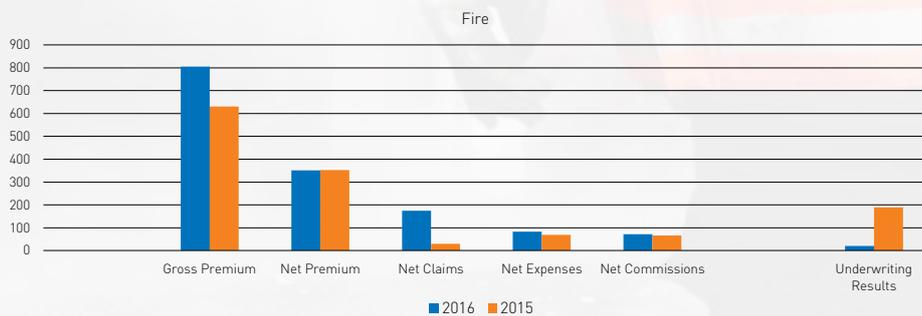
Allied Perils

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.





	2016	2015	
	Rupees		Change %
Gross Premium	805,256,120	629,923,664	27.83
Net Premium	350,367,395	352,637,733	(0.64)
Net Claims	176,093,241	30,259,648	481.94
Net Expenses	82,398,096	68,572,745	20.16
Net Commissions	71,394,510	65,466,388	9.06
Underwriting Results	20,481,548	188,338,952	(89.13)
Claim Ratio	50%	9%	
Expense Ratio	24%	19%	
Combined Ratio	94%	47%	



Segmentwise Outline Marine

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

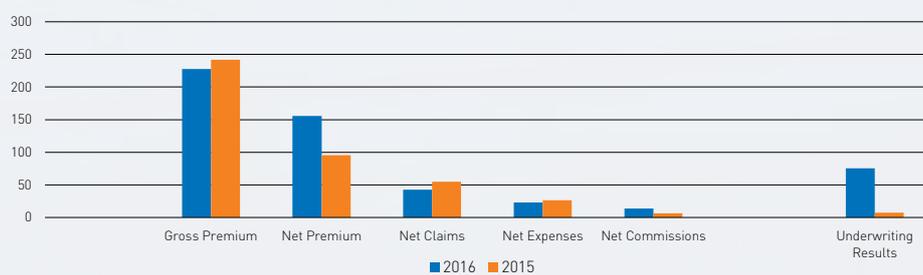
This cover is available for ocean going vessels, barges, tugs, dredgers, fishing trawlers, yachts, wooden dhows, pleasure/speed boats etc., under Institute Time Clauses Hulls. Cover is also provided for last breakup voyages from Karachi anchorage to Gadani.



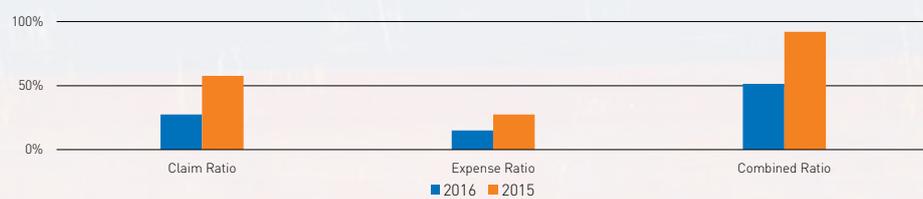


	2016	2015	Change %
	Rupees		
Gross Premium	227,414,710	241,521,399	(5.84)
Net Premium	155,710,160	95,304,881	63.38
Net Claims	42,811,234	54,905,353	(22.03)
Net Expenses	23,270,285	26,291,734	(11.49)
Net Commissions	13,920,341	6,468,563	115.20
Underwriting Results	75,708,300	7,639,231	891.05
Claim Ratio	27%	58%	
Expense Ratio	15%	28%	
Combined Ratio	51%	92%	

Marine



Marine Segment - Ratios



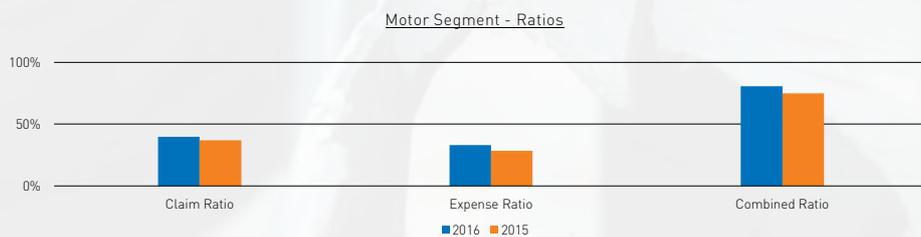
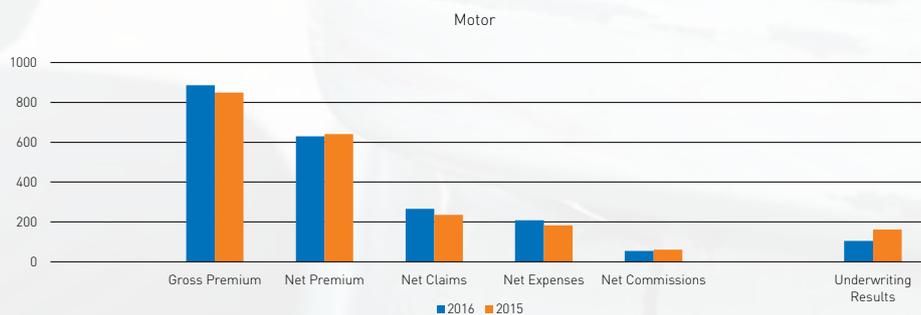
Segmentwise Outline Motor

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 claims 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.



	2016	2015	
	Rupees		Change %
Gross Premium	885,794,995	849,065,993	4.33
Net Premium	629,861,387	640,610,784	(1.68)
Net Claims	264,487,969	235,857,268	12.14
Net Expenses	207,354,559	182,604,329	13.55
Net Commissions	53,498,420	61,041,944	(12.36)
Underwriting Results	104,520,439	161,107,243	(35.12)
Claim Ratio	42%	37%	
Expense Ratio	33%	29%	
Combined Ratio	83%	75%	



Segmentwise Outline Crop

Crop Insurance

Financial protection against natural disasters, fire & lightening 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

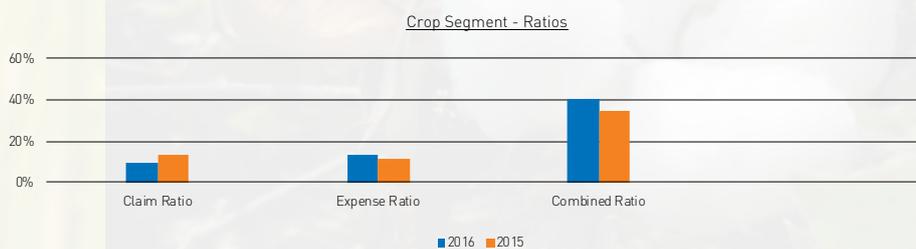
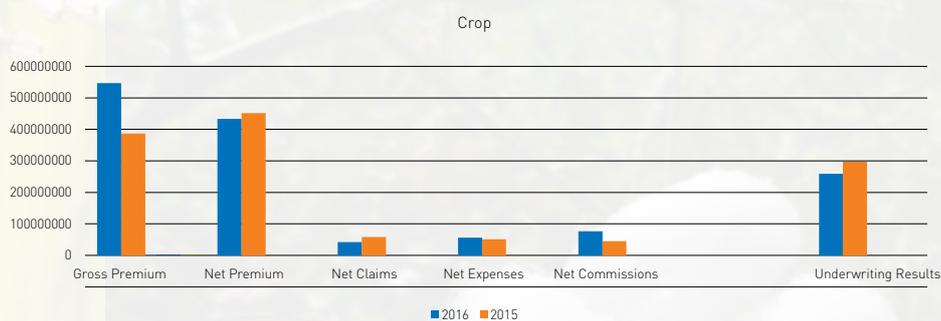
The consortium provides two types of cover:

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





	2016	2015	Change %
	Rupees		
Gross Premium	546,969,011	386,460,143	41.53
Net Premium	433,190,506	451,263,660	(4.01)
Net Claims	41,906,570	57,991,151	(27.74)
Net Expenses	55,968,783	51,099,379	9.53
Net Commissions	76,164,966	44,918,010	69.56
Underwriting Results	259,150,187	297,255,120	(12.82)
Claim Ratio	10%	13%	
Expense Ratio	13%	11%	
Combined Ratio	40%	34%	



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.

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.

Cash in Transit Insurance

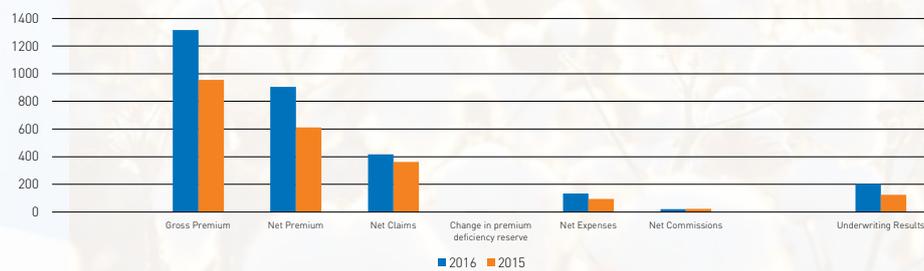
This policy provides coverage against loss of money whilst in transit due to forcible, violent, external and visible means.



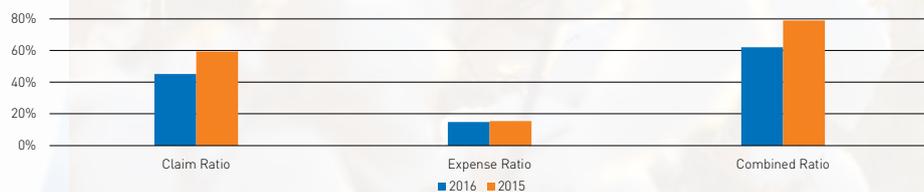


	2016	2015	Change %
	Rupees		
Gross Premium	1,316,305,972	955,186,368	37.81
Net Premium	904,302,525	611,966,830	47.77
Net Claims	409,220,147	363,315,216	12.64
Change in premium deficiency reserve	3,565,422	5,261,422	(32.23)
Net Expenses	134,691,439	94,950,672	41.85
Net Commissions	20,021,509	23,122,937	(13.41)
Underwriting Results	343,934,852	125,316,583	174.45
Claim Ratio	45%	59%	
Expense Ratio	15%	16%	
Combined Ratio	62%	79%	

Miscellaneous



Miscellaneous Segment - Ratios



Segmentwise Outline Overall

Fire Insurance

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

Marine 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

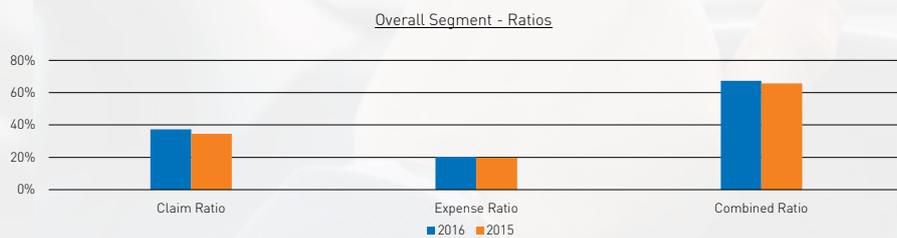
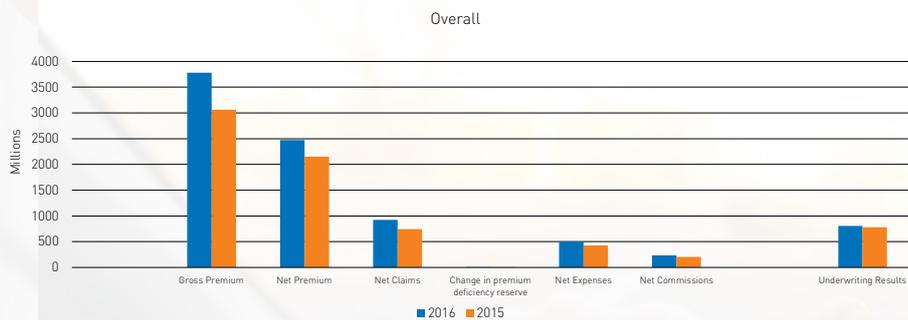
- Performance bond
- Maintenance bond
- Cash in safe
- Cash in transit
- Workmen's compensation
- Travel
- Aviation
- Health
- Live Stock
- Crop





	2016	2015	Change %
	Rupees		
Gross Premium	3,781,740,808	3,062,157,567	23.50
Net Premium	2,473,431,973	2,151,783,888	14.95
Net Claims	934,519,161	742,328,636	24.62
Change in premium deficiency reserve	3,565,422	5,261,422	100.00
Net Expenses	503,683,162	423,518,859	18.93
Net Commissions	234,999,745	201,017,842	16.90
Underwriting Results	803,795,326	779,657,129	4.31

Claim Ratio	38%	34%
Expense Ratio	20%	20%
Combined Ratio	68%	64%



Group Chairman's Message



Fresh Perspectives

The issues before us require fresh perspectives, open minds and courageous solutions.

Since 2005, United International Group [UIG] has grown from small beginnings into a leading provider of, insurance / takaful, microfinancing, tracking devices, software development solutions, & farming and TPA health care services. UIG Group has successfully pursued an expansion strategy both in terms of developing innovative solutions and diversifying its client base across several provinces and industries. UIG has always strived to be ahead of the curve by anticipating the market's needs and will continue to do so by working closely with clients as well as technology partners.

United Insurance (UICL) as a leader in the industry, specially launching of new, innovative and improved insurance products, our team is committed to maximizing client satisfaction. We take pride in selecting the right teams to meet the demanding and ever changing needs of our clients. Our leadership in this industry is directly attributable to our talented staff's dedicated attention to our clients' needs for achieving success."

The United International Group is proud to have UICL in its family of companies and we look forward to its continued success with your support and trust.

We are proud of our past and passionate about our future and look forward to continuing our success.

Warm Regards



Mian M.A. Shahid
Chairman – UIG Group
Date: April 06, 2017

Chief Executive's Message



Now in even stronger position
to reach our 2011–2016
financial targets.

Warm welcome to our stake holders:

Our Company purpose, to provide cost effective risk management solutions to its policy-holders / participants through highest level of quality. This purpose has been evident since the establishment of our corporation when our founders set out to build a premium quality service company.

The values we share are embodied in what goes on at UICL from day to day. Team members must exhibit ethical and honest behavior, and UICL must offer fair, equal conduct in a safe, healthy workplace. We believe that in such an environment, sound decision making and effective strategies flow naturally from the give-and-take of daily business engagements among all team members.

We continuously focus on:

- Quality – exceptional quality delights our customers and is essential to customer growth and retention.
- Service – at UICL, service is not simply a concept. It’s how we develop and maintain customer loyalty.
- Innovation – it is the driving force behind our long term growth.
- Peak performance – our commitment is to prepare as individuals and as a corporation to do our best.

We also make corporate responsibility a top priority. Our reputation for corporate integrity attracts great team members, great customers, and even greater opportunities. It is a key to our long-term success. Thus our motto: “Your risk is secure with us”.

That is UICL— a company with a proud past and a bright future!

On behalf of UICL, I invite you to explore our website and learn more about all we have to offer.

Sincerely,



Muhammed Rahat Sadiq

CEO

Date: April 06, 2017

Corporate Governance

Throughout the years, UICL has earned its distinction through reliability, transparency, sound business judgement, value creation, innovation and superior results.





Directors' Report to the Members

The Directors of "The United Insurance Company of Pakistan Limited" take pleasure in presenting the 57th 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, 2016.

Economic Overview

Pakistan's economy continues to maintain its growth momentum for the 3rd year in a row with real GDP growing at 4.71 percent in FY 2016 which is the highest in eight years. GDP posted a reasonable growth over last year, despite a major setback in agriculture growth on account of the massive decline in cotton production. However, the loss to some extent is compensated by a remarkable growth in industrial and services sector as both these sectors crossed their targets growth, while other key macroeconomic indicators like inflation, fiscal and current account balance recorded improvement.

Particularly, the external sector has become more stable on account of robust growth in workers' remittances; continued flows from IFIs; and a sharp decline in global oil prices. The country's FX reserves have reached all time high above US\$ 21 billion in May 2016, which can finance over 5 months of the country's import bill. This improvement in the external sector was critical in maintaining the exchange rate stability during the year.

The stable PKR parity also helped in keeping the CPI inflation under control, and in lowering inflation expectations in the country. The average CPI inflation fell from 8.62 percent in FY 2014 to 4.53 percent in FY 2015 and further declined to 2.79 percent during July-April FY 2016 compared to 4.81 percent of the corresponding period last year. A stable outlook of inflation and balance of payments even allowed policymakers to implement pro-growth strategies.

The capital market reaching historical levels is another sign of investors' interest in Pakistan's economy. Pakistan stock exchange is taking a quantum leap and its market fundamentals are strong and all set to joint MSCI Market Index in June 2016.

Per capita income reflects average standards of living of people in the country. The per capita income in dollar terms has increased from \$ 1,516.8 in FY 2015 to \$ 1,560.7 in FY 2016. The contributing factors for the increase in per capita income include acceleration in real GDP growth, lower growth in population and stability of Pak Rupee.

Insurance activity, and profitability of insurers, had slumped after the global financial crisis of 2007-08 but both have seen a gradual rise in last two years. But the core issue of insurance penetration, the lowest in the region, still remains unresolved.

Directors' Report to the Members

Gross Premiums written

3,781.74

Rs. in Millions

IBNR claims are incurred during the period covered by an insurance policy, but are not reported in the accounting year, making it difficult for the firm to adequately provide for such losses.

Effective July 1, 2016, the guidelines prescribe a standard method for the estimation of IBNR claims and will bring about standardisation and uniformity across the non-life insurance sector, the SECP says;

“With insurance penetration at just around 0.90 % of total population and the size of the insurance industry below 1% of GDP, future growth in insurance will come only through increased awareness,” according to an SECP officials.

Performance Review of Conventional Business Year Ended December 31, 2016

During the year 2016 despite pressure of competitive pricing, the company was able to show significant premium growth.

Company's Gross Written Premium increased by 23.499%, from Rs 3,062.158 million in 2015 to Rs 3,781.741million in 2016. Premium growth was recorded mainly in Fire, Motor & Crop businesses. The Company's net premium income stands at 65.405% of GWP. Overall the underwriting result, improved by 3.096 % during the year from Rs.779.657million in 2015 to Rs. 803.795 million in 2016. The Company's investment income increased from Rs. 60.729 million in 2015 to Rs. 77.994 million in 2016. Company's general & administrative expenses stand at 8.011%, of GWP. Loss on investment in associates increased from Rs. 10.992 million in 2015 to Rs. 276.733 million in 2016 due to regulatory implication regarding non-performing loans of the investee entity. But, however, it is noticed that revenue of the investee entity has been increased from Rs. 447.155 million in 2015 to Rs. 1,441.502 million in 2016. Accordingly the Company earned profit before tax of Rs. 362.848 in 2016 as against Rs. 679.588 million in 2015 and profit after tax of Rs. 283.336 million in 2016 as against Rs. 620.026 million in 2015.

Directors' Report to the Members

Net Premium

2,473.43

Rs. in Millions

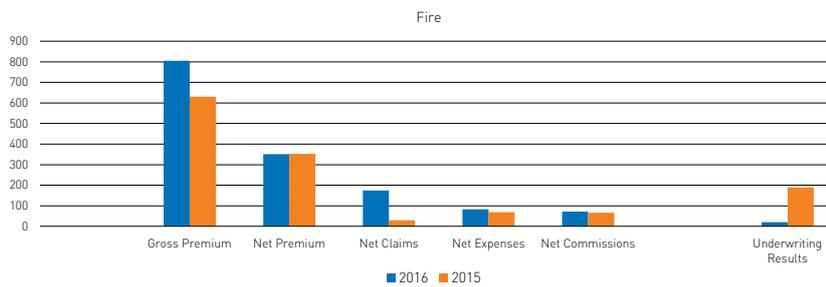
Earnings per Share

Your Company has reported earnings per share of Rs. 1.57 in 2016 as compared to Rs. 3.44 in 2015.

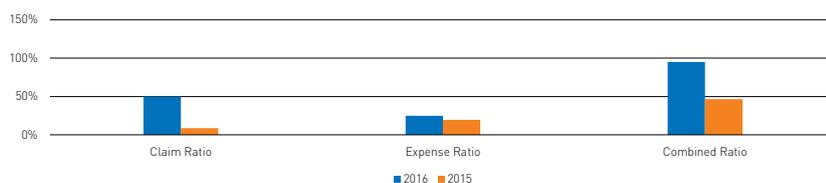
Segments at a Glance Conventional

Fire and Property Damage

The gross written premium increased to Rs. 805.256 million in 2016 as compared to Rs. 629.924 million in 2015 and constituted 21.29 % of the total gross written premium of the Company. Net claims as percentage of net premium revenue were 50.26 % in 2016 as against 8.58 % in 2015. The underwriting profit for the year decreased to Rs. 20.482 million as compared to Rs. 188.339 million in 2015 due to increase in claims.



Fire Segment - Ratios



Net Claims

934.52

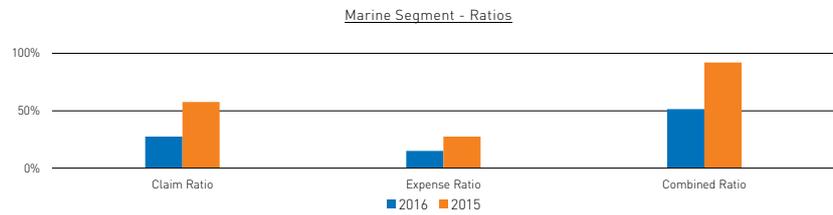
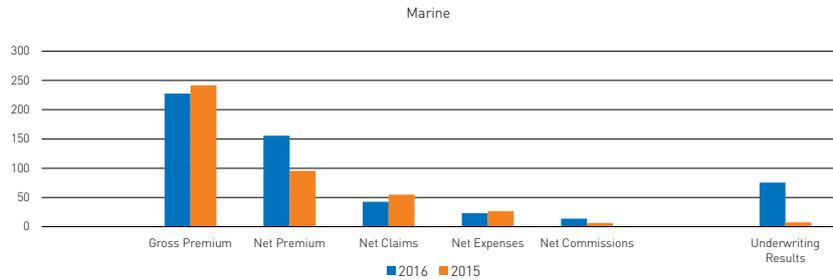
Rs. Millions

Marine, Aviation and Transport

The gross written premium decreased to Rs. 227.415 million in 2016 as compared to Rs. 241.521 million in 2015 and constituted 6.01 % of the total gross written premium of the Company. Net claims as a percentage of net premium revenue were 27.49 % in 2016 as against 57.61 % in 2015. The underwriting profit for the year was Rs. 75.708 million in 2016 as compared to Rs. 7.639 million in 2015.

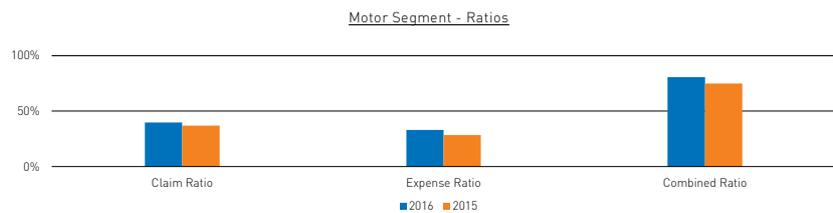
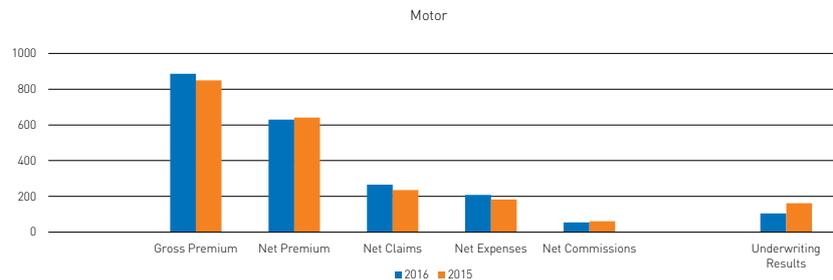
Directors' Report to the Members

Management Expenses
503.68
 Rs. in Millions



Motor

The gross written premium increased to Rs. 885.795 million in 2016 as compared to Rs. 849.066 million in 2015. The gross written premium of this segment constitutes 23.42 % of the total gross written premium of the Company. Net claims as percentage of net premium revenue was to 41.99 % in 2016 as against 36.82 % in 2015. The underwriting profit decreased to Rs. 104.520 million in 2016 as compared to Rs. 161.107million in 2015 due increase in claims.



Directors' Report to the Members

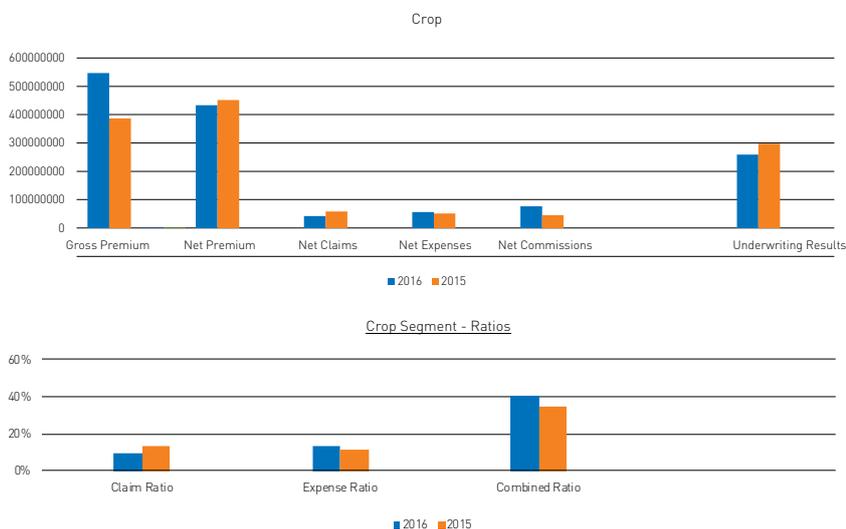
Net Commission

234.99

Rs. in Millions

Crop

The gross written premium increased to Rs. 546.969 million in 2016 as compared to Rs. 386.460 million in 2015. The gross written premium of this segment constitutes 14.46 % of the total gross written premium of the Company. Net claims as percentage of net premium revenue was to 9.67 % in 2016 as against 12.85 % in 2015. The underwriting profit decreased Rs. 259.150 million in 2016 as compared to Rs. 297.255 million in 2015 due commission expense.



Miscellaneous

Underwriting Profit

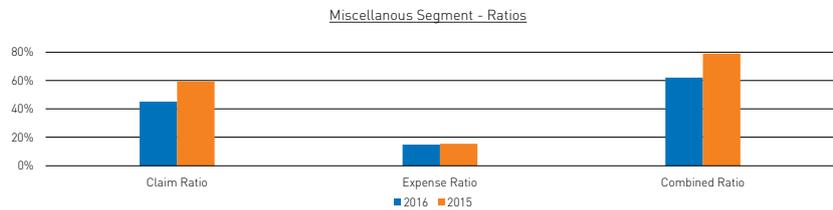
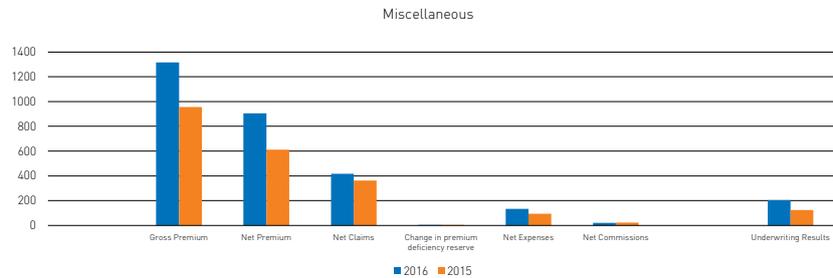
803.79

Rs. in Millions

The gross written premium increased to Rs. 1,316.306 million in 2016 as compared to Rs. 955.186 million in 2015. The gross written premium of this segment constitutes 34.81 % of the total gross written premium of the Company. Net claims as percentage of net premium revenue was to 45.25 % in 2016 as compared to 59.37% in 2015. The underwriting profit for the year increased to Rs. 343.935 million in 2016 compared to Rs. 125.317 million in 2015.

Directors' Report to the Members

Investment Income
77.99
 Rs. in Millions



Performance Review Of Window Takaful Operations Year Ended December 31, 2016

Company's Gross Written Contribution increased by 5.04% from Rs.503.604 million in 2015 to Rs.528.990 million in 2016. Contribution growth was recorded mainly in Fire and Motor businesses which resulted in increase of 145.85% in Fire and 19.30% in Motor respectively as compare to 2015. The Company's net Contribution income stood at 36.58% of the Gross written contribution which increased by 67.74% in comparison to year 2015. General & administrative expenses increased by Rs.5.037 million in 2016. Direct expenses of Participants takaful fund increased from Rs.19.387 million in 2015 to Rs.52.501 million in 2016. Due to shift in investment policy of the window takaful operations the company's investment income for operators fund increased by 70.79% in 2016 which should gradually improve in years to come. Similarly investment income of PTF stood at Rs.3.878 million showing an increase of Rs.3.132 million in year 2016.

Claims

Prompt settlement of claims is a vital function at the UIC. Natural Catastrophic claims are unavoidable and are complex in nature; these are either total or partial loss. Motor "own damage", Crop and Health claims accounted for majority of the claims which were promptly settled.

Directors' Report to the Members

Gross Contribution-WTO

528.99

Rs. in Millions

Re-insurance

Your Company follows a policy of optimizing risk retention through a carefully designed program of re-insurance. We have structured our reinsurance program to protect the value at risk at all times during the policy period. Our reinsurance coverage and strategic disaster planning is based on Company's exposure, accumulation and concentration of risk at the location.

UIC's reinsurance arrangements predominantly comprise of excess of loss treaties ,our panel consists of Swiss Re (Rated 'AA-' by S&P), Korean Re (Rated A- by AM Best), Trust Re (Rated 'A-' by AM BEST), Labuan Re (Rated 'A-' by AM BEST), Malaysian Re (Rated 'A-' by AM BEST),PRCL(AA JCR-VIS) Hannover Re (AA-S&P), Mapfre Assistance,(A1 by Moody's) and Kuwait Re (A- AM Best) ,our enhanced capacity allows us to underwrite large risks.

Investment Income

Our investment objective is to attain maximum return on our investment portfolio for the company/shareholders, the investment committee implements and monitors our investment strategies, guidelines, policies of the Board and the group's investment guideline. The Company will continue to place special emphasis on generating revenues by safe and sound investments generating good returns.

During the year, income from investment increased to Rs. 77.994/- million in 2016 as compare to Rs. 60.729/- million in 2015.The break-up of investment income is as under:

Net Contribution-WTO

193.51

Rs. in Millions

	2016 Rupees	2015 Rupees
Income from non-trading investments:		
Available for sale		
Dividend income	1,743,034	10,354,202
Return on Government securities	27,212,685	-
Gain on sale of 'available for sale' investments	25,558,672	4,849,724
	54,514,391	15,203,926
Held to maturity		
Return on Government securities	12,972,719	44,239,112
Return on fixed deposit receipts	5,901,310	4,787,351
Amortization on discount of preference shares	-	1,584,000
	73,388,420	65,814,389
Reversal/ [provision] for impairment in value of investment	4,888,006	(4,322,998)
Investment related expenses	(282,328)	(762,665)
Net investment income	77,994,098	60,728,726

Directors' Report to the Members

Net Rebate-PTF

25.28

Rs. in Millions

Company's Assets

The total assets of the Company as on 31 December, 2016 stood at Rs. 5,466.58/- million against Rs. 5,058.71/- million last year showing an increase of 8.06% mainly due to cash & bank deposits and fixed assets.

Risk Management Policy

The Company has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the Company. Our Company's Risk Management approach is made for qualitative evaluation of risk and minimizing its hazards. The same has also been adopted by your Board and is also subject to its review from time to time. Risk mitigation process and measures have been formulated and clearly spelled out in the said guidelines.

Information Technology

Your Directors recognize the importance of Technology in today's business environment by ensuring that we are up to date with the new technology in time with increasing numbers of policies and claims. The Communication infrastructure has been strengthened by upgrading the Reinsurance Management System fully integrated with our existing MIS. The Company is also developing "Business Intelligence Module (BIM)" through a software developer which would lead to further better quality services of chain of documents from branches to head office and vice versa.

Human Resource

At UIC, a greater emphasis is being placed on enhancing the quality of our HR, which will further enhance our marketing & administration capabilities of our employees, resulting in improved efficiency and qualitative services.

At UIC we provide continuous & challenging opportunities for growth of our employees. The Company has created a culture that promotes teamwork, collaboration, openness and transparency of processes which builds overall trust resulting in improvement and reward recognition for its employees.

Corporate Social Responsibilities – CSR

UIC is voluntarily contributing for a better society and a cleaner environment for the citizens of Pakistan especially for the youth and

Directors' Report to the Members

Investment Income-PTF

3.88

Rs. in Millions

special children. The Company as an aim and its business strategy is contributing in society through its business activities and its social investment.

The Company has conducted various CSR activities in the areas of sports, environment, occupational safety & health and also arranged seminars, medical camps, motivation speeches. The CSR activities during the year 2016 have been separately mentioned in the report on page 10.

Related Party Transactions

At each board meeting, the Board of Directors approves the Company's transactions with Associated Companies/Related Parties, all the transactions executed with related parties are on arm's length basis.

Insurer's Financial Strength Rating

The Pakistan Credit Rating Agency (PACRA) has upgraded the Insurer's Financial Strength (IFS) rating of your Company to "AA-" (Double A minus). 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 is expected to be very small".

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 a transparent manner strictly following the code of ethics, to which there is no compromise.

Wakala Fee-WTO

211.57

Rs. in Millions

Appropriation

Your Directors' are pleased to present the following figures with recommendations for the year ended December 31, 2016.

Directors' Report to the Members

Net Commission-WTO

69.67

Rs. in Millions

	Rupees
Particulars	
Net profit after tax	283,335,925
Add: Incremental depreciation	819,301
Add: Actuarial gain on defined benefit plan	6,300,427
Add: Share of other comprehensive income from associate	1,623,490
Less: Share of other comprehensive loss from Window Takaful Operations	(696,374)
Total comprehensive income	291,382,769
Add last year unappropriated profit	366,693,769
Profit available for appropriation	658,076,606
Appropriated/Appropriations:	
11% Final stock dividend	198,352,000
10% Final cash dividend	180,320,000
Qarz-e-hasna returned to operators fund (OPF)	(19,000,000)
Unappropriated profit	298,404,606
Total	658,076,606

Report on corporate and financial reporting frame work is part of Directors' report which is available at page no 57.

Future Outlook

The continuation of economic reforms and efforts to improve the security environment is expected to boost the insurance business confidence. But real growth in the insurance industry of 3% is less than the GDP growth rate of 4%. The industrial activity is very slow due to delay in expansion of existing projects and no new foreign investment is coming into the country except power projects. However, the medium term financial outlook is positive due to resources getting mobilized for project linked to the China Pakistan Economic Corridor (CPEC).

Keeping in view the above expected development, we plan on achieving sustainable, profitable growth with increased market share in a dynamic and competitive business environment. On the other hand, the Window Takaful business would also add to growth in the year 2017.

Directors' Report to the Members

Profit for the year-WTO

49.20

Rs. in Millions

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. 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 behalf of directors of
The United Insurance Company of Pakistan Limited



Mohammed Rahat Sadiq
Chief Executive Officer

Date: April 06, 2017

Report on Corporate

and Financial Reporting Framework

1. The financial statements prepared by the Company, present fairly its state of affairs, the results of its operation, cash flows and change in equity;
2. The Company has maintained proper books of accounts as required under the Companies Ordinance, 1984;
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 Financial Reporting Standard and any other regulation or law (including but not limited to the Shariah guidelines/ principles) as applicable in Pakistan. The departure therefrom (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. This is a continuing process and any weaknesses are removed and its effective implementation shall be ensured.
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 on page 21;
9. Outstanding taxes and duties amounting to Rs. 83,917,094/- which will be paid partially in the month of January, 2017 and partially in with income tax return of tax year - 2017;
10. There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at December 31, 2016, 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 gratuity fund amounts to Rs. 32,155,786 /- as at December 31, 2016;
13. The number of meetings attended by each Director is given hereunder;

Sr. no.	Name of Directors	Number of meetings attended
1.	Najeeb ur Rehman	6 out of 6
2.	Khawas Khan Niazi	6 out of 6
3.	Mohammad Rahat Sadiq	6 out of 6
4.	Huma Waheed	6 out of 6
5.	Javaid Sadiq	6 out of 6
6.	Ch. Aziz ur Rehman	5 out of 6
7.	Ch. Maqsood Ahmed	6 out of 6

Leave of absence was granted to the Director who could not attend the board meeting.

BOARD COMMITTEES

Your Company maintains following three board committees.

Report on Corporate

and Financial Reporting Framework

Audit Committee

The Board is responsible for effective implementation of a sound internal control system, including compliance with control procedures. The Audit Committee is assisted by the Internal Auditor in reviewing the adequacy of operational controls and in monitoring and managing risks so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Company and to add value and improve the Company's operations by providing independent and objective assurance.

The Audit Committee comprises of three (3) members, of whom one (1) is independent director and two (2) are non-executive directors. The Chairman of the Committee is an independent director. The term of reference of the Audit Committee is aligned with the Code of Corporate Governance. During the year, the Audit Committee held four (4) meetings, each before the Board of Directors meeting to review the financial statement, internal audit reports, compliance with the best practices of the Corporate Governance requirement and other associated matters.

Investment Committee

The Company has a board level investment committee that meets on a quarterly basis to review the investment portfolio. The committee is also responsible for developing the investment policy for the Company. The Investment Committee comprises of five (5) members including Chairman of the Committee is an independent director. During the year, the Investment Committee held four (4) meetings.

Ethics, Human Resource & Remuneration Committee

The Ethics, Human Resource & Remuneration Committee is responsible for formulating Human Resource policies of the Company. It also makes recommendations to the Board regarding selection, evaluation, compensation (including retirement benefits) of key officers of the Company. The Committee regularly reviews the Human Resource policies and sets criteria for recruitment and selection, training & development, succession planning and health & safety of the employees. The Committee meets at least once in a year.

MANAGEMENT COMMITTEES

As part of the Code of Corporate Governance, your Company maintains following four (4) management committees which meet at least once every quarter:

Underwriting Committee

The underwriting committee formulates the underwriting policy of your Company. It sets out the criteria of assessing various types of insurance risks and determines the premium policy of different insurance covers. The committee regularly reviews the underwriting and premium policies of the Company with due regard to relevant factors such as its business portfolio and market development.

Claims Settlement Committee

Besides formulating and updating claim settlement policy, the Claim Committee monitors progress of settlement of claims. It ensures that the claims are settled efficiently and expeditiously. The Claims Settlement Committee determines the

Report on Corporate

and Financial Reporting Framework

circumstances under which the claim disputes are to be brought to its attention and decides how to deal with such claims disputes. It also oversees the implementation of the measures for combatting fraudulent claim cases.

Reinsurance & Co-insurance Committee

This committee ensures that adequate reinsurance arrangements are made for the company's businesses. It evaluates the proposed reinsurance agreements prior to execution, review the agreement time to time and subject to the consent of the participation reinsurers, make appropriate adjustments as and when necessary. It also assesses the future effectiveness of the reinsurance program.

Risk Management & Compliance Committee

Risk Management Committee identifies, assesses and prioritises risks followed by coordinated efforts to minimise, monitor and mitigate/control the probability and/or impact of unfortunate events or to maximise the realization of opportunities.

The Company has laid down a comprehensive Risk Assessment and Minimisation procedure, which is reviewed by the Board from time-to-time. These procedures are reviewed to ensure that executive management controls risk through means of a properly defined framework. The major risks have been identified by the Company and its mitigation process/measures have been formulated in the areas such as business, project execution, event, financial, human, environment and statutory compliance.

Pattern of Shareholding

The statement of pattern of shareholding as at December 31, 2016 is reported at page 65.

There was no trading in shares of the Company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Executives and their spouses and minor children during the year 2016, except the following shares which were purchased by the new Directors as qualification shares:

Name of Director	Shares Purchased	Dated
Agha Ali Imam	2,000	May 03, 2016
Taseer Yousaf Makhdoom	1,250	Nov 10, 2016

Directors & Company Secretary

Ch. Aziz ur Rehman and Ch. Maqsood Ahmed resigned from the Board. The casual vacancies on the Board were filled by co-option of Mr. Taseer Yousaf Makhdoom and Mr. Agha Ali Imam for the remainder of the term.

The Board also acknowledged their contributions toward the Company's growth over the past 20 years, they will be missed dearly. Their innovative contributions were also recorded in the Minutes Book as a history and to highlight their steadfastness and commitments to the Company's wellbeing and progress.

Consequent upon the resignation of Mr. Ausaf Ali from the position of Company Secretary. Mr. Athar A. Khan has been appointed as Company Secretary, effective from August 9, 2016.

Report on Corporate

and Financial Reporting Framework

Auditors

The Company's Auditors M/s. RSM Avais Hyder Liaquat Nauman, Chartered Accountants retire and not being willing to continue as Company's statutory auditors. Therefore, the Audit Committee reviewed and recommended to the Board of Directors for appointment of M/s. Ilyas Saeed & Co, Chartered Accountants as external auditors and their remuneration for the year ending December 31, 2017.

Material Changes

During the reporting year, the company further invested in Apna Microfinance Bank Limited by resulted in increase from Rs.244,244,140/- in 2015 to Rs. 462,211,170/- in 2016 and percentage of holding in associate came to 37.624% in 2016.

Insurance Ordinance, 2000

- in their opinion and to the best of their belief the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in accordance with the Insurance Ordinance 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 the paid-up capital, solvency and re-insurance arrangements; and

- as at the date of the statement, the Company continues to be in compliance with the provisions of the Ordinance and rules framed there under as mentioned above.

For and behalf of directors of
The United Insurance Company of Pakistan Limited



Mohammed Rahat Sadiq
Chief Executive Officer

Date: April 06, 2017

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 well being 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 believes in fair competition, and supports appropriate competition laws. The UICL is committed to provide services, which consistently offer value in terms of price and quality and satisfy customer needs and expectations.

Relationship With Socio-Economic Environment

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 supercede 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.

Review Report to the Members

on Statement of Compliance with the Best Practices of Code of Corporate Governance

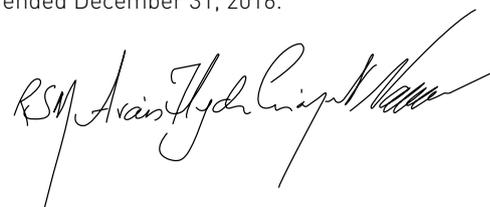
We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of The United Insurance Company of Pakistan Limited (the Company) for the year ended December 31, 2016 to comply with requirements of the Listing Regulations of the Pakistan Stock Exchange, where the Company is listed.

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

As a part of our audit of 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's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2016.



RSM AVAIS HYDER LIAQUAT NAUMAN
Chartered Accountants

Date: April 06, 2017

Place: Lahore

Statement of Compliance

with the Code of Corporate Governance

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

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

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

Category	Names
Independent Director	Najeeb ur Rehman Agha Ali Imam
Executive Directors	Mohammed Rahat Sadiq Huma Waheed
Non-Executive Directors	Khawas Khan Niazi Javaid Sadiq Taseer Yousaf Makhdoom

All independent directors meet the criteria of independence as laid down in the Code of Corporate Governance for Insurers, 2016.

2. 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).
3. 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 or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.
4. During the year, two casual vacancies occurred on the Board and both were filled by the directors within 90 days thereof.
5. The company has prepared a Code of Conduct, which has been disseminated among all the directors and employees of the company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All powers of the Board have been duly exercised and decisions on material transactions, including the 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.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notice of the board meetings, along with the agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the company. The company has adopted and complied with all the necessary aspects of internal controls given in the Code.
10. The Board arranged for one of its directors to attend Training Program from the Institute of Chartered Accountants of Pakistan (ICAP) Lahore, during the year to apprise him of his duties and responsibilities.
11. There was no new appointment of Chief Financial Officer (CFO) and Head of Internal Audit (HIA). The Board has approved the appointment of the Company Secretary including his remuneration and terms and conditions of employment.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016

Statement of Compliance

with the Code of Corporate Governance

and fully describes the salient matters required to be disclosed.

13. The financial statements of the company were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.
14. 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.
15. The company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance, 2012.
16. The Board has formed the following Management Committees:

Underwriting Committee:

Category	Names
Chairman	Mr. Taseer Yousaf Makhdoom
Member	Mr. Mohammad Rahat Sadiq
Member	Mr. Syed Qaisar Imam
Member	Mr. Tajammal Iqbal
Secretary	Mr. Fahad Butt

Claims Settlement Committee:

Category	Names
Chairperson	Ms. Huma Waheed
Member	Mr. Mohammad Rahat Sadiq
Member	Mr. Kamran Zaman
Member	Mr. Mazhar Bhatti
Member	Mr. Kashif Shafique
Secretary	Mr. Rizwan Safdar

Reinsurance & Co-insurance Committee:

Category	Names
Chairman	Mr. Najeeb-ur-Rehman
Member	Mr. Khawas Khan Niazi
Member	Mr. Mohammad Rahat Sadiq
Member	Mr. Abrar Ahmed Minhas
Member	Mr. Amir Hameed
Secretary	Mr. Tayyab Bashir

Risk Management & Compliance Committee:

Category	Names
Chairman	Mr. Javaid Sadiq
Member	Mr. Mohammad Rahat Sadiq
Member	Ms. Huma Waheed
Member	Mr. S. Rahat Ali Shah
Member	Mr. Tayyab Bashir
Secretary	Mr. Saad Munir

17. The Board has formed the following Board Committees:

Ethics, Human Resource & Remuneration Committee:

Category	Names
Chairman	Mr. Javaid Sadiq
Member	Mr. Mohammad Rahat Sadiq
Member	Mr. Taseer Yousaf Makhdoom
Member	Mr. Athar A. Khan
Secretary	Mr. Wakeel Ahmed Mirza

Investment Committee:

Category	Names
Chairman	Mr. Agha Ali Imam
Member	Mr. Khawas Khan Niazi
Member	Mr. Mohammad Rahat Sadiq
Member	Ms. Huma Waheed
Member	Mr. Tajammal Iqbal
Secretary	Mr. Maqbool Ahmed

18. The Board has formed an Audit Committee. It comprises of three (3) members, of whom one (1) is an independent director and two (2) are non-executive directors. The chairman of the Committee is an independent director. The composition of the Audit Committee is as follows:

Audit Committee:

Category	Names
Chairman	Mr. Agha Ali Imam
Member	Mr. Taseer Yousaf Makhdoom
Member	Mr. Khawas Khan Niazi
Secretary	Mr. Abdul Mannan Muneer

19. The meetings of the Committees, except Ethics, Human Resource and 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 of Corporate Governance for Insurers, 2016. The terms of references of the Committees have been formed and advised to the Committees for compliance.

Statement of Compliance

with the Code of Corporate Governance

20. The Board has set up an effective internal audit function.
21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as are required under the Code of Corporate Governance for Insurers, 2016. Moreover, the persons who handling the underwriting, claims, reinsurance, risk management and grievance functions / department possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Designation	Names
Chief Executive Officer	Mohammad Rahat Sadiq
Chief Financial Officer	Maqbool Ahmed
Compliance Officer	Rahat Ali Shah
Company Secretary	Athar A. Khan
Head of Internal Audit	Abdul Manan Munir
Head of Underwriting	S.M. Qaiser Imam
Head of Claims	Kamran Zaman
Head of Reinsurance	Abrar Ahmed Minhas
Head of Risk Management	Tayyab Bashir

22. The statutory auditors of the company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000. The statutory auditors 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.
23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, were determined and intimated to directors, employees and stock exchange.
25. Material price sensitive information has been disseminated among all the market participants at once through stock exchange.
26. The Board ensures that the investment policy of the company has been drawn up in accordance with the provision of the Code of Corporate Governance for Insurers, 2016.
27. The Board ensures that the risk management system of the company is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.
28. The company has set up a risk management department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
29. The Board ensures that as part of the risk management system, the company gets itself rated 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 AA- rating assigned by PACRA.

Statement of Compliance

with the Code of Corporate Governance

30. The Board has set up a grievance department, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.

31. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with except for the following, towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

For and behalf of the Board



Mohammed Rahat Sadiq
Chief Executive Officer

Date: April 06, 2017

Pattern of Shareholding

As At December 31, 2016

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
300	1	100	6,251
223	101	500	67,422
158	501	1000	127,805
373	1001	5000	985,046
132	5001	10000	1,004,899
58	10001	15000	728,356
35	15001	20000	647,215
10	20001	25000	223,356
19	25001	30000	527,155
10	30001	35000	337,118
9	35001	40000	338,680
5	40001	45000	211,323
6	45001	50000	295,181
8	50001	55000	420,608
3	55001	60000	174,994
1	60001	65000	64,860
4	65001	70000	272,699
5	70001	75000	366,446
6	75001	80000	465,876
3	80001	85000	243,001
1	85001	90000	86,238
1	95001	100000	100,000
5	100001	105000	508,426
1	110001	115000	111,274
1	115001	120000	115,857
3	120001	125000	369,005
2	125001	130000	254,000
1	135001	140000	137,000
1	160001	165000	161,673
1	165001	170000	165,282
1	175001	180000	175,007
1	180001	185000	183,000
1	215001	220000	217,790

Pattern of Shareholding

As At December 31, 2016

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
3	230001	235000	700,098
1	240001	245000	240,396
1	255001	260000	257,500
1	265001	270000	269,207
1	305001	310000	306,961
1	395001	400000	398,335
1	400001	405000	404,240
1	555001	560000	558,713
1	735001	740000	736,212
1	765001	770000	768,265
1	1065001	1070000	1,066,997
1	1220001	1225000	1,222,324
1	1605001	1610000	1,605,577
1	2175001	2180000	2,179,730
1	2735001	2740000	2,738,959
1	2880001	2885000	2,880,074
1	4795001	4800000	4,795,232
1	5175001	5180000	5,176,505
1	5235001	5240000	5,238,543
1	5300001	5305000	5,302,055
1	5445001	5450000	5,449,328
1	5995001	6000000	5,997,448
1	13125001	13130000	13,126,069
1	15150001	15155000	15,154,921
1	15175001	15180000	15,177,581
1	17325001	17330000	17,326,281
1	26570001	26575000	26,574,515
1	34575001	34580000	34,575,091
1,418			180,320,000

Categories of Shareholding

As per Code of Corporate Governance as at December 31, 2016

Sr. No.	Categories of Shareholding	Number of Shareholders	Share held	Percentage %
1	Associated Undertaking & Related Parties	2	432,480	0.24
2	NIT, ICP, Modaraba & Mutual Funds	3	4,092	0.002
3	Directors , CEO & their Spouse and Minor Children	7	75,671	0.04
4	Executives	NIL	NIL	NIL
5	Public Sector Companies & Corporations	1	768,265	0.43
6	Banks, DFIs, NBFI & Insurance Companies	4	24,241	0.01
7	Shareholders Holding 5% or more voting Rights in the Company	6	125,881,529	69.81
8	Individual	1,395	53,133,722	29.47
	Total	1,418	180,320,000	100.00

Categories of Shareholding

As per Code of Corporate Governance as at December 31, 2016

List A Associated Undertaking & Related Parties		
Sr. No.	Name	No. of Shares
1	Aziz Mines (Private) Limited	28,240
2	Indus Coal Mines (Private) Limited	404,240
		432,480

List B NIT, ICP, Modaraba & Mutual Funds		
Sr. No.	Name	No. of Shares
1	Karachi Sheraton Hotel Employees Provident Fund	2,886
2	CDC Trustee First Capital Mutual Fund	1,158
3	IDBL (ICP Unit)	48
		4,092

List C Directors, CEO & their Spouse and Minor Children		
Sr. No.	Name	No. of Shares
1	Najeeb-ur-Rehman	32,701
2	Muhammad Rahat Sadiq	7,058
3	Khawas Khan Niazi	17,832
4	Agha Ali Imam	2,000
5	Miss Huma Waheed	13,642
6	Javaid Sadiq	1,188
7	Taseer Yousaf Makhdoom	1,250
		75,671

List D Public Sector Companies & Corporations		
Sr. No.	Name	No. of Shares
1	Pakistan Reinsurance Company Limited	768,265

List E Banks, DFIs, NBFIs & Insurance Companies		
Sr. No.	Name	No. of Shares
1	Eastern Federal Union Insurance Co., Ltd.	7,184
2	Habib Bank AG Zurich, Deira Dubai	5,000
3	Habib Bank Limited	242
4	National Bank of Pakistan Investor Account	11,815
		24,241

List F Shareholders Holding 5% or more voting Rights in the company		
Sr. No.	Name	No. of Shares
1	Margalla News International	26,574,515
2	UIG Global	15,177,581
3	United Track System (Pvt.) Limited	37,455,165
4	United International Farms (Pvt.) Limited	15,154,921
5	United Software & Technologies (Pvt.) Limited	18,393,278
6	Tawasul Risk Management Services (Pvt.) Limited	13,126,069
		125,881,529

ممبرز کو ڈائریکٹرز رپورٹ

اپروپری ایشن

آپ کے ڈائریکٹرز 31 دسمبر، 2016 کے لئے مندرجہ ذیل اعداد و شمار کی سفارشات کو پیش کرتے ہوئے مسرت محسوس کرتے ہیں:

جزئیات	
283,335,925	قبل از ٹیکس خالص منافع
819,301	جمع: انگریجیشنل ڈیپریسیشن
6,300,427	جمع: ایکویٹی لین اوون ویفائیڈ بینیفٹ پلان
1,623,490	جمع: رکن کمپنی آمدن کا حصہ
(696,374)	نئی: ونڈ ونگاٹل آپریشنز کے نقصان کا حصہ
291,382,769	کل آمدن
366,693,769	جمع: پچھلے سال کا ان اپروپری ایشن منافع
658,076,606	اپروپری ایشن کے لئے دستیاب منافع

Profit for the year-WTO

49.20

Rs. in Millions

اپروپری ایشن	
198,352,000	11% فائنل سٹاک مقسوم
180,320,000	10% نقد مقسوم
(19,000,000)	اوپن ایف کوٹرز ضمیمہ کی واپسی
298,404,606	ان اپروپری ایشن منافع
658,076,606	کل

مستقبل کے نقطہ نظر:

بیمہ سازی کے کاروبار میں سرمایہ کاروں کے اعتماد کی بحالی کے لئے معاشی اصلاحات اور حفاظتی ماحول کو بہتر بنانے کی کوششوں میں تسلسل متوقع ہے۔ بیمہ سازی کاروبار میں نمونین فی صد ہے جو کہ مجموعی ملکی پیداوار کی 4 فی صد شرح نمو سے کم ہے۔ موجودہ منصوبوں کی توسیع میں تاخیر اور غیر ملکی سرمایہ کاری میں کمی کی وجہ سے صنعتی سرگرمیوں میں کمی ہوئی ہے، تاہم پاکستان اور چین اقتصادی راہ داری منصوبے سے جڑے وسائل کی ترسیل کی وجہ سے وسط مدتی مالیاتی کارکردگی مثبت ہے۔ اوپر بیان کردہ متوقع ترقی کو مد نظر رکھتے ہوئے ہم پندرہ منافع بخش ترقی اور مسابقتی کاروباری ماحول میں زیادہ مارکیٹ شیئر حاصل کرنے کے لئے حکمت عملی تیار کر رہے ہیں۔ جب کہ دوسری طرف سال 2017 میں تکافل آئٹمز میں مجموعی متوقع ہے۔

اعتراف:

آپ کے ڈائریکٹرز شیئر ہولڈرز، SECP، بنکاروں اور کاروباری معاونین کی ہر درجہ میں کی گئی مسلسل حمایت کے بے حد مشکور ہیں۔ آپ کے ڈائریکٹرز کمپنی افسران اور ملازمین کی پر عزم کوششوں کی قدر کرتے ہیں۔

بورڈ کی جانب سے



محمد راحت صادق

کمپنی کا سربراہ

مورخہ: 06 اپریل 2017

ممبرز کوڈائریکٹرز رپورٹ

انسانی وسائل:

یو آئی سی میں، اس بات پر پورا زور دیا جاتا ہے کہ ہمارے ایچ آر کے میعار کو مزید بہتر بنایا جائے، جس سے ہمارے ملازمین کی مارکیٹنگ اور ایڈمن صلاحیتوں میں نکھار آئے، جس کے نتیجے میں ہماری خدمات کا معیار اور کارکردگی مزید بہتر ہوتی ہے۔ یو آئی سی میں، ہم اپنے ملازمین کی نشوونما کے لئے مسلسل چیلنجنگ مواقع فراہم کرتے رہتے ہیں۔ کمپنی ایسا ماحول قائم کرتی ہے جہاں ٹیم ورک، تعاون، کشادگی اور کام کی شفافیت ہو جس سے ایک مجموعی بھرپور جذبہ لیتا ہے اس کے نتیجے میں ملازمین کو ترقی اور انعامات سے نوازہ جاتا ہے۔

Investment Income-PTF

3.88

Rs. in Millions

کارپوریٹ سماجی ذمہ داری:

کمپنی کا مقصد ہے کہ وہ اپنے ملازمین کے مفادات کی حفاظت کرے، حادثات سے متاثرہ افراد کی دیکھ بھال کرے، جائیداد اور ماحول کی حفاظت کرے، یو آئی سی میں، خطرے کی روک تھام ہماری اجتماعی ذمہ داری ہے، اس لئے ہم بہتری کے مسلسل نئے راستے اور طریقے وضع کرتے رہتے ہیں۔

متعلقہ پارٹی لین دین:

ہر ایک بورڈ میننگ میں ڈائریکٹرز رکن کمپنیوں اور متعلقہ پارٹیز کے لین دین کی منظوری دیتے ہیں۔ متعلقہ پارٹیز سے تمام لین دین ایک خاص حد تک ہی کیا جاتا ہے۔

انشورنس کمپنی کی مالی طاقت کی درجہ بندی:

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے آپ کی کمپنی کی انشورر مالی طاقت (IFS) کو اپ گریڈ کرتے ہوئے "AA" ریٹنگ دی ہے۔ اس ریٹنگ کا مطلب ہماری مضبوط مالی حیثیت کا اظہار ہے جس کے ذریعے ہم پولیسٹی ہولڈر کی تمام قانونی ذمہ داریاں پوری کرنے کی صلاحیت رکھتے ہیں۔ رسکی عوامل سے خطرات معمولی ہوتے ہیں، منفی کاروباری و معاشی عوامل کا اثرات بہت کم متوقع ہوتے ہیں۔

ضابطہ اخلاق:

آپ کی کمپنی نے ایک ضابطہ اخلاق تیار کیا ہے جو اخلاقی طرز عمل کو یقینی بنانے کیلئے ملازمین سے دستخط شدہ ہے۔ ہماری تمام آپریشنل سرگرمیاں سخت شفاف انداز میں چلائی جاتی ہیں جس میں اخلاقیات پر کوئی سمجھوتہ نہیں ہو۔

Wakala Fee-WTO

211.57

Rs. in Millions

ممبرز کوڈائریکٹرز رپورٹ

جزل سرمایہ کاری:

ہماری سرمایہ کاری کا مقصد حصہ داروں کو زیادہ سے زیادہ منافع دینا ہے۔ اسوسمنٹ کمیٹی سرمایہ کاری کی حکمت عملیوں کی ہدایات اور بورڈ کی پولیسوں اور گروپ کی سرمایہ کاری کی ہدایات کو نافذ کرتی ہے اور اس کی جانچ پڑتال کرتی ہے۔ کمپنی اچھا منافع کمانے کے لئے سرمایہ کاری کو زیادہ سے زیادہ محفوظ بنانے پر خاص زور دے گی۔

Net Commission-WTO

69.67

Rs. in Millions

2015	2016	
		غیر تجارتی سرمایہ کاری
		فروخت کے لئے دستیاب سرمایہ کاری
10,354,202	1,743,034	آمدن مقوم
-	27,212,685	حکومتی سیکورٹیز پر منافع
4,849,724	25,558,672	فروخت کے لئے دستیاب سرمایہ کاری پر منافع
15,203,926	54,514,391	
		کثیر المدتی سرمایہ کاری
44,239,112	12,972,719	حکومتی سیکورٹیز پر منافع
4,787,351	5,901,310	فیکس ڈپوزیٹ کی آمدن
1,584,000	-	ترجیحی حصص پر رعایت کی کساد بازاری
65,814,389	73,388,420	
		سرمایہ کاری کی قدر میں تخفیف کی (پروویژن) ایڈجسٹمنٹ
(4,322,998)	4,888,006	
		سرمایہ کاری اخراجات
(762,665)	(282,328)	
60,728,726	77,994,098	خالص سرمایہ کاری آمدن

کمپنی کے اثاثہ جات:

2016 میں کمپنی کے کل اثاثہ جات 8.06 فی صد اضافے سے 5,466.58 ملین روپے رہے جو کہ 2015 میں 5,058.71 ملین روپے تھے۔ یہ اضافہ نقد و بنک ڈپوزٹس اور فیکس ڈپوزٹس میں اضافہ کی وجہ سے رہا۔

ضابطہ رسک مینجمنٹ:

انسورنس بطور ایک کاروبار کے رسک کو گاہک سے انسورر میں منتقل کر دیتا ہے، صرف انڈر رائٹر ہی رسک کے خطرات تک رسائی کی صلاحیت رکھتا ہے، ہماری کمپنی کی رسک مینجمنٹ اپروچ رسک کے معیار اور نقصان کو کم سے کم کرنے پر مبنی ہے، ہم مسلسل اس جدوجہد میں ہیں کہ ان طریقہ کاروں کو مزید بہتر بنائے جن سے رسک کی تشخیص، رسک کی مقدار، رسک پر قابو اور رسک کو برقرار رکھنے کا تجزیہ کیا جاتا ہے۔

انفارمیشن ٹیکنالوجی:

آپ کے ڈائریکٹرز آج کے دور میں ٹیکنالوجی کی اہمیت سے خوب واقف ہیں اسی لئے پولیسیز اور کالیبرز کی بروہتی ہوئی مقدار کے پیش نظر، ہم نئی ٹیکنالوجی کے استعمال سے اپنے سسٹم کو اپ ڈیٹ کرتے ہیں۔ ہماری مواصلات کا ڈھانچہ بھی مضبوط ہو چکا ہے ریانسورنس مینجمنٹ سسٹم کو اپ گریڈ کرنے کی وجہ سے جو کہ مکمل طور پر ہمارے M.I.S سسٹم سے جڑا ہوا ہے۔

ممبرز کوڈائریکٹرز رپورٹ

2016 کے ونڈو تکافل آپریشنز کا جائزہ:

کمپنی کی خام ذمیرہ شمولیت 2016 میں 5.4 فی صد اضافے سے 528.990 ملین روپے ریکارڈ کی گئی جو کہ 2015 میں 503.604 ملین روپے رہی۔ ذمیرہ شمولیت میں اضافہ فائزر اور موٹر کے شعبہ جات کی وجہ سے رہا، یہ اضافہ 2015 کی نسبت شعبہ فائزر میں 145.85 فی صد جب کہ شعبہ موٹر میں 19.30 فی صد ریکارڈ کیا گیا۔ کمپنی کی خالص ذمیرہ شمولیت خام ذمیرہ شمولیت کا 36.58 فی صد رہی جس میں 2015 کی نسبت 67.74 فی صد اضافہ ہوا۔ 2016 میں عمومی اور انتظامی اخراجات میں 5.037 ملین روپے اضافہ ہوا۔ شراکتی تکافل فنڈ کے براہ راست اخراجات 2016 میں 52.501 ملین روپے رہے جو کہ 2015 میں 19.387 ملین روپے تھے۔ 2016 میں ونڈو تکافل آپریشنز کی سرمایہ کاری ضوابط میں مثبت تبدیلی کی وجہ سے آپریٹنگ فنڈ کی سرمایہ کاری آمدن میں 70.79 فی صد اضافہ ہوا جس میں آنے والے سالوں میں بتدریج اضافہ کی توقع ہے۔

Net Commission

234.99

Rs. in Millions

کلیمز شعبہ جات:

کلیمز کی بروقت ادائیگی UIC کی اولین ترجیح ہے۔ قدرتی آفات کے کلیمز کو نظر انداز نہیں کیا جاسکتا اور یہ پیچیدہ بھی ہے۔ یہ کل نقصان یا جزوی نقصان پر مشتمل ہوتے ہیں۔ موٹر کلیمز، فصل اور پتھر کلیمز کی تعداد زیادہ ہوتی ہے جن کی فوری ادائیگی عمل میں لائی جاتی ہے۔

ری۔ انشورنس شعبہ جات:

آپ کی کمپنی نے احتیاط سے تیار کردہ ری۔ انشورنس کے پروگرام کے ذریعے رسک کی صحیح اصلاح کرتی ہے۔ ہم نے اپناری۔ انشورنس پروگرام اس طرح ترتیب دیا ہے کہ وہ ہمارے رسک کی پورے پولیسی دورانہ میں حفاظت کرتا ہے۔ ہماری ری۔ انشورنس کو رینج اور سٹریٹجک تباہی کی منصوبہ بندی کمپنی کے مفاد اور رسک کے مقام سے متعلق ہے۔

UIC کے ری۔ انشورنس انتظامات آکسس آف لاس معاہدوں پر مشتمل ہیں، ہمارا پینل Swiss Re (Rated 'AA-' by S&P), Korean Re (Rated A- by AM Best), Trust Re (Rated 'A-' by AM BEST), Labuan Re (Rated 'A-' by AM BEST), Malaysian Re (Rated 'A-' by AM BEST), PRCL(AA JCR-VIS) Hannover Re (AA-S&P), Mapfre Assistance, (A1 by Moody's) and Kuwait Re (A- AM Best) پر مشتمل ہے۔ ہماری بہتر صلاحیت ہمیں بڑے خطرات کو انڈر رائٹ کرنے کی اجازت دیتی ہے۔

Underwriting Profit

803.79

Rs. in Millions

ممبرز کو ڈائریکٹرز رپورٹ

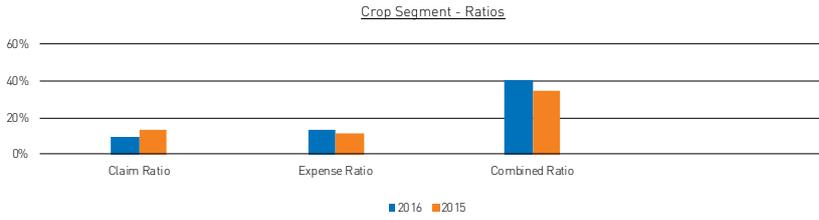
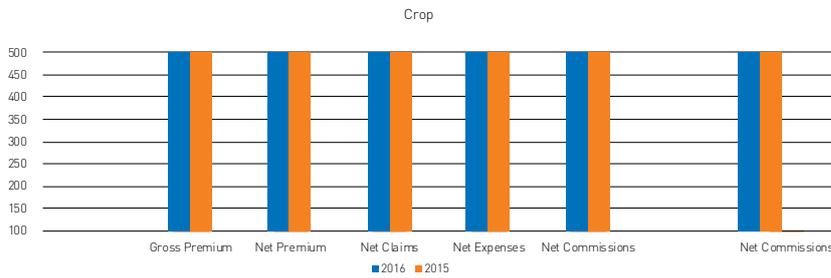
شعبہ فصل:

سال 2016 کا خام بیمہ اضافہ کے ساتھ 546.969 ملین روپے ہو گیا جو کہ پچھلے سال 2015 میں 386.460 ملین روپے تھا۔ جو کہ کمپنی کے کل خام بیمہ کا 14.46 فی صد ہے۔ سال 2016 میں خالص کلیمر خالص بیمہ کا 9.67 فی صد رہے جو کہ 2015 میں 12.85 فی صد تھے۔ 2016 میں اضافی کمیشن اخراجات کی وجہ سے ذمہ نویسی منافع کم ہو کر 259.50 ملین روپے ہو گیا جو کہ 2015 میں 297.255 ملین روپے تھا۔

Management Expenses

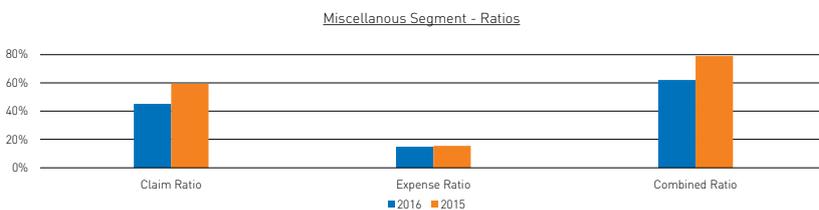
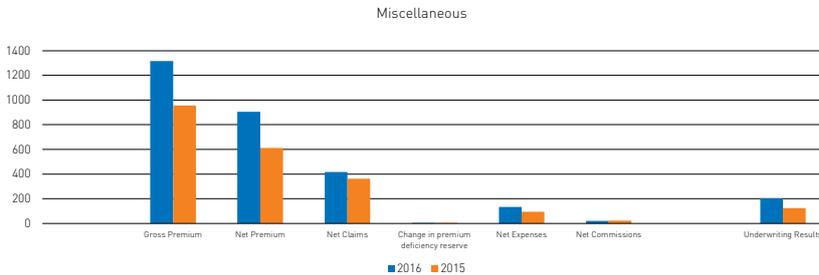
503.68

Rs. in Millions

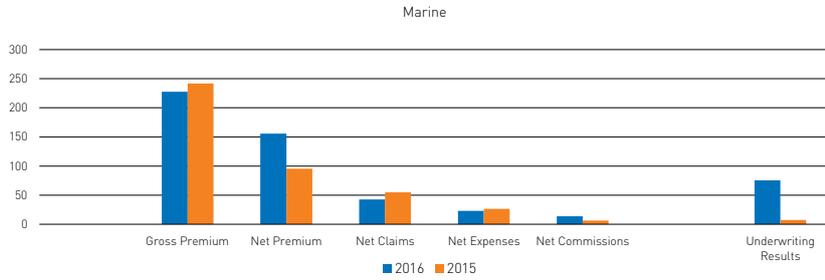


متفرق شعبہ جات:

سال 2016 کا خام بیمہ اضافہ کے ساتھ 1,316 ملین روپے رہا جو کہ پچھلے سال 2015 میں 955.185 ملین روپے تھا۔ جو کہ کمپنی کے کل خام بیمہ کا 34.81 فی صد ہے۔ سال 2016 میں خالص کلیمر خالص بیمہ کا 45.25 فی صد رہے جو کہ 2015 میں 59.37 فی صد تھے۔ 2016 میں ذمہ نویسی منافع اضافے کے ساتھ 34.935 ملین روپے ہو گیا جو کہ 2015 میں 125.317 ملین روپے تھا۔



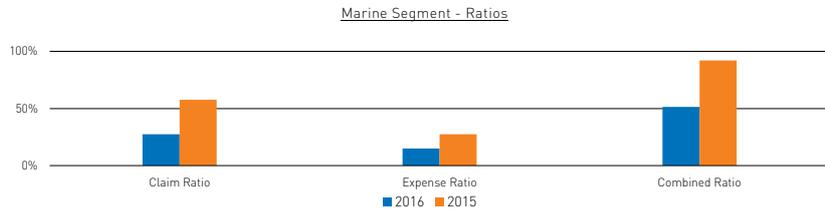
ممبرز کوڈائریکٹرز رپورٹ



Net Premium

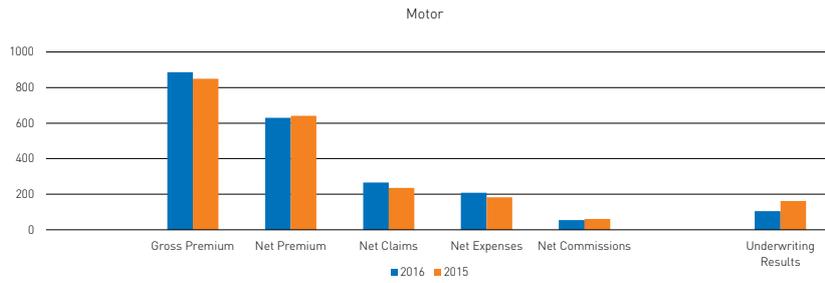
2,473.43

Rs. in Millions



شعبہ موٹر :

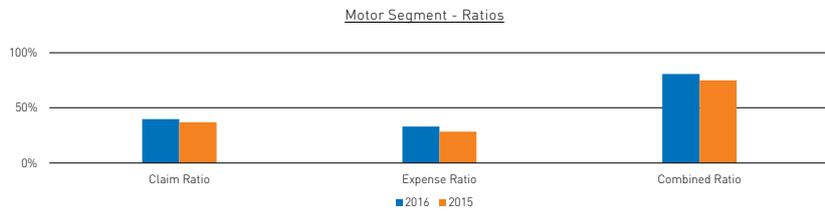
سال 2016 کا خام بیمہ اضافہ کے ساتھ 885.795 ملین روپے ہو گیا جو کہ پچھلے سال 2015 میں 849.066 ملین روپے تھا۔ جو کہ کمپنی کے کل خام بیمہ کا 23.42 فی صد ہے۔ سال 2016 میں خالص کلیمز خالص بینہ کا 41.99 فی صد رہے جو کہ 2015 میں 36.82 فی صد تھے۔ 2016 میں اضافی کلیمز کی وجہ سے ذمہ نویسی منافع کم ہو کر 104.520 ملین روپے ہو گیا جو کہ 2015 میں 169.139 ملین روپے تھا۔



Net Claims

934.52

Rs. Millions



ممبرز کوڈائریکٹرز رپورٹ

Gross Premiums written

3,781.74

Rs. in Millions

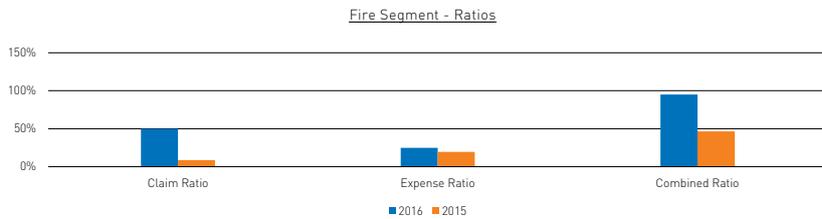
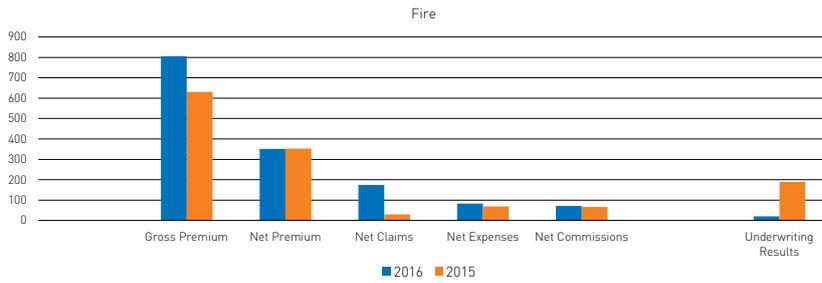
3062.158 ملین روپے تھا۔ بیمہ میں نمو فائر، موٹر اور فصل کے کاروبار کے اضافے کی مرہون منت ہے۔ کمپنی کا خالص بیمہ خام بیمہ کا 65.405 فی صد رہا۔ رواں سال میں مجموعی طور پر ذمہ داریوں کی منافع 3.096 فی صد اضافے سے 803.795 ملین روپے رہا جو کہ 2015 میں 779.657 ملین روپے تھا۔ کمپنی کی سرمایہ کاری سے حاصل کی گئی آمدن سال 2016 میں 77.994 ملین روپے پر پہنچ گئی جو کہ سال 2015 میں 60.729 ملین روپے تھی۔ عمومی اور انتظامی اخراجات خام بیمہ کا 8.001 فی صد ہے۔ رکن کمپنیوں میں سرمایہ میں ہونے والا نقصان پچھلے سال 2015 میں 10.992 ملین روپے تھا جو کہ رواں سال 2016 میں 276.733 ملین روپے ہو گیا یہ نقصان قرضوں کی عدم ادائیگی سے متعلق قانونی پیچیدگیوں کی وجہ سے ہوا۔ تاہم رکن کمپنی کی آمدنی 2015 کی نسبت 447.155 ملین روپے سے بڑھ کر 2016 میں 1,441.502 ملین روپے ہو گئی ہے۔ اسی طرح رکن کمپنی نے 2016 میں 362.848 ملین روپے قابل از ٹیکس منافع کمایا ہے جو کہ 2015 میں 679.588 ملین روپے تھا۔ جب کہ بعد از ٹیکس منافع 2016 میں 283.336 ملین روپے رہا جو کہ 2015 میں 620.026 ملین روپے تھا۔

فی حصص آمدن:

آپ کی کمپنی کی فی حصص آمدن 2016 میں 1.57 روپے رہی جو کہ 2015 میں 3.44 روپے تھی۔
کنوشنل کاروبار کے مختلف شعبوں کا طائرانہ تجزیہ:-

شعبہ فائر اور پراپرٹی:

فائر کا خام بیمہ اس سال 2016 میں 805.286 ملین روپے رہا جو کہ پچھلے سال 2015 میں 629.924 ملین روپے تھا جو کہ کمپنی کے کل خام بیمہ کا 21.29 فی صد ہے۔ سال 2016 میں خالص کلیئر خالص بیمہ کا 50.26 فی صد ہے جو کہ 2015 میں 8.58 فی صد تھے۔ اس سال ذمہ داریوں کی منافع اضافی کلیئر کی وجہ سے کم ہو کر 20.482 ملین روپے ہو گیا جو کہ 2015 میں 188.33 ملین روپے تھا۔



شعبہ آبی، فضائی اور ذرائع نقل و حمل:

سال 2016 میں خام بیمہ کم ہو کر 227.415 ملین روپے رہا جو کہ پچھلے سال 2015 میں 241.521 ملین روپے تھا جو کہ کمپنی کے کل خام بیمہ کا 6.01 فی صد ہے۔ سال 2016 میں خالص کلیئر خالص بیمہ کا 27.49 فی صد ہے جو کہ 2015 میں 57.61 فی صد تھے۔ اس سال ذمہ داریوں کی منافع 75.708 ملین روپے رہا جو کہ 2015 میں 7.639 ملین روپے تھا۔

ممبرز کوڈائریکٹرز رپورٹ

یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ کے
ڈائریکٹرز 57th سالانہ رپورٹ کو نہایت
مسرت کے ساتھ پیش کر رہے ہیں۔ یہ رپورٹ
سال 2016 کے کنوشنل و نکافل آپریشنز
کے آڈیٹڈ فنانشل سٹیٹمنٹ پر مشتمل ہے۔

معاشی جائزہ:

پاکستان کی معیشت اپنی ترقی کی رفتار کو مسلسل تیسرے سال میں بھی جاری رکھے ہوئے ہے، GDP کی نمو اضافے کے ساتھ 4.71 فی صد پر پہنچ گئی ہے جو کہ پچھلے آٹھ سالوں کی بلند ترین سطح پر ہے۔ زرعی اور کپاس کی پیداوار میں کمی کے باوجود GDP کی نمو میں مناسب رفتار سے اضافہ ہوا ہے، تاہم اس کی کو صنعتی اور خدمات کے شعبہ جات کی ترقی نے کافی حد تک تلافی کر دی ہے کیونکہ ان دونوں شعبہ جات نے اپنے پیداواری اہداف سے تجاوز کر لیا ہے۔ افراط زر، فیکل اور کرنٹ اکاؤنٹ بیلنس جیسے مائیکرو اکنومک اشاروں میں بھی بہتری دیکھنے میں آئی ہے۔

بیرونی ترسیلات زر، IFIs سے پیسے کے بہاؤ کی بدولت اور عالمی سطح پر تیل کی گرتی ہوئی قیمتوں کی وجہ سے بیرونی شعبہ جات مزید مستحکم ہوئے ہیں۔ ملک کے غیر ملکی زرمبادلہ اضافے سے مئی 2016 میں 21 بلین ڈالر کی تاریخ کی بلند ترین سطح پر پہنچ گئے ہیں، جو کہ ملکی درآمد کو پانچ ماہ تک سرمایہ فراہم کرنے کے لئے کافی ہیں۔ بیرونی شعبہ جات میں اس بہتری کی وجہ سے زرمبادلہ کی شرح کو مستحکم رکھنے کے لئے فائدہ مند ثابت ہوئی ہے۔

روپے کی قدر میں استحکام نے افراط زر کو قابو کرنے اور ملک میں افراط زر کی کمی کی توقعات کو پورا کرنے میں مدد کی ہے۔ اوسط افراط زر کی شرح سال 2014 میں 8.62 فی صد کی نسبت سال 2015 میں 4.53 فی صد رہی اور 2016 میں مزید گرا کر 2.79 فی صد پر پہنچ گئی۔ مستحکم افراط زر کی شرح اور ادائیگی میں توازن سے پالیسی سازوں کو مستقبل میں مثبت لائحہ عمل طے کرنے میں مدد مل رہی ہے۔ کیپٹل مارکیٹ تاریخی اضافے پر پہنچی ہے جو کہ پاکستان کی معیشت میں سرمایہ داروں کی دلچسپی کی ایک واضح نشانی ہے۔ پاکستان اسٹاک ایکسچینج مارکیٹ کے بنیادی اصولوں میں مضبوطی کی بنا پر جون 2016 میں MSCI مارکیٹ انڈیکس میں شامل ہونے کے لئے تیار ہے۔

فی کس آمدنی ملک میں رہنے والے لوگوں کی اوسط معیارات کی عکاسی کرتی ہے۔ فی کس آمدنی سال 2015 میں 1,516.8 ڈالر سے بڑھ کر سال 2016 میں 1,560.7 ڈالر ہو چکی ہے۔ فی کس آمدنی میں اضافے کا باعث GDP پیداوار میں نمو، آبادی میں کمی اور پاکستانی روپے کی قدر میں استحکام کی وجہ سے ہے۔

بیمہ سازی کی سرگرمیاں اور بیمہ کاروں کے منافع میں 2007-08 میں عالمی مالی بحران سے لگنے والے دھچکے کے باوجود پچھلے دو سالوں میں بتدریج اضافہ ہوا ہے۔ لیکن اس خطے میں بیمہ سازی کا عوامی شعور بیدار کرنا آج بھی ایک بنیادی مسئلہ ہے۔ وہ گلیمز جو بیمہ پالیسی کی مدت کے دوران واقع پذیر ہوتے ہیں لیکن رپورٹ نہیں ہو پاتے ایسے گلیمز کا تعین کرنا کمپنی کے لئے مشکل ہوتا ہے۔ IBNR گلیمز کے لئے SECP نے ایک معیاری طریقہ متعارف کروایا ہے جو کہ یکم جولائی 2016 سے موثر ہو چکا ہے SECP کے مطابق اس طریقہ کار سے جنرل انشورنس شعبہ میں یکسانیت اور معیار کو برقرار رکھنے میں مدد ملے گی۔

SECP کے مطابق: ”بیمہ سازی کل آبادی کا 0.2 فی صد ہے اور بیمہ صنعت GDP کا ایک فی صد سے بھی کم ہے، مستقبل میں بیمہ سازی میں اضافہ عوام میں بیمہ سازی کا شعور بیدار کرنے سے حاصل ہوگا۔“

سال 2016 کے کنوشنل کاروبار کا جائزہ:

سال 2016 میں مسابقتی قیمتوں کے دباؤ کے باوجود کمپنی اپنے بیمہ میں نمایاں اضافہ دیکھانے میں کامیاب ہوئی ہے۔ کمپنی کا خام بیمہ 23,499 فی صد اضافہ سے سال 2016 میں 3,781.741 بلین روپے رہا جو کہ سال 2015 میں

Financial Statements

for the year ended 31 December 2016

Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

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

of The United Insurance Company of Pakistan Limited ("the Company") as at December 31, 2016 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;

Auditors' Report to the Members

- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2016 and of the profit, its comprehensive income, changes in equity and its cash flows for the year then ended in accordance with International Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980.



RSM AVAIS HYDER LIAQUAT NAUMAN

Chartered Accountants
Engagement Partner: Syed Ali Adnan Tirmizey

Date: April 06, 2017

Place: Lahore

Balance Sheet

As at December 31, 2016

	Note	2016 Rupees	2015 Rupees
Share capital and reserves			
Authorized share capital 300,000,000/- (2015 : 200,000,000/-) ordinary shares of Rs. 10/- each	6	3,000,000,000	2,000,000,000
Issued, subscribed and paid-up share capital	6	1,803,200,000	1,288,000,000
Retained earnings		677,076,606	881,893,837
Reserves	7	75,115,917	75,115,917
Total equity		2,555,392,523	2,245,009,754
Surplus on revaluation of fixed assets	8	81,941,687	39,235,655
Total liabilities in window takaful operations	22	60,293,684	41,838,276
Underwriting provisions			
Provision for outstanding claims (including IBNR)		791,222,496	800,096,330
Provision for unearned premium		1,490,001,500	1,389,096,411
Premium deficiency reserve		1,696,000	5,261,422
Commission income unearned		83,462,765	103,583,933
Total underwriting provisions		2,366,382,761	2,298,038,096
Deferred liabilities			
Staff retirement benefits	9	58,683,316	62,669,003
Deferred tax liabilities	10	14,332,308	-
		73,015,624	62,669,003
Creditors and accruals			
Amounts due to other insurers/ reinsurers	11	146,211,061	113,697,917
Accrued expenses	12	7,402,019	25,739,485
Provision for taxation - net		17,705,603	59,566,991
Other creditors and accruals	13	77,629,557	62,275,279
		248,948,240	261,279,672
Other liabilities			
Liabilities against assets subject to finance lease	14	80,605,304	110,644,177
Total liabilities		2,829,245,613	2,774,469,224
Total equity and liabilities		5,466,579,823	5,058,714,633
Commitments	15	-	-

The annexed notes from 1 to 43 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director

Balance Sheet

As at December 31, 2016

	Note	2016 Rupees	2015 Rupees
Cash and bank deposits			
Cash in hand		160,190	269,982
Current and other accounts	16	365,328,027	324,552,304
Deposits maturing within 12 months	17	138,190,119	61,071,155
Deposits maturing after 12 months	18	32,570,160	35,385,530
		536,248,496	421,278,971
Loans			
To employees and agents	19	17,394,811	14,545,804
Investments			
	20	1,064,659,968	1,036,463,220
Total assets in window takaful operations			
	21	259,197,696	170,915,240
Investment property			
	22	2,712,135	2,854,879
Deferred tax asset			
	10	-	9,823,424
Current assets - others			
Premiums due but unpaid	23	709,226,890	695,561,774
Amounts due from other insurers/ reinsurers	24	501,916,703	515,170,699
Reinsurance recoveries against outstanding claims		581,301,466	686,761,318
Prepaid reinsurance premium ceded		595,977,299	517,279,181
Accrued investment income		13,556,698	16,994,951
Deferred commission expense		197,015,310	177,257,172
Sundry receivables	25	139,224,544	89,908,998
		2,738,218,910	2,698,934,093
Fixed assets - Tangible and intangibles			
Owned			
Land freehold		268,295,000	164,729,600
Buildings		138,548,710	129,206,777
Furniture, fixtures, office and computer equipments		112,243,377	114,496,801
Motor vehicles		153,934,824	118,404,380
Motor tracking devices		61,876,993	43,861,622
Intangible asset		6,250,416	8,333,888
		741,149,320	579,033,068
Leased			
Motor vehicles		103,685,624	124,865,934
Office equipment		3,312,863	-
		106,998,487	124,865,934
Total assets		5,466,579,823	5,058,714,633

The annexed notes from 1 to 43 form an integral part of these financial statements.



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Profit and Loss Account

for the year ended December 31, 2016

Note	Fire and property damage	Marine aviation and transport	Motor	Crop	Misc.	2016	2015	
						Aggregate	Aggregate	
----- R u p e e s -----								
REVENUE ACCOUNT								
Net premium revenue	350,367,395	155,710,160	629,861,387	433,190,506	904,302,525	2,473,431,973	2,151,783,888	
Net claims	(176,093,241)	(42,811,234)	(264,487,969)	(41,906,570)	(409,220,147)	(934,519,161)	(742,328,636)	
Change in premium deficiency reserve	-	-	-	-	3,565,422	3,565,422	(5,261,422)	
Management expenses	28	(82,398,096)	(23,270,285)	(207,354,559)	(55,968,783)	(134,691,439)	(503,683,162)	(423,518,859)
Net commission	(71,394,510)	(13,920,341)	(53,498,420)	(76,164,966)	(20,021,509)	(234,999,746)	(201,017,842)	
Underwriting results	20,481,548	75,708,300	104,520,439	259,150,187	343,934,852	803,795,326	779,657,129	
Investment income						77,994,098	60,728,726	
Rental Income						2,142,000	1,392,000	
Other income	29					30,387,428	21,388,587	
Share of loss from associate	21.1.2					(276,733,384)	(10,992,111)	
Profit from window takaful operations	22.1					49,203,557	69,794,020	
General and administration expenses	30					(302,954,545)	(230,324,358)	
Car Ijarah expense						(10,569,751)	-	
Finance charge on lease rentals						(10,416,286)	(12,055,625)	
						(440,946,883)	(100,068,761)	
Profit before provision for taxation						362,848,443	679,588,368	
Provision for taxation	31					(79,512,518)	(59,562,592)	
Profit for the year						283,335,925	620,025,776	
PROFIT AND LOSS APPROPRIATION ACCOUNT								
Balance at commencement of the year						881,893,837	649,907,057	
Total comprehensive income for the year						291,382,769	618,986,780	
Profit available for appropriation						1,173,276,606	1,268,893,837	
Issuance of bonus shares (2016: Rs. 4.0 (40%) per share for the year 2015)						(515,200,000)	(368,000,000)	
Qarz-e-hasna returned from/ (provided to) Participants' Takaful Fund						19,000,000	(19,000,000)	
Balance of unappropriated profit at end of the year						677,076,606	881,893,837	
Earning per share								
- basic and diluted (Restated)	32					1.57	3.44	

The annexed notes from 1 to 43 form an integral part of these financial statements.



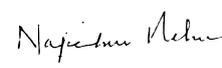
Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Statement of Comprehensive Income

for the year ended December 31, 2016

	2016	2015
	Rupees	Rupees
Profit for the year	283,335,925	620,025,776
Other comprehensive income/ (loss) for the year		
Item not to be re-classified to profit and loss account in subsequent period:		
Actuarial gain/ (loss) on defined benefit plan	6,300,427	(1,054,707)
Incremental depreciation net of deferred tax	819,301	862,422
Share of other comprehensive income/ (loss) from takaful	1,623,490	(172,836)
	8,743,218	(365,121)
Share of other comprehensive (loss) from associate	(696,374)	(673,875)
Total comprehensive income for the year	291,382,769	618,986,780

The annexed notes from 1 to 43 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Statement of Changes In Equity

for the year ended December 31, 2016

Description	Issued, subscribed and paid-up share capital	Reserve for issuance of bonus shares	General reserve	Retained earnings	Total
	----- Rupees -----				
Balance as at January 01, 2015	920,000,000	-	75,115,917	649,907,057	1,645,022,974
Transfer to reserve for issue of bonus shares	-	368,000,000	-	(368,000,000)	-
Bonus share reserve capitalized on issuance of shares	368,000,000	(368,000,000)	-	-	-
Total comprehensive income					
Profit for the year	-	-	-	620,025,776	620,025,776
Other comprehensive income	-	-	-	(1,038,996)	(1,038,996)
	-	-	-	618,986,780	618,986,780
Qarz-e-hasna to Participants' Takaful Fund (PTF)	-	-	-	(19,000,000)	(19,000,000)
Balance as at December 31, 2015	1,288,000,000	-	75,115,917	881,893,837	2,245,009,754
Balance as at January 01, 2016	1,288,000,000	-	75,115,917	881,893,837	2,245,009,754
Transfer to reserve for issue of bonus shares	-	515,200,000	-	(515,200,000)	-
Bonus share reserve capitalized on issuance of shares	515,200,000	(515,200,000)	-	-	-
Total comprehensive income					
Profit for the year	-	-	-	283,335,925	283,335,925
Other comprehensive income	-	-	-	8,046,844	8,046,844
	-	-	-	291,382,769	291,382,769
Qarz-e-hasna returned from Participants' Takaful Fund (PTF)	-	-	-	19,000,000	19,000,000
Balance as at December 31, 2016	1,803,200,000	-	75,115,917	677,076,606	2,555,392,523

The annexed notes from 1 to 43 form an integral part of these financial statements.


Mohammad Rahat Sadiq
 Chief Executive Officer


Huma Waheed
 Director


Khawas Khan Niazi
 Director / President


Ch. Najeeb-Ur-Rehman
 Chairman

Statement of Cash Flows

for the year ended December 31, 2016

	Note	2016 Rupees	2015 Rupees
Operating cash flows			
a) Underwriting activities			
Premium received		3,774,840,512	2,814,760,215
Reinsurance premium paid		(1,253,588,720)	(1,087,458,883)
Claims paid		(1,585,320,709)	(1,376,246,227)
Reinsurance and other recoveries received		760,641,562	781,426,997
Commission paid/payable		(479,255,093)	(375,540,226)
Commission received		204,376,041	166,049,673
Net cash generated from underwriting activities		1,421,693,593	922,991,549
b) Other operating activities			
Income tax paid		(97,507,131)	(55,316,944)
General and management expenses paid		(930,545,296)	(486,721,165)
Other operating payments		(49,315,546)	(52,235,668)
Loan to employees and agents		(2,849,007)	(4,139,278)
Net cash used in other operating activities		(1,080,216,980)	(598,413,055)
Total cash generated from all operating activities		341,476,613	324,578,494
Investment activities			
Investment income received		81,432,351	74,328,955
Rental income received		2,142,000	1,392,000
Net assets in window takaful operations		(57,534,307)	(50,621,184)
(Purchase) of investment and fixed deposits		(85,988,349)	(208,841,445)
Fixed capital expenditure		(185,847,137)	(95,545,815)
Intangible asset		-	(8,339,600)
Proceeds from disposal of fixed assets		8,122,919	3,953,954
Net cash (used in) investing activities		(237,672,523)	(283,673,135)
Financing activities			
Lease liability paid		(63,138,159)	(50,460,758)
Net cash (used in) financing activities		(63,138,159)	(50,460,758)
Net cash generated from/ (used in) all activities		40,665,931	(9,555,399)
Cash and cash equivalents at the beginning of the year		324,822,286	334,377,685
Cash and cash equivalents at the end of the year		365,488,217	324,822,286

Statement of Cash Flows

for the year ended December 31, 2016

	Note	2016 Rupees	2015 Rupees
Reconciliation of profit and loss account			
Net cash generated from all operating activities		341,476,613	324,578,493
Depreciation		(103,249,623)	(87,943,948)
Car Ijarah expense		(10,569,751)	-
Finance charge on lease rentals		(10,416,286)	(12,055,625)
Gain on disposal of fixed assets		5,217,648	2,282,679
Increase/ (Decrease) in assets other than cash		260,301,435	(108,701,209)
(Increase)/ Decrease in Liabilities		(54,776,388)	386,657,749
Reversal/ (Provision) for impairment in value of investments		4,888,006	(4,322,998)
Others			
Dividend income		1,743,034	10,354,202
Gain & other investment income		76,251,064	50,374,524
Share of (loss) from associate		(276,733,384)	(10,992,111)
Income from window takaful operations		49,203,557	69,794,020
Profit for the year		283,335,925	620,025,776

Definition of cash

Cash for the purpose of the statement of cash flows comprises of cash in hand, bank balances and other assets which are readily convertible to cash and used for cash management for day to day business operations.

Cash for the purpose of cash flows comprises of:

Cash and other equivalents			
cash in hand	15	160,190	269,982
Current and other accounts			
Current accounts	15	281,389,191	201,305,435
PLS saving accounts		83,938,836	123,246,869
		365,328,027	324,552,304
		365,488,217	324,822,286

The annexed notes from 1 to 43 form an integral part of these financial statements.


Mohammad Rahat Sadiq
 Chief Executive Officer


Huma Waheed
 Director


Khawas Khan Niazi
 Director / President


Ch. Najeeb-Ur-Rehman
 Chairman

Statement of Premiums

for the year ended December 31, 2016

Business Underwritten Inside Pakistan

Class	Premiums written		Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
	Opening	Closing	Opening	Closing			Opening	Closing		2016	2015
----- Rupees -----											
Direct and facultative											
Fire and property damage	805,256,120	316,544,098	356,779,156	765,021,062	383,007,120	225,404,794	193,758,247	414,653,667	350,367,395	352,637,733	
Marine, aviation and transport	227,414,710	121,575,633	31,786,707	317,203,636	85,372,693	83,456,759	7,335,976	161,493,476	155,710,160	95,304,881	
Motor	885,794,995	415,437,149	414,648,263	886,583,881	284,454,021	73,838,618	101,570,145	256,722,494	629,861,387	640,610,784	
Crop	546,969,011	93,176,373	74,833,985	565,311,399	121,675,200	13,645,693	3,200,000	132,120,893	433,190,506	451,263,660	
Miscellaneous	1,316,305,972	442,363,158	611,953,389	1,146,715,741	411,592,830	120,933,317	290,112,931	242,413,216	904,302,525	611,966,830	
GRAND TOTAL	3,781,740,808	1,389,096,411	1,490,001,500	3,680,835,719	1,286,101,864	517,279,181	595,977,299	1,207,403,746	2,473,431,973	2,151,783,888	

The annexed notes from 1 to 43 form an integral part of these financial statements



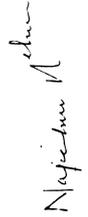
Muhammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Statement of Claims

for the year ended December 31, 2016

Business Underwritten Inside Pakistan

Class	Claims paid		Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expenses	
	Opening	Closing	Opening	Closing			Opening	Closing		2016	2015
----- Rupees -----											
Direct and facultative											
Fire and property damage	587,957,440	414,731,010	431,239,520	431,239,520	604,465,950	435,593,828	392,991,207	385,770,088	428,372,709	176,093,241	30,259,648
Marine, aviation and transport	272,046,018	288,769,478	62,672,045	62,672,045	45,948,585	215,321,128	260,378,656	48,194,879	3,137,351	42,811,234	54,905,353
Motor	292,737,931	35,871,702	37,966,096	37,966,096	294,832,325	16,287,552	5,380,175	19,436,979	30,344,356	264,487,969	235,857,268
Crop	33,865,310	1,758,353	9,799,613	9,799,613	41,906,570	-	-	-	-	41,906,570	57,991,151
Miscellaneous	398,714,010	58,965,787	249,545,222	249,545,222	589,293,445	80,185,058	28,011,280	127,899,520	180,073,298	409,220,147	363,315,216
GRAND TOTAL	1,585,320,709	800,096,330	791,222,496	791,222,496	1,576,446,875	747,387,566	686,761,318	581,301,466	641,927,714	934,519,161	742,328,636

The annexed notes from 1 to 43 form an integral part of these financial statements



Muhammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Statement of Expenses

for the year ended December 31, 2016

BUSINESS UNDERWRITTEN INSIDE PAKISTAN

Class	Commissions paid or payable		Deferred commission		Net commission expense		Other management expenses Note 28		Underwriting expenses		Commission on reinsurance		Unearned commission		Net commission income		Net underwriting expenses	
	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	2016	2015
----- Rupees -----																		
Direct and facultative																		
Fire and property damage	134,074,722	69,350,348	68,816,277	134,608,793	82,398,096	217,006,889	30,337,761	48,223,997	15,347,475	63,214,283	153,792,606	131,023,109						
Marine, aviation and transport	23,673,829	16,319,059	3,985,170	36,007,718	23,270,285	59,278,003	7,014,026	15,676,059	602,708	22,087,377	37,190,626	31,603,912						
Motor	110,015,674	51,592,608	55,442,968	106,165,314	207,354,559	313,519,873	60,022,180	14,076,866	21,432,152	52,666,894	260,852,979	235,614,817						
Crop	92,491,953	13,746,826	6,221,149	100,017,630	55,968,783	155,986,413	24,496,920	-	644,256	23,852,664	132,133,749	96,017,389						
Miscellaneous	118,998,915	26,248,331	62,549,746	82,697,500	134,691,439	217,388,939	82,505,154	25,607,011	45,436,174	62,675,991	154,712,948	111,649,914						
GRAND TOTAL	479,255,093	177,257,172	197,015,310	459,496,955	503,683,162	963,180,117	204,376,041	103,583,933	83,462,765	224,497,209	738,682,908	605,909,141						

The annexed notes from 1 to 43 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Statement of Investment Income

for the year ended December 31, 2016

	2016 Rupees	2015 Rupees
Income from non-trading investments:		
Available for sale		
Dividend income	1,743,034	10,354,202
Return on Government securities	27,212,685	-
Gain on sale of available for sale investments	25,558,672	4,849,724
	54,514,391	15,203,926
Held to maturity		
Return on Government securities	12,972,719	44,239,112
Return on fixed deposit receipts	5,901,310	4,787,351
Amortization on discount of preference shares	-	1,584,000
	73,388,420	65,814,389
Reversal/ (provision) for impairment in value of investment	4,888,006	(4,322,998)
Investment related expenses	(282,328)	(762,665)
Net investment income	77,994,098	60,728,726

The annexed notes from 1 to 43 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Notes to the Financial Statements

for the year ended December 31, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

The United Insurance Company of Pakistan Limited ("the Company ") was incorporated on October 20, 1959, as a Public Limited Company under the Defunct Companies Act, 1913, now the Companies Ordinance, 1984, and its shares are quoted on Pakistan Stock Exchange. 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 Insurance Ordinance, 2000 and undertakes Fire, Marine, Motor, Crop and Miscellaneous General insurance. The Company has been allowed to carry on Window Takaful Operation on August 18, 2014 by Securities and Exchange Commission of Pakistan (SECP) under 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

These financial statements have been prepared in accordance with the format of financial statements prescribed under Securities and Exchange Commission (Insurance) Rules, 2002.

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012. In case the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012 shall prevail.

In terms of the requirements of the Takaful Rules 2012, read with SECP Circular 25 of 2015 dated 09 July 2015, the assets, liabilities and profit and loss of the Operator Fund of the General Takaful operations of the Company have been presented as a single line item in the balance sheet and profit and loss account of the Company respectively.

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

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain obligations under employee retirement benefits which are measured at present value, certain fixed assets which are measured at revalued amount and certain financial instruments which are measured at fair value.

Notes to the Financial Statements

for the year ended December 31, 2016

2.3 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.

3 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

3.1 Standards, interpretations and amendments to published approved accounting standards becoming effective in the current year:

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after January 01, 2016 and therefore, have been applied in preparing these financial statements.

- Annual improvements - 2012-2014 cycle:

The IASB issued Annual Improvements to IFRSs through 'Annual improvements - 2012-2014 Cycle on September 25, 2014 amended the following standards:

- • IFRS 5: Non-current Assets Held for Sale and Discontinued Operations:

Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

- • IFRS - 7: Financial Instruments: Disclosures (with consequential amendments to IFRS 1):

Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. It also clarifies the applicability of the amendments to IFRS - 7 on offsetting disclosures to condensed interim financial statements.

- • IAS 19: Employee Benefits:

Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

- • IAS 34: Interim Financial Reporting:

Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference

The application of amendments has no significant impact on the disclosures or amounts recognized in the Company's financial statements.

Notes to the Financial Statements

for the year ended December 31, 2016

- IFRS 11 - Joint Arrangements:

This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendment specifies the appropriate accounting treatment for such acquisitions. The application of this amendment has not any material impact on the Company's financial statements.

- IFRS 10, IFRS 12 and IAS 28 Investment Entities:

The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

The application of these amendments has not any material impact on the Company's financial statements.

- IFRS 14 - Regulatory Deferral Accounts:

IFRS 14, permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

The application of the standard has no impact on the Company's financial statements.

- IAS 1 - Disclosure Initiative:

These amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement.

These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The application of these amendments has not any material impact on the Company's financial statements.

- Amendment to IAS 16 - Property Plant and Equipment and IAS 38 - Intangible Assets:

In this amendment it is clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The application of amendment has not any material impact on the Company's financial statements.

- Amendments to IAS 16 and IAS 41 Agriculture - Bearer Plants:

The amendments defined a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

Notes to the Financial Statements

for the year ended December 31, 2016

The application of amendment has no impact on the financial statements of the Company.

- **Equity Method in Separate Financial Statements - Amendments to IAS 27:**

These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The application of amendments has not any material impact on the Company's financial statements.

3.2 **Standards, interpretations and amendments to published approved accounting standards becoming effective in current year but not relevant**

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after January 01, 2016 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

3.3 **Standards, interpretations and amendments to published approved accounting standards becoming effective in future periods.**

The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates

- **Annual improvements - 2014-2016 cycle:**

Annual Improvements to IFRSs through 2014-2016 cycle have been issued by IASB on December 08, 2016, amending the following standards.

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

The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 01, 2018, the amendment to IFRS 12 for annual periods beginning on or after January 01, 2017.

The application of these amendments is not expected to have any material impact on the Company's financial statements.

- **IFRS 2 - Share based payments**

The amendments to IFRS 2 address the main areas of vesting conditions, classification and accounting for modification to the terms and conditions.

The amendment is effective for accounting period beginning on or after January 01, 2018. The application of amendments is not expected to have any material impact on the Company's financial statements.

Notes to the Financial Statements

for the year ended December 31, 2016

- IFRS 4 - Insurance Contracts:

Amended by applying IFRS 9 "Financial Instruments" along with IFRS 4 "Insurance Contracts", allowing an entity to apply the overlay approach retrospectively to qualifying financial assets when it first applies IFRS 9 or chooses to apply the deferral approach for annual periods beginning on or after January 01 2018.

The management of the Company is reviewing the changes to evaluate the impact of application of standard on the financial statements.

- IFRS 9 Financial Instruments (2014):

IFRS 9 contains accounting requirements for financial instruments in the areas of classification and measurement, impairments, hedge accounting, de-recognition:

All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have 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, are measured at Fair Value Through Other Comprehensive Income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, standard requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

In relation to the impairment of financial assets, standard requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced

The standard is effective for accounting period beginning on or after January 01, 2018. The management of the Company is reviewing the changes to evaluate the impact of application of standard on the financial statements.

Notes to the Financial Statements

for the year ended December 31, 2016

- **IFRS 15 Revenue from Contracts with Customers:**

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The standard is effective for accounting periods beginning on or after January 01, 2017. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.

- **IFRS 16 Leases:**

Replaces the current IAS - 17 and requires lessees to recognize a lease liability reflecting future lease payments for virtually all lease contracts.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.

- **IAS 12 Income taxes:**

The amendments to IAS - 12 address the issue of recognition of deferred tax assets for unrealized losses and clarify how to account for deferred tax assets related to debt instruments measured at fair value.

The amendments are effective for accounting period beginning on or after January 01, 2017. The application of standard is not expected to have any material impact on the Company's financial statements.

- **IAS 40 - Investment Property:**

Provides guidance on transfers of investments property. The Standard is effective for accounting periods beginning on or after January 01, 2018. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.

3.4 **Standards, interpretations and amendments to published approved accounting standards becoming effective in future period but not relevant:**

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

4 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies, as set below, have been applied consistently to all periods presented in these financial statements.

Notes to the Financial Statements

for the year ended December 31, 2016

4.1 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 policyholders.

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

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/ pets 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.

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

4.2 Premium

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. 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 1/24 method as specified in the SEC (Insurance) Rules, 2002.

Notes to the Financial Statements

for the year ended December 31, 2016

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at the rate of 5% of the premium written subject to a maximum of Rs. 5,000/- per policy.

Receivables under insurance 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.

4.3 Reinsurance ceded

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 balance sheet 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.

4.4 Claims expense

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

Notes to the Financial Statements

for the year ended December 31, 2016

The Company recognizes liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of 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 balance sheet 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 made at the balance sheet date in accordance with SECP Circular no. 9 of 2016, the Company has changed its method of estimation of IBNR. IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

Upto previous year, the provision for IBNR was based on the management's best estimate which took into account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the balance sheet date, except, health and personal accident segments which were determined and recognized in accordance with the valuation carried out by an appointed actuary.

Had the method for estimating IBNR claims, not been changed, the provision for claims and reinsurance recoveries against outstanding claims would have been lower by Rs. 77,717,702/- and Rs.887,822/- respectively and the profit for the year would have been higher by Rs.76,829,880/-

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

4.5 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.

4.6 Commission income, expense and other acquisition costs

Commission expenses and other acquisition costs are charged to the profit and loss account at the time the policies are accepted. 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 commission. Profit/ commission, if any, which the Company may be entitled to under the terms of reinsurance is recognized on accrual basis.

Notes to the Financial Statements

for the year ended December 31, 2016

4.7 Premium deficiency reserves

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability after reinsurance, from claims and other supplementary expenses, expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is 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 SRO 16 (I) / 2012 issued by Securities and Exchange Commission of Pakistan on January 9th, 2012. If these ratios are adverse, premium deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

	<u>2016</u>	<u>2015</u>
- Fire and property damage	32%	28%
- Marine, aviation and transport	37%	54%
- Motor	34%	29%
- Crop	12%	14%
- Miscellaneous	46%	39%

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 balance sheet date in respect of policies in those classes of business in force at the balance sheet date. Hence no reserve for the same has been made in these financial statements except for the segment of health where actuary provides for the figure to be recognised as premium deficiency reserve

4.8 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 balance sheet date and adjusted to reflect the current best estimate

4.9 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 the Financial Statements

for the year ended December 31, 2016

4.9.1 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 include adjustments, where considered necessary, to the provision for taxation made in previous years arising from assessments finalized during the current year for such years.

4.9.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet 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 balance sheet date. Deferred tax is charged or credited to the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.10 Cash and cash equivalents

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

4.11 Revenue recognition

4.11.1 Premium

The revenue recognition policy for premium is given under note 4.2 to the financial statements

4.11.2 Investment income

Return on investments and fixed deposits are recognized using the effective interest rate method. Profit or loss on sale of investments is recognized at the time of sale. Dividend income is recognized when right to receive such dividend is established

4.11.3 Rental and other income

Rental and other incomes are recognized as and when accrued.

Notes to the Financial Statements

for the year ended December 31, 2016

4.12 Investments

4.12.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and 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

- Held to maturity
- Available for sale
- Investment in associate

4.12.2 Measurement

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.

Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. 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.

Subsequent to initial recognition at cost, these are stated at the lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP), in December 2002. The Company uses latest stock exchange quotation to determine the market value of its quoted investments.

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

Notes to the Financial Statements

for the year ended December 31, 2016

Gain /(loss) on sale of available for sale investments is recognized in profit and loss account.

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

Had these investments been measured at fair value as required by IAS - 39 - Financial Instruments: Recognition and Measurement, the Company's net equity would have been higher by Rs.22,699,730/- as at December 31, 2016 (2015: Rs.150,000/-)

Investment in associates

Entities in which the Company has significant influence but not control and which are neither its subsidiary nor joint ventures are associates and are accounted for by using the equity method of accounting.

Under equity method of accounting, the investments are initially recognised 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 amortised. 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 recognised in the associates' profit and loss account are recognised 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 recognised in profit and loss account.

4.13 Investment in Window Takaful Operations

Investment in window takaful operations has been measured and disclosed in accordance with the provisions of 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 Operators 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 Operators' 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 Operators' 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.

Notes to the Financial Statements

for the year ended December 31, 2016

4.14 Fixed assets

4.14.1 Owned

Tangibles

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

Depreciation on all fixed assets is charged to profit and loss account on reducing balance method so as to write off depreciable amount of an asset over its useful life at the rates specified in note 26.1 to the financial statements. Depreciation on additions to/ disposal from fixed assets for the year is charged on "number of days basis.

Maintenance and normal repairs are charged to profit and loss account as and when incurred, while major renewals and improvements are capitalized. 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 fixed assets is created to surplus on revaluation of fixed assets, 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 fixed assets is charged to surplus on revaluation of that asset to the extent of surplus and any excess deficit is charged to income. On subsequent sale or retirement of revalued item of fixed assets, the attributable balance of surplus is transferred to unappropriated profit through statement of comprehensive income. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets is transferred to an appropriated profit through statement of comprehensive income

Intangibles

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

Amortisation on intangibles is charged to profit and loss account on the reducing balance method so as to write off amortisation amount of an intangible asset over its useful life at the rates specified in note 26.2 to the financial statements. Amortisation 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 an income or expense.

4.14.2 Leased assets

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Notes to the Financial Statements

for the year ended December 31, 2016

Assets held under finance leases are recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. The liabilities are classified as current and non current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

- Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In case lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

- Ijarah contracts

Ijarah rentals (Ujrah) under Ijarah contracts are recognised as an expense in the profit and loss on a straight-line basis over the Ijarah term.

4.15 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' and SRO 938 issued by the Securities and Exchange Commission of Pakistan.

Depreciation policy, subsequent capital expenditures and gain/ losses on disposal are accounted for in the same manner as tangible fixed assets.

4.16 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.

4.17 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 SEC (Insurance) Rules, 2002 for segment reporting of operating results using the classes of business as specified therein.

Notes to the Financial Statements

for the year ended December 31, 2016

Based on its classification of insurance contracts issued, the Company has seven primary business segments for reporting purposes namely fire, marine, motor, crop, bond, engineering 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 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. Depreciation and amortization are allocated to a particular segment on the basis of premium written.

4.18 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 derecognized 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 derecognizing of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet date include cash and bank deposits, investments, premium due but unpaid, amount due from other insurers / reinsurers, premium and claim reserves detained by cedants, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amounts due to other insurers / reinsurers, other creditors and accruals and liabilities against assets subject to finance lease.

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

4.19 Offsetting of financial assets and financial 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.

4.20 Staff retirement benefits

Defined benefit plan

The company's retirement benefits plan comprises of gratuity scheme for all the eligible employees, who have completed the minimum qualifying period of service.

The actuarial valuation of gratuity scheme is carried out by an independent valuer as at December 31, 2016 using the projected unit credit method. The basic assumptions used for actuarial valuation are disclosed in note 9.

Notes to the Financial Statements

for the year ended December 31, 2016

The Company has adopted IAS 19 (revised) which require Actuarial gains or losses to be recognised in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense).

4.21 Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is 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 recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss

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

4.21.1 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.

4.21.2 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.

4.22 Management and administrative expenses

Expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium revenue. Expenses not allocable to the underwriting business are charged as administrative expenses.

Notes to the Financial Statements

for the year ended December 31, 2016

4.23 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 balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.24 Zakat

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

4.25 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.

4.26 Bonus shares

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

4.27 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.

5 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect 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 recognised 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.

Notes to the Financial Statements

for the year ended December 31, 2016

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:

- Provision for unearned premium and bad debts	4.2
- Provision for outstanding claims (including IBNR)	4.4
- Deferred commission / unearned commission	4.6
- Premium deficiency reserve	4.7
- Taxation and deferred tax	4.9
- Useful lives of fixed assets	4.14
- Staff retirement benefits	4.20
- Segment reporting	4.17
- Impairment in value of investments	4.21
- Allocation of management expenses	4.22

6 SHARE CAPITAL

6.1 Authorized share capital

2016	2015		2016	2015
Number of shares			Rupees	Rupees
300,000,000	200,000,000	Ordinary shares of Rs. 10/- each	3,000,000,000	2,000,000,000

6.2 Paid-up share capital

Issued subscribed and paid up share capital				
10,963,475	10,963,475	Ordinary shares of Rs. 10/- each fully paid in cash	109,634,750	109,634,750
169,356,525	117,836,525	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	1,693,565,250	1,178,365,250
180,320,000	128,800,000		1,803,200,000	1,288,000,000

Reconciliation of issued subscribed and paid up share capital

128,800,000	92,000,000	Ordinary shares of Rs. 10/- each.	1,288,000,000	920,000,000
51,520,000	36,800,000	Bonus shares issued during the year	515,200,000	368,000,000
180,320,000	128,800,000	At the end of the year	1,803,200,000	1,288,000,000

Notes to the Financial Statements

for the year ended December 31, 2016

- 6.3** As at December 31, 2016, Aziz Mines (Private) Limited and Indus Coal Mines (Private) Limited, associated undertakings held 28,240 (2015: 20,464) and 404,240 (2015: 292,928) ordinary shares of the Company of Rs. 10 each, respectively.

	Note	2016 Rupees	2015 Rupees
7			
RESERVES			
Reserve for bonus shares	7.1	-	-
General reserve		75,115,917	75,115,917
		75,115,917	75,115,917
7.1			
Reserve for bonus shares			
Balance at the beginning of the year		-	-
Transfer from unappropriated profit		515,200,000	368,000,000
Bonus shares issued		(515,200,000)	(368,000,000)
Balance at the end of the year		-	-
8			
SURPLUS ON REVALUATION OF FIXED ASSETS			
8.1			
Movement in revaluation surplus			
Surplus on land			
Opening balance		23,637,290	23,637,290
Add: Addition made during the year		42,851,100	-
Revaluation surplus on land		66,488,390	23,637,290
Surplus on buildings			
Balance at beginning of the year		24,097,097	25,365,365
Add: Revaluation made during the year		963,190	-
Total revaluation surplus on building		25,060,287	25,365,365
Less: Incremental depreciation charged in current year		(1,204,855)	(1,268,268)
		23,855,432	24,097,097
Related deferred tax liability			
Balance at beginning of the year		(8,498,732)	(8,904,578)
Add: Related deferred tax liability on revaluation made during the year		(288,957)	-
Less: Related deferred tax liability on incremental depreciation transferred to retained earnings		385,554	405,846
		(8,402,135)	(8,498,732)
Net revaluation surplus on buildings at the end of year		15,453,297	15,598,365
Total revaluation surplus at the end of year		81,941,687	39,235,655

Notes to the Financial Statements

for the year ended December 31, 2016

- 8.2** The land and buildings of the Company have been revalued by Empire Enterprises (Private) Limited, independent valuer, by using market value basis method on December 31, 2016. Fair values are determined by using observable prices in an active market on arm's length terms. All the revaluation surplus is charged to surplus on revaluation of fixed assets as per requirements of Section 235 of the Companies Ordinance, 1984. Revaluation surplus is carried at the amount after adjustment of deferred taxation and incremental depreciation

	Note	2016 Rupees	2015 Rupees
9	STAFF RETIREMENT BENEFITS		
The actuarial valuation is carried out annually and contributions are made accordingly. Following were significant assumptions used for valuation of the scheme.			
- Discount rate used for year end obligation		8% p.a.	9% p.a.
- Discount rate used for profit and loss charge		9% p.a.	10.5% p.a.
- Expected rate of increase in the salaries of the employees		8.25% p.a.	8.25% p.a.
- Expected rate of return on plan assets		8.55% p.a.	7.92% p.a.
- Expected service length of employees		7 years	5 years
9.1	Balance sheet liability		
Present value of defined benefits obligations as at the end of the year		90,839,102	91,636,083
Less: Fair value of plan assets		(32,155,786)	(28,967,080)
Total liability at the end of the year		58,683,316	62,669,003
9.2	Movement in liability/ (asset) during the year		
Opening balance		62,669,003	61,339,710
Charge to profit and loss account	30	19,525,190	22,491,686
Benefits due but not paid short-term liability		(6,712,500)	-
Charge in other comprehensive income	9.6	(6,300,427)	1,054,707
Contributions during the year		(10,497,950)	(22,217,100)
Closing balance		58,683,316	62,669,003

Notes to the Financial Statements

for the year ended December 31, 2016

	2016	2015
	Rupees	Rupees
9.3 Reconciliation of present value of defined benefits obligations		
Present value of defined benefits obligations as at January 01	91,636,083	69,407,254
Current service cost	14,659,450	17,217,414
Interest cost on defined benefit obligation	7,697,777	7,017,014
Benefits due but not paid short term liability	(6,712,500)	-
Benefits paid	(5,497,950)	(5,157,100)
Remeasurements due to:		
Changes in demographic assumptions	-	-
Changes in financial assumptions	2,318,323	-
Experience adjustments	(13,262,081)	3,151,501
Present value of defined benefits obligations as at December 31	90,839,102	91,636,083
9.4 Changes in fair value of plan assets		
Fair value of Plan Assets as at January 01	28,967,080	8,067,544
Interest income on plan assets	2,832,037	1,742,742
Contributions during the year	10,497,950	22,217,100
Benefits paid during the year	(5,497,950)	(5,157,100)
Return on plan assets excluding interest income	(4,643,331)	2,096,794
Fair value of plan assets as at December 31	32,155,786	28,967,080
9.5 Charge to profit and loss account		
Current service cost	14,659,450	17,217,414
Interest cost on deferred benefit obligation	7,697,777	7,017,014
Interest income on plan assets	(2,832,037)	(1,742,742)
Total amount charged to profit and loss account	19,525,190	22,491,686
9.6 Charge in other comprehensive income		
Remeasurement due to:		
Changes in financial assumptions	(2,318,323)	-
Experience adjustments	13,262,081	3,151,501
Return on plan assets excluding interest income	(4,643,331)	(2,096,794)
Total remeasurements recognized in other comprehensive income	6,300,427	1,054,707

Notes to the Financial Statements

for the year ended December 31, 2016

	2016		2015	
	Fair value	Percentage	Fair value	Percentage
9.7 Composition of fair value of plan assets				
Cash and deposits	52,553	0.16%	33,600	0.12%
Mutual fund (NAFA income opportunity fund)	32,103,234	99.84%	28,933,480	99.88%
	32,155,786	100.00%	28,967,080	100.00%

	2016	2015	2014	2013	2012
	----- Rupees -----				
9.8 Historical data					
As at December 31					
Present value of defined benefits obligations	90,839,102	91,636,083	70,173,470	56,282,584	45,121,946
Fair value of plan assets	(32,155,786)	(28,967,080)	(8,067,544)	(6,517,705)	(4,621,822)
	58,683,316	62,669,003	62,105,926	49,764,879	40,500,124
Experience adjustments					
- Actuarial (gain) / loss on obligation	13,262,081	3,151,501	(3,109,934)	2,362,604	1,117,189
- Actuarial (loss) / gain on assets	(4,643,331)	2,096,794	(327,374)	(153,517)	(39)

9.9 The estimated charge to profit and loss account for the defined benefit plan for the year ending December 31, 2017 is Rs. 21,486,604/-.

	2016	2015
	Rupees	Rupees
9.10 Sensitivity analysis on defined benefit obligation		
Discount rate + 100 bps	85,193,434	87,317,172
Discount rate - 100 bps	97,318,506	96,574,860
Salary increase + 100 bps	97,509,181	96,752,091
Salary increase - 100 bps	84,915,949	87,077,883

Notes to the Financial Statements

for the year ended December 31, 2016

	2016	2015
	Rupees	Rupees
10 DEFERRED TAXATION		
Deferred tax liabilities/ (asset) arising in respect of:		
Accelerated depreciation on fixed assets	15,033,849	(1,457,371)
Liability against assets subject to finance lease	7,917,955	4,550,962
Premium due but unpaid	(3,602,259)	(6,007,152)
Provision for gratuity	(17,604,995)	(20,846,977)
Liability relating to revaluation surplus on building	8,402,135	8,498,732
Accrued investment income	4,185,623	5,438,382
	14,332,308	(9,823,424)
11 AMOUNT DUE TO OTHER INSURERS / REINSURERS		
Foreign reinsurers	94,981,924	76,256,147
Co-insurers	51,229,137	37,441,770
	146,211,061	113,697,917
12 ACCRUED EXPENSES		
Salaries/ wages	2,589,613	20,895,983
Utilities	242,768	54,190
Auditors' remuneration	2,012,500	2,000,000
General expenses	2,557,138	2,789,312
	7,402,019	25,739,485
13 OTHER CREDITORS AND ACCRUALS		
Provision for Government levies	66,211,491	45,434,819
Miscellaneous	11,418,066	16,840,460
	77,629,557	62,275,279
14 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE-SECURED		

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

Notes to the Financial Statements

for the year ended December 31, 2016

	2016		2015	
	Minimum lease payments (MLP)	Present value of MLP	Minimum lease payments (MLP)	Present value of MLP
----- Rupees -----				
Due within one year	51,631,280	47,417,594	56,136,615	47,168,651
Due after one year but not later than five years	35,294,704	33,187,710	66,271,054	63,475,526
Total minimum lease payments	86,925,984	80,605,304	122,407,669	110,644,177
Less: Lease finance charges allocable to future periods	(6,320,680)	-	(11,763,492)	-
Present value of minimum lease payments	80,605,304	80,605,304	110,644,177	110,644,177
Less : Current maturity	(47,417,594)	(47,417,594)	(47,168,651)	(47,168,651)
Long term liability	33,187,710	33,187,710	63,475,526	63,475,526

- 14.1** 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 10.55% to 20.00% per annum (2015: 10.50% to 20.00% 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.

15 COMMITMENTS

There are following commitments on balance sheet date.

	Note	2016	2015
		Rupees	Rupees
For purchase of property at Upper Mall, Lahore		-	40,500,000
For purchase of office at Century tower, Rawalpindi		-	4,266,668
For future Ijarah rentals payable	15.1	32,050,865	-
		32,050,865	44,766,668

- 15.1** Commitments for rentals under Ijarah contracts in respect of vehicles are as follows:

Due within one year	11,699,232	-
Due after one year but not later than five year	20,351,633	-
	32,050,865	-

Notes to the Financial Statements

for the year ended December 31, 2016

	Note	2016 Rupees	2015 Rupees
16			
CURRENT AND OTHER ACCOUNTS			
Current accounts		281,389,191	201,305,435
PLS saving accounts	16.1	83,938,836	123,246,869
		365,328,027	324,552,304
16.1	The rate of return on PLS saving accounts maintained at various banks ranges from 2.26% to 4.05% per annum (2015: 4.00% to 5.50% per annum).		
17			
DEPOSITS MATURING WITHIN 12 MONTHS			
Fixed and term deposits	17.1	103,031,579	40,893,911
Lease security deposits		8,719,950	3,038,450
Miscellaneous security deposits		26,438,590	17,138,794
		138,190,119	61,071,155
17.1	The rate of return on Term Deposit Certificates issued by various banking companies ranges from 4.00% to 11.50% per annum (2015: 5.50% to 10.00% per annum). These Term Deposit Certificates have maturity up to December 2017.		
18			
DEPOSITS MATURING AFTER 12 MONTHS			
Security deposits against rent agreements		14,751,160	13,383,180
Lease security deposits		17,819,000	22,002,350
		32,570,160	35,385,530
19			
LOANS TO EMPLOYEES AND AGENTS			
Secured - considered good			
Executives		7,713,531	6,773,335
Non-executives		9,681,280	7,772,469
	19.1	17,394,811	14,545,804
19.1	These represent interest free loans to employees and agents.		

Notes to the Financial Statements

for the year ended December 31, 2016

	Note	2016	2015
		Rupees	Rupees
20 INVESTMENTS			
Investment in associate	20.1	148,712,806	426,142,564
Available for sale	20.2	169,748,503	67,738,359
Held to maturity	20.3	283,987,489	542,582,297
Share deposit money	20.4	300,000,000	-
Advance for purchase of shares	20.5	162,211,170	-
		1,064,659,968	1,036,463,220

20.1 Investment in associate

20.1.1 Particulars of investment in associate

2016	2015	Face value per share (Rupees)	Name of associate	2016	2015
Number of shares				Rupees	Rupees
82,772,909	82,772,909	10	Apna Micro Finance Bank Limited	148,712,806	426,142,564
82,772,909	82,772,909			148,712,806	426,142,564

Market value of investment and percentage of holding in associate are Rs. 703,569,727/- and 37.62% respectively (2015: Rs. 1,117,434,272/- and 37.62%). 82,772,909 number of shares in associate are frozen with CDC under the provision of section 10 (2) of Micro finance Institutions Ordinance, 2001.

	2016	2015
	Rupees	Rupees
20.1.2 Movement in Investment in Associate		
Beginning of the year	426,142,564	193,567,410
Purchased during the year	-	244,241,140
	426,142,564	437,808,550
Share of (loss) of associate	(276,733,384)	(10,992,111)
Share of other comprehensive (loss) of associate	(696,374)	(673,875)
Closing balance	148,712,806	426,142,564

20.1.3 Auditors of the associate has expressed qualified opinion on financial statements for the year ended December 31, 2016. Summarised financial information extracted from the financial statements of the associate as at December 31, 2016 and 2015 is given below:

Notes to the Financial Statements

for the year ended December 31, 2016

	Note	2016	2015
		Rupees	Rupees
Total assets		13,554,003,018	5,670,478,820
Total liabilities		(12,846,803,580)	(4,615,455,880)
Net assets		707,199,438	1,055,022,940
Company's share of net asset of associate		266,076,717	396,941,831
Total revenue		1,441,502,272	447,154,900
(loss) after taxation		(735,523,560)	(29,215,689)

20.2 Available for sale

Ordinary shares of listed companies	20.2.1	10,973,817	44,375,294
Mutual fund certificates	20.2.2	31,227,980	31,064,816
Government securities	20.2.3	130,360,451	-
		172,562,248	75,440,110
Less: Provision for impairment in value of investment	20.2.4	(2,813,745)	(7,701,751)
		169,748,503	67,738,359

20.2.1 Ordinary shares of listed companies

2016	2015	Face value per share (Rupees)	Name of entity	2016	2015
Number of shares				Rupees	Rupees
Commercial Banks					
-	3,400,000	10	Bank of Punjab	-	35,943,000
Textile Spinning					
900,000	-	10	Kohinoor Textile Mills Ltd.	8,861,745	-
Engineering					
690	4,340	10	Exide Pak Limited	405,697	5,313,107
Chemicals					
5	5	10	ICI Pakistan	1,377	1,377
-	3,000	10	Archroma Pakistan Limited	-	1,412,810
Leasing					
155,000	155,000	10	SME Leasing Limited	1,705,000	1,705,000
1,055,695	3,562,345			10,973,819	44,375,294

Market value of available for sale investments on December 31, 2016 is Rs. 8,447,969/- (2015: Rs. 36,674,588/-)

Notes to the Financial Statements

for the year ended December 31, 2016

20.2.2 Mutual Fund Certificates

2016	2015	Unit Price (Rupees)	Name of entity	2016	2015
Number of Units				Rupees	Rupees
615,422	591,808	50.74	Meezan capital preservation plan	31,227,980	30,029,568
-	9,833	-	HBL income fund	-	1,035,248
615,422	601,641			31,227,980	31,064,816

Market value of mutual fund certificate on December 31, 2016 is Rs. 34,617,493/- (2015: Rs. 31,213,544/-)

20.2.3 Government securities

Face value (Rupees)	Effective yield %	Profit payment	Types of security	Maturity date	2016	2015
					Rupees	Rupees
40,000,000	12.6	Half yearly	Pakistan investment bonds - 10 years	19-Jul-2022	39,021,259	-
10,900,000	13.5	Half yearly	Pakistan investment bonds - 10 years	18-Aug-2021	10,267,577	-
9,100,000	13.2 - 14.08	Half yearly	Pakistan investment bonds - 10 years	22-Jul-2020	8,622,699	-
12,700,000	12.5	Half yearly	Pakistan investment bonds - 10 years	3-Sep-2019	12,533,857	-
61,300,000	12.57 - 14.86	Half yearly	Pakistan investment bonds - 10 years	30-Aug-2018	58,969,441	-
1,040,000	13.52 - 13.67	Half yearly	Pakistan investment bonds - 10 years	22-Aug-2017	945,618	-
135,040,000					130,360,451	-

Market value of Pakistan Investment Bonds as at December 31, 2016 is Rs. 159,581,200/- (2015: Nil).

Notes to the Financial Statements

for the year ended December 31, 2016

	Note	2016 Rupees	2015 Rupees
20.2.4 Provision for impairment in value of investment			
Balance at the beginning of the year		7,701,751	3,378,753
(Reversal)/ provision for the year		(4,888,006)	4,322,998
		2,813,745	7,701,751

20.3 Held to maturity

	Note	2016 Rupees	2015 Rupees
Government securities	20.3.1	283,987,489	529,658,297
Preference shares - Silk Bank Limited		-	12,924,000
		283,987,489	542,582,297

20.3.1 Government securities

Face value (Rupees)	Effective yield %	Profit payment	Types of security	Maturity date	2016 Rupees	2015 Rupees
40,000,000	12.6	Half yearly	Pakistan investment bonds - 10 years	19-Jul-2022	-	38,917,636
10,900,000	13.5	Half yearly	Pakistan investment bonds - 10 years	18-Aug-2021	-	10,198,782
9,100,000	13.2 - 14.08	Half yearly	Pakistan investment bonds - 10 years	22-Jul-2020	-	8,540,672
12,700,000	12.5	Half yearly	Pakistan investment bonds - 10 years	3-Sep-2019	-	12,495,873
61,300,000	12.57 - 14.86	Half yearly	Pakistan investment bonds - 10 years	30-Aug-2018	-	58,333,716
1,040,000	13.52 - 13.67	Half yearly	Pakistan investment bonds - 10 years	22-Aug-2017	-	920,246
320,000,000	9.10 - 9.22	Half yearly	Pakistan investment bonds - 10 years	26-Mar-2025	-	330,659,602
67,000,000	9.00 - 9.90	Half yearly	Pakistan investment bonds - 10 years	26-Mar-2025	69,402,790	69,591,769
200,000,000	7.61 - 7.68	Half yearly	Pakistan investment bonds - 10 years	21-Apr-2026	214,584,698	-
722,040,000					283,987,488	529,658,296

Market value of Pakistan Investment Bonds as at December 31, 2016 is Rs. 327,819,667/- (2015: Rs. 551,054,849/-)

The Pakistan Investment Bonds amounting to Rs. 267,000,000/- (2015: Rs. 144,040,000/-) 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.

Notes to the Financial Statements

for the year ended December 31, 2016

	2016	2015
	Rupees	Rupees
20.4 Share deposit money		
Apna Microfinance Bank Limited	300,000,000	-
20.5 Advance for purchase of shares		
Advance for purchase of shares	162,211,170	-
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.		
21 INVESTMENT IN WINDOW TAKAFUL OPERATIONS (WTO)		
Total assets in operators' fund	259,197,696	170,915,240
Total liabilities in operators' fund	(60,293,684)	(41,838,275)
Net assets in Window Takaful Operations (WTO)	198,904,011	129,076,965
21.1 Movement of investment in Window Takaful Operations (WTO)		
Balance at beginning of the year	129,076,965	78,455,780
Share in profit of WTO	49,203,557	69,794,020
Share in other comprehensive income/ (loss) of WTO	1,623,490	(172,836)
Qarz-e-hasna to Participants' Takaful Fund (PTF)	19,000,000	(19,000,000)
Balance at year end	198,904,012	129,076,965

Notes to the Financial Statements

for the year ended December 31, 2016

22 INVESTMENT PROPERTY

		2016					
		Cost		Rate %	Depreciation		Written down value
As at January 01 2016	Addition	Disposal/ (adjustments)	As at 31 December 2016		For the year	Disposal/ (adjustments)	As at December 31 2016
		Rupees			Rupees		
Buildings	4,517,535	-	4,517,535	5	1,662,656	142,744	1,805,400
	4,517,535	-	4,517,535		1,662,656	142,744	2,712,135

		2015					
		Cost		Rate %	Depreciation		Written down value
As at January 01 2015	Addition	Disposal/ (adjustments)	As at 31 December 2015		For the year	Disposal/ (adjustments)	As at December 31 2015
		Rupees			Rupees		
Buildings	4,517,535	-	4,517,535	5	1,512,399	150,257	2,854,879
	4,517,535	-	4,517,535		1,512,399	150,257	2,854,879

22.1 Market value of building as per valuation carried out by independent valuer as at December 31, 2016 is Rs. 3,586,500/- (2015: Rs. 2,875,000/-).

22.2 No property was transferred in 2016.

Notes to the Financial Statements

for the year ended December 31, 2016

	Note	2016 Rupees	2015 Rupees
23			
PREMIUMS DUE BUT UNPAID			
Unsecured			
Considered good		709,226,890	695,561,774
Considered doubtful		12,007,530	18,772,350
Less : Provision for doubtful receivables	23.1	(12,007,530)	(18,772,350)
		-	-
		709,226,890	695,561,774
23.1			
Provision for doubtful receivables			
Balance at the beginning of the year		(18,772,350)	(17,391,187)
Provision made during the year		(11,569,830)	(10,870,528)
Bad debts recovered during the year		18,334,650	9,489,365
		(12,007,530)	(18,772,350)
24			
AMOUNT DUE FROM OTHER INSURERS/ REINSURERS			
Unsecured			
Considered good			
Foreign reinsurers		325,203,212	349,935,446
Co-insurers		176,713,491	165,235,253
		501,916,703	515,170,699
25			
SUNDRY RECEIVABLES			
Branch balances		43,011,835	36,303,890
Advance for purchase of property		-	29,533,332
Others		96,212,709	24,071,776
		139,224,544	89,908,998
26			
FIXED ASSETS- TANGIBLE AND INTANGIBLE			
Tangible assets			
Owned assets	26.1	734,898,904	570,699,180
Leased assets	26.1	106,998,487	124,865,934
		841,897,391	695,565,114
Intangible assets	26.2	6,250,416	8,333,888
		848,147,807	703,899,002

Notes to the Financial Statements

for the year ended December 31, 2016

26.1 The following is a statement of operating fixed assets:

Particulars	Owned assets				Leased assets				Grand Total		
	Freehold land	Buildings	Furniture and fixtures	Office equipment	Computer equipment	Vehicles	Cycles	Motor tracking devices		Total	Equipment
-----Rupees-----											
COST											
Balance as at January 01, 2015	140,735,600	140,087,330	124,436,732	37,773,853	16,858,620	387,036,559	93,275	62,462,000	909,483,969	88,785,500	998,269,469
Additions during the year	23,994,000	17,950,899	9,500,851	7,884,426	3,950,889	10,665,750	-	21,599,000	95,545,815	83,412,000	178,957,815
Disposals	-	-	(274,518)	(100,625)	(609,336)	(5,735,774)	(7,075)	-	(6,727,328)	-	(6,727,328)
Transfers/adjustments	-	-	-	-	-	13,593,000	-	-	13,593,000	(13,593,000)	-
Balance as at December 31, 2015	164,729,600	158,038,229	133,663,065	45,557,654	20,200,173	405,559,535	86,200	84,061,000	1,011,895,456	158,604,500	1,170,499,956
Balance as at January 01, 2016	164,729,600	158,038,229	133,663,065	45,557,654	20,200,173	405,559,535	86,200	84,061,000	1,011,895,456	158,604,500	1,170,499,956
Additions during the year	60,714,300	15,300,000	2,639,757	5,486,993	4,621,587	55,496,500	13,000	41,575,000	185,847,137	19,173,000	208,530,137
Disposals	-	-	(590,721)	(506,715)	(438,554)	(13,134,814)	-	-	(14,670,804)	-	(14,670,804)
Transfers/adjustments	-	-	-	-	-	23,664,500	-	-	23,664,500	(23,664,500)	-
Revaluation Surplus	42,851,100	963,190	-	-	-	-	-	-	43,814,290	-	43,814,290
Balance as at December 31, 2016	268,295,000	174,301,419	135,712,101	50,537,932	24,382,206	471,585,721	99,200	125,636,000	1,250,550,579	154,113,000	1,408,173,579
DEPRECIATION											
Balance as at January 01, 2015	-	22,656,666	48,856,128	12,156,015	11,130,249	297,654,436	63,038	23,594,574	376,111,106	16,086,096	392,197,202
Charge for the year	-	6,174,786	8,008,813	2,929,044	2,532,457	27,442,326	5,857	16,604,804	63,698,087	24,095,604	87,793,691
Disposals	-	-	(110,971)	(46,170)	(531,474)	(4,361,516)	(5,920)	-	(5,056,051)	-	(5,056,051)
Transfers/adjustments	-	-	-	-	-	6,443,134	-	-	6,443,134	(6,443,134)	-
Balance as at December 31, 2015	-	28,831,452	56,753,970	15,038,889	13,131,232	287,176,380	62,975	40,199,378	441,196,276	33,738,566	474,934,842
Balance as at January 01, 2016	-	28,831,452	56,753,970	15,038,889	13,131,232	287,176,380	62,975	40,199,378	441,196,276	33,738,566	474,934,842
Charge for the year	-	6,921,257	7,835,948	3,344,164	3,159,380	30,212,991	6,981	23,559,629	75,040,350	27,869,392	103,105,879
Disposals	-	-	(310,820)	(174,930)	(387,971)	(10,891,812)	-	-	(11,765,533)	-	(11,765,533)
Transfers/adjustments	-	-	-	-	-	11,180,582	-	-	11,180,582	(11,180,582)	-
Balance as at December 31, 2016	-	35,752,709	64,279,098	18,208,123	15,902,641	317,680,141	69,956	63,759,007	515,651,675	50,427,376	566,276,188
Written down values as at December 31, 2015	164,729,600	129,206,777	76,909,095	30,518,765	7,068,941	118,381,155	23,225	43,861,622	570,699,180	124,865,934	695,565,114
Written down values as at December 31, 2016	268,295,000	138,548,710	71,433,003	32,329,809	8,480,565	153,905,580	29,244	61,876,993	736,898,904	103,685,624	841,897,391
Rate of depreciation %	0	5	10	10	33.33	20	20	33.33	10	20	10

Notes to the Financial Statements

for the year ended December 31, 2016

26.1.1 Had there been no revaluation, the cost, accumulated depreciation and book value of revalued assets as at December 31, 2016 would have been as follows:

Description	Cost		Rate %	Depreciation		Written down value
	January 1st	December 31st		January 1st	December 31st	
	141,092,310	201,806,610	-	-	-	201,806,610
Land	60,714,300	60,714,300	-	-	-	60,714,300
Building	128,819,262	144,119,262	5%	25,149,950	6,135,982	112,833,330
2016	269,911,572	345,925,872	-	25,149,950	6,135,982	314,639,940
	117,098,310	141,092,310	-	-	-	141,092,310
Land	23,994,000	23,994,000	-	-	-	23,994,000
Building	110,868,363	117,098,310	5%	19,303,280	5,846,670	103,669,312
2015	227,966,673	269,911,572	-	19,303,280	5,846,670	244,761,622

26.1.2 Disposal of fixed assets

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/(loss)	Mode of disposal	Sold To
Office Equipment							
Air Conditioner	101,920	(19,898)	82,022	19,833	(62,189)	Negotiation	M/s Hajvery Engineers, Lahore
Air Conditioner	67,600	(13,197)	54,403	13,154	(41,249)	Negotiation	M/s Hajvery Engineers, Lahore
Sub-Total	169,520	(33,095)	136,425	32,987	(103,438)		
Vehicles							
LE-10-6571	1,486,441	(1,095,657)	390,784	650,000	259,216	Negotiation	Mr. Abdul Qayyum, Lahore
LEA-06-8994	1,460,500	(1,303,693)	156,807	825,000	668,193	Negotiation	Mr. Ghulam Mustafa, Pattoki
LWE-8653	504,000	(450,240)	53,760	200,000	146,240	Negotiation	Mr. Fayyaz Muhammad, Peshawar
LEC-10-8331	1,797,000	(1,057,885)	739,115	825,000	85,885	Negotiation	Mr. Iqbal Ahmad Khan, Lahore
LES-12-5335	595,000	(302,097)	292,903	430,000	137,097	Negotiation	Mr. Abdul Majeed, Rahim Yar Khan
LE-11-8728	2,349,000	(1,939,482)	409,518	2,376,000	1,966,482	Negotiation	Mr. Ashraf Ali, Lahore
Sub-Total	8,191,941	(6,149,054)	2,042,887	5,306,000	3,263,113		

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

Vehicles	4,942,873	(4,742,758)	200,115	2,691,400	2,491,285	Negotiation	Various
Computer Equipment	438,554	(387,971)	50,583	16,936	(33,647)	Negotiation	Various
Furniture & Fixture	590,721	(310,820)	279,900	29,999	(249,902)	Negotiation	Various
Office Equipment	337,195	(141,835)	195,360	45,597	(149,763)	Negotiation	Various
Sub-Total	6,309,343	(5,583,384)	725,958	2,783,932	2,057,973		
Total	14,670,804	(11,765,533)	2,905,270	8,122,919	5,217,648		

Notes to the Financial Statements

for the year ended December 31, 2016

	2016	2015
	Rupees	Rupees
26.2 Intangible (computer software)		
Cost		
Balance at beginning of the year	8,339,600	-
Additions during the year	-	8,339,600
Balance at year end	8,339,600	8,339,600
Accumulated Amortization		
Balance at beginning of the year	(5,712)	-
Charged for the year at 25%	(2,083,472)	(5,712)
Balance at year end	(2,089,184)	(5,712)
Written down value at year end	6,250,416	8,333,888
27 ADMINISTRATIVE SURCHARGE		
Premium written and net premium revenue include administrative surcharge, class wise detail of which is given below:		
Fire and property damage	21,218,339	18,944,537
Marine, aviation and transport	8,910,091	9,396,761
Motor	26,377,790	33,528,261
Miscellaneous	19,129,883	12,282,351
	75,636,103	74,151,910

Notes to the Financial Statements

for the year ended December 31, 2016

	Note	2016 Rupees	2015 Rupees
28			
MANAGEMENT EXPENSES			
Salaries, allowances and benefits		205,056,462	207,075,922
Branches rent		40,222,205	35,169,731
Depreciation	30.3.1	54,722,300	46,610,292
Amortization		2,083,472	5,712
Vehicle running and maintenance charges		9,523,929	3,081,239
Printing and stationery		3,760,834	2,933,981
Electricity charges		7,294,956	6,798,360
Telephone charges		9,181,548	8,895,219
Petrol expense		7,642,624	1,210,634
Advertisement, selling and other expenses		25,474,657	18,370,337
Motor tracking device charges		81,663,569	63,113,813
Tracker monitoring charges		35,051,727	23,096,000
Fire service charges		333,560	301,277
Marine service charges		424,375	401,492
Accident service charges		285,330	185,022
Crop service charges		672,655	153,214
Health service charges		8,641,801	-
Miscellaneous service charges		5,825,547	4,739,703
Insurance broker fees		231,491	175,000
Miscellaneous expenses		5,590,119	1,201,911
		503,683,161	423,518,859
29			
OTHER INCOME			
Income from financial assets			
Bad debts recovered		18,334,650	9,489,365
Profit on PLS accounts		6,817,829	5,996,780
Other income		14,301	37,500w
		25,166,780	15,523,645

Notes to the Financial Statements

for the year ended December 31, 2016

	Note	2016 Rupees	2015 Rupees
Income from non financial assets			
Gain on disposal of fixed assets		5,217,648	2,282,679
Exchange gain		-	3,582,263
Discount income		3,000	-
		5,220,648	5,864,942
		30,387,428	21,388,587
30 GENERAL AND ADMINISTRATION EXPENSES			
Salaries, allowances and benefits		104,268,540	74,009,635
Consultancy and advisory fee		31,443,475	29,200,000
Travelling, conveyance and vehicle charges		14,873,602	4,747,358
Printing and stationery		6,621,633	5,165,809
Repair and renewal		11,476,278	6,292,500
Software maintenance expenses		5,985,500	-
Electricity charges		2,047,971	1,908,558
Telephone charges		1,175,872	1,139,202
Office rent		2,538,000	2,776,108
Charity and donation	30.1	1,187,500	600,000
Bank Charges		4,780,110	3,207,355
Levy charges		1,500,000	1,500,000
General expenses		907,591	699,262
Legal and professional fee		24,307,868	9,801,646
Auditors' remuneration	30.2	2,790,000	2,300,000
Depreciation	30.3.1	48,527,323	41,333,656
Zakat		23,037	472,545
Provision for gratuity	9.5	19,525,190	22,491,686
Provision for doubtful receivables	23.1	11,569,830	10,870,528
Workers' welfare fund		7,405,225	11,808,510
		302,954,545	230,324,358

Notes to the Financial Statements

for the year ended December 31, 2016

	Note	2016 Rupees	2015 Rupees
30.1	Directors have no interest in the donee institutes.		
30.2	Auditor's remuneration include:		
	Annual audit fee and report on CCG compliance	1,750,000	1,200,000
	Half yearly review	250,000	350,000
	Other certifications	580,000	565,000
	Out of pocket expenses	210,000	185,000
		2,790,000	2,300,000
30.3	Depreciation		
	Investment property	21 142,744	150,257
	Fixed assets	26.1 103,106,879	87,793,691
		103,249,623	87,943,948
30.3.1	Depreciation charged to:		
	Management expenses	28 54,722,300	46,610,292
	General and administration expenses	30 48,527,323	41,333,656
		103,249,623	87,943,948
31	PROVISION FOR TAXATION		
	For the year		
	Current	57,544,947	84,324,537
	Prior year's	(1,899,204)	(8,060,107)
	Deferred	23,866,775	(16,701,838)
		79,512,518	59,562,592

Notes to the Financial Statements

for the year ended December 31, 2016

	2016	2015
	%	%
31.1 Reconciliation between effective and applicable tax rate		
Applicable tax rate	31.00	32.00
Effect of income charged at different rates	0.03	(0.42)
Effect of tax on amounts deductible for tax purposes	(14.83)	(20.68)
Effect of opening deferred tax	(0.87)	0.32
Effective tax rate	15.34	11.22

32 EARNING PER SHARE - BASIC AND DILUTED

32.1 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:

	2016	2015
	-----Rupees-----	
Profit for the year	283,335,925	620,025,776
	Number of shares	
Weighted average number of shares of Rs. 10/- each	180,320,000	180,320,000
	-----Rupees-----	
Earnings per share - basic and diluted (Restated)	1.57	3.44

32.2 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 the Financial Statements

for the year ended December 31, 2016

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2016				2015			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	-----Rupees-----				-----Rupees-----			
Managerial remuneration	3,237,000	6,559,800	93,006,506	102,803,306	2,593,548	7,716,864	67,750,367	78,060,779
Housing allowance	1,419,300	2,876,220	40,779,776	45,075,296	1,167,096	764,652	30,483,465	32,415,213
Medical allowance	323,700	655,980	9,300,651	10,280,331	259,356	170,484	6,772,936	7,202,776
	4,980,000	10,092,000	143,086,933	158,158,933	4,020,000	8,652,000	105,006,768	117,678,768
Number of persons	1	2	119	122	1	2	91	94

The chief executive, chairman and certain executives are also provided with free use of the Company's maintained car.

Notes to the Financial Statements

for the year ended December 31, 2016

34 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:

		2016	2015
Nature of relationship	Nature of transaction	Rupees	Rupees
Balances at year end:			
Associated undertakings	Receivable at year end	66,514,865	6,488,765
	Investment through equity shares at year end	148,712,806	426,142,564
	Investment through fixed deposits at year end	2,500,000	-
	Share deposit money	300,000,000	-
	Bank deposits at year end	16,806,983	5,780,402
	Claims lodged/claims payable at year end	35,969,629	41,852,778
Associated persons	Advance for purchase of shares	90,102,990	-
Key management personnel	Loan to key management personnel	7,713,531	6,773,335
Staff retirement benefits plan	(Payable to) defined benefit plan	(58,683,316)	(62,669,003)
	Benefits due but not paid	6,712,500	-
Transactions during the year:			
Associated undertakings	Motor tracking devices purchased	41,575,000	21,599,000
	Motor tracking device charges paid	81,663,569	63,113,813
	Device monitoring charges paid	35,051,727	23,096,000
	Rental income received during the year	1,300,000	600,000
	Health service charges	8,641,801	-
	Interest received on bank deposits	155,104	-
	Cash deposited in bank deposits	236,757,697	388,519,865
	Cash withdrawals in bank deposits	239,699,236	384,616,750
	Insurance premium received during the year	21,015,926	445,166
	Claims paid	27,722,324	5,359,537
	Share deposit money paid	300,000,000	-
Associated persons	Advance for purchase of shares paid	90,102,990	-
Key management personnel	Remuneration of key management personnel	158,158,933	117,678,768
Staff retirement benefits plan	Bonus shares Issued	779,524	556,830
	Provision for gratuity during the year	19,525,190	22,491,686
	Benefits paid	5,497,950	5,157,100

Notes to the Financial Statements

for the year ended December 31, 2016

	2016	2015
	Rupees	Rupees
36 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets and financial liabilities		
Financial assets		
Cash and bank deposits		
Cash in hand	160,190	269,982
Current and other accounts	365,328,027	324,552,304
Deposits maturing within 12 months	138,190,119	61,071,155
Deposits maturing after 12 months	32,570,160	35,385,530
	536,248,496	421,278,971
Loan to employees and agents	17,394,811	14,545,804
Investments	1,064,659,968	1,036,463,220
Current assets - others		
Premiums due but unpaid	709,226,890	695,561,774
Amounts due from other insurers/ reinsurers	501,916,703	515,170,699
Reinsurance recoveries against outstanding claims	581,301,466	686,761,318
Accrued investment income	13,556,698	16,994,951
Sundry receivables	139,224,544	89,908,998
	1,945,226,301	2,004,397,740
	3,563,529,576	3,476,685,735
Financial liabilities		
Provision for outstanding claims (including IBNR)	791,222,496	800,096,330
Amounts due to other insurers/ reinsurers	146,211,061	113,697,917
Accrued expenses	7,402,019	25,739,485
Other creditors and accruals	77,629,557	62,275,279
Liabilities against assets subject to finance lease	80,605,304	110,644,177
	1,103,070,437	1,112,453,188

37 RISK MANAGEMENT

37.1 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 programmed 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 the Financial Statements

for the year ended December 31, 2016

37.2 Insurance risks

37.2.1 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.

Notes to the Financial Statements

for the year ended December 31, 2016

37.2.2 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 on an annual basis.

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

	Maximum sum insured		Reinsurance cover		Highest net liability	
	2016	2015	2016	2015	2016	2015
----- Rupees -----						
Fire and property damage	44,233,280,595	2,275,000,000	44,193,280,595	2,235,000,000	40,000,000	40,000,000
Marine, aviation and transport	1,000,125,288	426,130,000	975,125,288	401,130,000	25,000,000	25,000,000
Motor	656,543,700	9,000,000	328,271,850	7,500,000	328,271,850	1,500,000
Crop	1,260,111,725	109,478,050	-	-	1,260,111,725	109,478,050
Miscellaneous	49,596,499,155	3,099,840,000	49,556,499,155	3,037,090,000	40,000,000	62,750,000
	96,746,560,463	5,919,448,050	95,053,176,888	5,680,720,000	1,693,383,575	238,728,050

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

	Gross liabilities		Gross assets		Net liabilities / (assets)	
	2016	2015	2016	2015	2016	2015
----- Rupees -----						
Fire and property damage	834,499,261	802,888,172	906,236,636	936,808,985	(71,737,375)	(133,920,813)
Marine, aviation and transport	103,853,851	434,988,860	132,348,057	455,648,515	(28,494,206)	(20,659,655)
Motor	508,293,444	496,911,539	460,135,566	466,519,720	48,157,878	30,391,819
Crop	106,424,973	113,387,319	184,593,919	180,193,227	(78,168,946)	(66,805,908)
Miscellaneous	959,522,292	563,560,123	902,123,490	552,859,697	57,398,802	10,700,426
	2,512,593,821	2,411,736,013	2,585,437,668	2,592,030,144	(72,843,847)	(180,294,131)

37.2.3 Uncertainty in the estimation of future claims payment

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.

Notes to the Financial Statements

for the year ended December 31, 2016

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 claims (IBNR) have been estimated using chain ladder (CL) methodology. The chain ladder (CL) method involves determination of development factor 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 and it is likely that final settlement of these liabilities may be different from recognised amounts.

37.2.4 Key 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 and economic conditions, etc.

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

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

Notes to the Financial Statements

for the year ended December 31, 2016

	Profit before tax		Share holders' equity	
	2016	2015	2016	2015
	----- Rupees -----			
10% increase in loss				
Net				
Fire and property damage	(17,609,324)	(3,025,965)	(12,150,434)	(2,057,656)
Marine, aviation and transport	(4,281,123)	(5,490,535)	(2,953,975)	(3,733,564)
Motor	(26,448,797)	(23,585,727)	(18,249,670)	(16,038,294)
Crop	(4,190,657)	(5,799,115)	(2,891,553)	(3,943,398)
Miscellaneous	(40,922,015)	(36,331,522)	(28,236,190)	(24,705,435)
	(93,451,917)	(74,232,864)	(64,481,822)	(50,478,347)
10% decrease in loss				
Net				
Fire and property damage	17,609,324	3,025,965	12,150,434	2,057,656
Marine, aviation and transport	4,281,123	5,490,535	2,953,975	3,733,564
Motor	26,448,797	23,585,727	18,249,670	16,038,294
Crop	4,190,657	5,799,115	2,891,553	3,943,398
Miscellaneous	40,922,015	36,331,522	28,236,190	24,705,435
	93,451,917	74,232,864	64,481,822	50,478,347

Notes to the Financial Statements

for the year ended December 31, 2016

Claims development table

The following table shows 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

Analysis on gross basis Accident year	2011 and prior	2012	2013	2014	2015	2016	Total
	----- Rupees -----						
Estimate of ultimate claims cost							
At the end of accident year	466,157,877	368,939,189	1,029,795,395	1,641,038,910	775,298,207	1,576,607,002	
One year later	653,661,964	631,905,689	1,130,979,552	2,138,704,912	1,177,615,557	-	
Two years later	664,696,377	630,173,671	1,134,040,458	1,782,860,709	-	-	
Three years later	664,368,554	457,662,591	1,087,913,305	-	-	-	
Four years later	667,475,177	457,616,470	-	-	-	-	
Five years later	667,015,177	-	-	-	-	-	
Estimate of cumulative claims	667,015,177	457,616,470	1,087,913,305	1,782,860,709	1,177,615,557	1,576,607,002	6,749,628,220
Cumulative payments to date	(661,610,600)	(442,985,460)	(1,082,190,032)	(1,752,753,974)	(1,065,416,975)	(953,448,683)	(5,958,405,724)
Liability recognized in the balance sheet date	5,404,577	14,631,010	5,723,273	30,106,735	112,198,582	623,158,319	791,222,496

37.3 Financial risk

37.3.1 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 reprice 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 balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

Notes to the Financial Statements

for the year ended December 31, 2016

FINANCIAL ASSETS AND LIABILITIES

Conventional Business

2016

FINANCIAL ASSETS AND LIABILITIES	Effective Yield/ Mark-up rate per annum	Interest/mark-up bearing			Non interest/mark-up bearing financial instruments	Total
		Maturity upto one year	Maturity over one year to five years	Maturity over five years		
	%	Rupees -----				
FINANCIAL ASSETS						
Cash and bank deposits	2.26 - 11.50	186,970,415	-	-	186,970,415	536,248,496
Loan to employees and agents		-	-	-	-	17,394,811
Investments	7.61 - 9.90	-	91,339,192	323,008,747	414,347,939	1,064,659,968
Premium due but unpaid		-	-	-	-	709,226,890
Amount due from other insurers/reinsurers		-	-	-	-	501,916,703
Reinsurance recoveries against outstanding claims		-	-	-	-	581,301,466
Accrued investment income		13,556,698	-	-	13,556,698	13,556,698
Sundry receivables		-	-	-	-	139,224,544
		200,527,113	91,339,192	323,008,747	614,875,052	3,563,529,576
FINANCIAL LIABILITIES						
Provision for outstanding claims (including IBNR)		-	-	-	-	791,222,496
Amounts due to other insurers/reinsurers		-	-	-	-	146,211,061
Accrued expenses		-	-	-	-	7,402,019
Other creditors and accruals		-	-	-	-	77,629,557
Liabilities against asset subject to finance lease	10.50-20.00	47,417,594	33,187,710	-	80,605,304	80,605,304
		47,417,594	33,187,710	-	80,605,304	1,103,070,437

Notes to the Financial Statements

for the year ended December 31, 2016

2015		Interest/mark-up bearing					Non interest/ mark-up bearing financial instruments		Total
FINANCIAL ASSETS AND LIABILITIES		Effective Yield/ Mark-up rate per annum	Maturity upto one year	Maturity over one year to five years	Maturity over five years	Sub Total			
		%	----- Rupees -----						
FINANCIAL ASSETS									
Cash and bank deposits		4.50 - 10.00	132,555,502	-	-	132,555,502	288,723,469	421,278,971	
Loan to employees and agents			-	-	-	-	14,545,804	14,545,804	
Investments		9.00 - 14.86	-	93,214,507	875,510,354	968,724,861	67,738,359	1,036,463,220	
Premium due but unpaid			-	-	-	-	695,561,774	695,561,774	
Amount due from other insurers/ reinsurers			-	-	-	-	515,170,699	515,170,699	
Reinsurance recoveries against outstanding claims			-	-	-	-	686,761,318	686,761,318	
Accrued investment income			16,994,951	-	-	16,994,951	-	16,994,951	
Sundry receivables			-	-	-	-	89,908,998	89,908,998	
			149,550,453	93,214,507	875,510,354	1,118,275,314	2,358,410,421	3,476,685,735	
FINANCIAL LIABILITIES									
Provision for outstanding claims (including IBNR)			-	-	-	-	800,096,330	800,096,330	
Amount due to other insurer/reinsurer			-	-	-	-	113,697,917	113,697,917	
Accrued expenses			-	-	-	-	25,739,485	25,739,485	
Other creditors and accruals			-	-	-	-	62,275,279	62,275,279	
Liabilities against asset subject to finance lease		10.50-20.00	47,168,651	63,475,526	-	110,644,177	-	110,644,177	
			47,168,651	63,475,526	-	110,644,177	1,001,809,011	1,112,453,188	

Notes to the Financial Statements

for the year ended December 31, 2016

Sensitivity analysis

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, 2016			
Cash flow sensitivity - variable rate financial liabilities	100	(806,053)	(556,177)
	(100)	806,053	556,177
Cash flow sensitivity - variable rate financial assets	100	6,148,751	4,242,638
	(100)	(6,148,751)	(4,242,638)
As at December 31, 2015			
Cash flow sensitivity - variable rate financial liabilities	100	(1,106,442)	(741,316)
	(100)	1,106,442	741,316
Cash flow sensitivity - variable rate financial assets	100	11,182,753	7,492,445
	(100)	(11,182,753)	(7,492,445)

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.

a) 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 balance sheet 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.

b) 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. 8,160,072 /- (2015: Rs. 36,673,543/-) at the balance sheet date.

Notes to the Financial Statements

for the year ended December 31, 2016

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. 248,712,806 (2015: Rs. 426,142,564) which is held for long term.

Available for sale equity instruments are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP), in December 2002.

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 analysis

The table below summarizes the company's equity price risk as of 31 December 2016 and 2015 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios, indeed results could be worse in Company's equity investment portfolio because of the nature of equity markets.

Had all equity investments been measured at fair values as required by IAS 39 "Financial Instruments Recognition and Measurement", the impact of hypothetical change would be as follows:

	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, 2016	8,160,072	10 % increase	8,976,079	563,045	816,007
		10 % decrease	7,344,065	(563,045)	(816,007)
December 31, 2015	36,673,543	10 % increase	40,340,898	3,667,354	3,667,354
		10 % decrease	33,006,189	(3,667,354)	(3,667,354)

37.3.2 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.

On the balance sheet date the Company has cash and bank balance of Rs. 365,488,217 /- (2015: Rs. 324,822,286/-).

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date on an undiscounted cash flow basis.

Notes to the Financial Statements

for the year ended December 31, 2016

	2016			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
-----Rupees-----				
Financial liabilities				
Provision for outstanding claims (including IBNR)	791,222,496	791,222,496	791,222,496	-
Amounts due to other insurers/reinsurers	146,211,061	146,211,061	146,211,061	-
Accrued expenses	7,402,019	7,402,019	7,402,019	-
Other creditors and accruals	77,629,557	77,629,557	77,629,557	-
Liabilities against assets subject to finance lease	80,605,304	86,925,984	51,631,280	35,294,704
	1,103,070,437	1,109,391,117	1,074,096,413	35,294,704

	2015			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
-----Rupees-----				
Financial liabilities				
Provision for outstanding claims (including IBNR)	800,096,330	800,096,330	800,096,330	-
Amount due to other insurers/reinsurers	113,697,917	113,697,917	113,697,917	-
Accrued expenses	25,739,485	25,739,485	25,739,485	-
Other creditors and accruals	62,275,279	62,275,279	62,275,279	-
Liabilities against assets subject to finance lease	110,644,177	122,407,669	56,136,615	66,271,054
	1,112,453,188	1,124,216,680	1,057,945,626	66,271,054

37.3.3 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.

Notes to the Financial Statements

for the year ended December 31, 2016

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:

	2016 Rupees	2015 Rupees
Bank deposits	536,088,306	421,008,989
Loan to employees and agents	17,394,811	14,545,804
Investments	650,312,029	565,945,362
Premiums due but unpaid	709,226,890	695,561,774
Amount due from other insurers / reinsurers	501,916,703	515,170,699
Reinsurance recoveries against outstanding claims	581,301,466	686,761,318
Accrued investment income	2,638,867	1,199,400
Sundry receivables	139,224,544	89,908,998
	3,138,103,616	2,990,102,344

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. 11,569,830 /- (2015: Rs. 10,870,528/-) were further provided for and the provision of Rs. 18,334,650 /- (2014: Rs. 9,489,365/-) were reversed due to recoveries. The movement in the provision for doubtful debt account is shown in note no. 23.1 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 the Financial Statements

for the year ended December 31, 2016

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

	Ratings		Ratings Agency	2016	2015
	Short term	Long term		Rupees	Rupees
Bank Alfalah Limited	A1+	AA	PACRA	8,872,583	10,704,925
Allied Bank Limited	A1+	AA+	PACRA	17,068,572	22,570,643
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,302,598	1,208,373
Habib Bank Limited	A-1+	AAA	JCR-VIS	37,766,956	50,646,989
Bank Al-Habib Limited	A1+	AA+	PACRA	22,802,981	38,816,515
Bank Islami Pakistan Limited	A1	A+	PACRA	3,417,430	4,686,114
Soneri Bank Limited	A1+	AA-	PACRA	10,163,609	12,906,077
Albaraka Bank Pakistan Limited	A1	A	PACRA	4,860,809	2,707,996
Askari Bank Limited	A1+	AA+	PACRA	1,276,917	2,143,411
Zarai Tarqiati Bank Limited	A-1+	AAA	JCR-VIS	14,731,938	34,907,137
The Bank of Khyber	A1	A	PACRA	5,088,601	9,317,101
The Bank of Punjab	A1+	AA	PACRA	3,677,151	9,871,232
Faysal Bank Limited	A1+	AA	PACRA	11,416,868	6,520,230
First Women Bank Limited	A2	A-	PACRA	1,813,806	1,512,643
MCB Bank Limited	A1+	AAA	PACRA	1,532,712	4,197,211
National Bank of Pakistan Limited	A1+	AAA	PACRA	10,793,656	7,103,036
NIB Bank Limited	A1+	AA-	PACRA	2,287,033	9,028,429
Punjab Provincial Co-operative Bank Limited *	-	-	-	6,757,039	14,874,491
Samba Bank Limited	A-1	AA	JCR-VIS	124,880,434	10,000,000
Silk Bank Limited	A-2	A-	JCR-VIS	5,553,287	1,571,322
SME Bank Limited	B	B	PACRA	19,428	19,428
United Bank Limited	A-1+	AAA	JCR-VIS	7,762,905	13,251,515
U Microfinance Bank Limited	A-2	A-	JCR-VIS	2,798,628	2,055,772
Summit Bank Limited	A-1	A-	JCR-VIS	30,680,543	37,880,866
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	-	3,370,680
APNA Microfinance Bank Limited	A3	BBB+	PACRA	16,806,983	5,780,402
Sindh Bank Limited	A-1+	AA	JCR-VIS	857,286	3,816,824
Karakoram Cooperative Bank Limited*	-	-	-	954,658	864,875
Tameer Microfinance Bank Limited	A1	A+	PACRA	4,257,904	-
Bank Of Azad Jammu & Kashmir*	-	-	-	1,130,421	-
NRSP Micro Finance Bank Limited	A-2	A-	JCR-VIS	1,833,940	-
JS Bank Limited	A1+	AA-	PACRA	1,809,095	977,678
Khushali Bank Limited	A-1	A+	JCR-VIS	351,256	1,240,389
				365,328,027	324,552,304

* Credit ratings are not available

Notes to the Financial Statements

for the year ended December 31, 2016

The age analysis of premium due but unpaid and amount due from other insurers/ reinsurers is as follows:

	2016 Rupees	2015 Rupees
Upto 1 year	944,841,110	997,465,161
1-2 years	202,875,727	109,392,357
2-3 years	75,434,286	122,647,305
Over 3 years	-	-
	1,223,151,123	1,229,504,823

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 other insurers and reinsurers can be assessed with reference to external credit ratings as follows:

	Amount due from other insurers/ reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance assets	2016	2015
	-----Rupees-----				
A or above (including PRCL)	219,369,331	234,177,252	261,971,159	715,517,742	646,591,089
Others	282,547,372	347,124,214	334,006,140	963,677,726	1,072,620,108
Total	501,916,703	581,301,466	595,977,299	1,679,195,468	1,719,211,197

Notes to the Financial Statements

for the year ended December 31, 2016

38 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 maximise the use of relevant observable inputs and minimise 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 categorised 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 recognised by the Company at the end of the reporting period during which the change occurred.

	Carrying amount			Fair value				
	Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Level 1	Level 2	Level 3	Total
----- Rupees -----								
December 31, 2016								
Financial assets - not measured at fair value								
Cash and other equivalents*	-	-	160,190	-	160,190	-	-	-
Current and other accounts*	-	-	365,328,027	-	365,328,027	-	-	-
Deposits maturing within 12 months*	-	-	138,190,119	-	138,190,119	-	-	-
Deposits maturing after 12 months*	-	-	32,570,160	-	32,570,160	-	-	-
Investments								
- Listed securities	8,160,072	-	-	-	8,160,072	-	-	8,447,969
- Mutual Fund Certificates	31,227,980	-	-	-	31,227,980	-	-	34,617,493
- Pakistan Investment Bonds	414,347,940	-	-	-	414,347,940	-	-	487,400,867
- Investment in associate	148,712,806	-	-	-	148,712,806	703,569,727	-	703,569,727
- Share deposit money*	300,000,000	-	-	-	300,000,000	-	-	-
- Advance for purchase of shares*	162,211,170	-	-	-	162,211,170	-	-	-
Loans to employees*	-	17,394,811	-	-	17,394,811	-	-	-
Premium due but unpaid*	-	709,226,890	-	-	709,226,890	-	-	-
Amounts due from other insurers / reinsurers*	-	501,916,703	-	-	501,916,703	-	-	-
Accrued investment income*	-	13,556,698	-	-	13,556,698	-	-	-
Reinsurance recoveries against outstanding claims*	-	581,301,466	-	-	581,301,466	-	-	-
Sundry receivables*	-	139,224,544	-	-	139,224,544	-	-	-
	1,064,659,968	1,962,621,112	536,248,496	-	3,563,529,576	746,635,189	487,400,867	1,234,036,056
Financial liabilities - not measured at fair value								
Provision for outstanding claims (including IBNR)*	-	-	-	791,222,496	791,222,496	-	-	-
Amounts due to other insurers / reinsurers*	-	-	-	146,211,061	146,211,061	-	-	-
Accrued expenses*	-	-	-	7,402,019	7,402,019	-	-	-
Other creditors and accruals*	-	-	-	77,629,557	77,629,557	-	-	-
Liabilities against assets subject to finance lease*	-	-	-	80,605,304	80,605,304	-	-	-
	-	-	-	1,048,801,313	1,103,070,437	-	-	-

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

Notes to the Financial Statements

for the year ended December 31, 2016

	Carrying amount		Fair value						
	Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	- Rupees -								
December 31, 2015									
Financial assets - not measured at fair value									
Cash and other equivalents*	-	-	269,982	-	269,982	-	-	-	-
Current and other accounts*	-	-	324,552,304	-	324,552,304	-	-	-	-
Deposits maturing within 12 months*	-	-	61,071,155	-	61,071,155	-	-	-	-
Deposits maturing after 12 months*	-	-	35,385,530	-	35,385,530	-	-	-	-
Investments									
- Listed securities	36,673,543	-	-	-	36,673,543	36,674,588	-	-	36,674,588
- Mutual Fund Certificates	31,064,816	-	-	-	31,064,816	31,213,544	-	-	31,213,544
- Pakistan Investment Bonds	529,658,297	-	-	-	529,658,297	-	551,054,849	-	551,054,849
- Preference shares	12,924,000	-	-	-	12,924,000	-	12,924,000	-	12,924,000
- Investment in associate	426,142,564	-	-	-	426,142,564	1,117,434,272	-	-	1,117,434,272
Loans to employees*	-	14,545,804	-	-	14,545,804	-	-	-	-
Premium due but unpaid*	-	695,561,774	-	-	695,561,774	-	-	-	-
Amounts due from other insurers / reinsurers*	-	515,170,699	-	-	515,170,699	-	-	-	-
Accrued investment income*	-	686,761,318	-	-	686,761,318	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	16,994,951	-	-	16,994,951	-	-	-	-
Sundry receivables*	-	89,908,998	-	-	89,908,998	-	-	-	-
	1,036,463,220	2,018,943,544	421,278,971	-	3,476,685,735	1,185,322,404	563,978,849	-	1,749,301,253
Financial liabilities - not measured at fair value									
Provision for outstanding claims (including IBNR)*	-	-	-	800,096,330	800,096,330	-	-	-	-
Amounts due to other insurers / reinsurers*	-	-	-	113,697,917	113,697,917	-	-	-	-
Accrued expenses*	-	-	-	25,739,485	25,739,485	-	-	-	-
Other creditors and accruals*	-	-	-	62,275,279	62,275,279	-	-	-	-
Liabilities against assets subject to finance lease*	-	-	-	110,644,177	110,644,177	-	-	-	-
	-	-	-	1,112,453,188	1,112,453,188	-	-	-	-

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

Notes to the Financial Statements

for the year ended December 31, 2016

39 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.

	2016	2015
	---Numbers---	
40 NUMBER OF EMPLOYEES		
As at December 31	959	975
Average number of employees during the year	967	876

41 EVENTS AFTER BALANCE SHEET DATE

The board of directors have proposed final cash dividend for the year ended December 31, 2016 of Rs.1.0 per share (2015: Nil) in addition to bonus shares for the year ended December 31, 2016 of Rs.1.1 per share (2015: 4.0 per share), amounting to Rs.198,352,000/- (2015: Rs.515,200,000/-) at their meeting held on April 06, 2017 for the approval of the members at the annual general meeting to be held on April 29, 2017. For the purpose of cash dividend, bonus shares to be issued will not be considered.

42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on **April 06, 2017** by the Board of Directors of the company.

Notes to the Financial Statements

for the year ended December 31, 2016

43 GENERAL

43.1 Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons. No significant reclassifications were made during the current year except for following:

Particulars	Note	From	To	Rupees
Security deposits against rent agreements	18	Sundry receivables	Deposits maturing after 12 months	13,383,180
Security deposit (Misc.)	17	Sundry receivables	Deposits maturing within 12 months	7,830,161
Printing and stationery	28	General and administration expenses	Management expenses	2,933,981
Electricity charges	28	General and administration expenses	Management expenses	6,798,360
Telephone charges	28	General and administration expenses	Management expenses	8,895,219

43.2 The following nomenclature have been changed during the year for the purpose of better understanding.

Sr. #	Old Nomenclature	New Nomenclature
1	Paid-up share capital	Issued, subscribed and paid-up share capital
2	Cash and other equivalents	Cash in hand



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Our Branches

Mr. Asad Rafique

Branch Manager,
The United Insurance Company of Pakistan Ltd.
Office No. 1, 2nd Floor,
Ali Plaza, Supply Bazar, Mansehra Road,
Abbottabad.

Mr. Mian Anwar Zahid,

Executive Director,
The United Insurance Company of Pakistan Ltd
Aziz Plaza, Circular Road,
Bahawalpur.

Mr. Aftab Alam,

Branch Manager,
The United Insurance Company of Pakistan Ltd
Khan Baba Road, Near WF, Continental Hotel,
Bahawalnagar.

Mr. Haji Waris Khan

Branch Manager,
The United Insurance Company of Pakistan Ltd.
Shop No. 10, City Centre Market,
North Circular Road Near Toyota Motor
Dera Ismail Khan.

Mr. Mian Kashif Rasheed

Executive Director,
The United Insurance Company of Pakistan Ltd.
1st & 2nd Floor, Upper BOP
Kotwali Road
Faisalabad.

Mr. Akram Ali Shah,

Zonal Manager,
The United Insurance Company of Pakistan Ltd.
11-Cheema Chambers, Railway Road,
Faisalabad.

Mr. Mian Anwar Zahid

Executive Director,
The United Insurance Company of Pakistan Ltd.
G.M Office, 1st Floor, Faisal Complex,
Bilal Road, Civil Line,
Faisalabad.

Mr. Edwin Jamil

Corporate Head Business/Agency,
The United Insurance Company of Pakistan Ltd.
Lyal Pur Branch,
P-357/A, 1st Floor, , Al-Hameeda Plaza,
Small D- Ground, Peoples Colony # 1,
Faisalabad.

Mr. Rana Faqir Hussain

Assistant General Manager,
The United Insurance Company of Pakistan Ltd.
1st Floor, Arsalan Plaza,
Kotwali Road,
Faisalabad.

Mr. Khawaja Adnan Hassan,

Executive Director
The United Insurance Company of Pakistan Ltd.
Khawaja Mudassar Arcade, Opp: Din Plaza,
G.T. Road,
Gujranwala.

Mr. Ghulam Bari Mughal

Zonal Manager
The United Insurance Company of Pakistan Ltd.
Trust Plaza, Block-H3,
1st Floor, G.T Road,
Gujranwala.

Mr. Asad Iqbal

General Manager
The United Insurance Company of Pakistan Ltd.
2nd Floor, 438-1, B-Block, Mini Market,
Model Town,
Gujranwala.

Mr. Mir Muhammad Jalal-ud-Din

Deputy General Manager,
The United Insurance Company of Pakistan Ltd.
3rd Floor, KCBL Complex Jutial
Gilgit Balitistan

Mr. Muhammad Muneef,

Manager,
The United Insurance Company of Pakistan Ltd.
Ali Akbar Plaza, Shah Hussain Chowk,
Circular Road,
Gujrat.

Our Branches

Mr. Muhammad Rauf

Branch Manager
The United Insurance Company of Pakistan Ltd.
5th Floor, State Life Building,
2-Liaqut Road,
Faisalabad.

Mr. Ch. Shehnaz

Deputy General Manager
The United Insurance Company of Pakistan Ltd.
1st floor, Shehroze Plaza, Near Allied School,
G.T Road,
Gujrat.

Mr. Junaid Samoo

Regional Manager,
The United Insurance Company of Pakistan Ltd.
IInd Floor, Goal Building, (Circular Building),
Risala Road,
Hyderabad.

Mr. Mian M. Asif,

Joint Director,
The United Insurance Company of Pakistan Ltd.
Chamber No.1 & 2, Mezzanine Floor,
City View Plaza, Unit No. 7, Latifabad,
Hyderabad

Mr. M. Ishaq Awan,

Astt: General Manager,
The United Insurance Company of Pakistan Ltd.
Office No. 01, 1st Floor,
Chughata Plaza, I-10 Markaz,
Islamabad.

Mr. Intisar Ahmed Intisar,

Zonal Manager,
The United Insurance Company of Pakistan Ltd.
M-6, Gulistan House Branch,
82-East Fazal-e-Haq Road, Blue Area,
Islamabad.

Mr. Aamir Mahmood,

Branch Head/General Manager
The United Insurance Company of Pakistan Ltd.
402-4th Floor, Gulistan House,
Fazal-e-Haq Road, Blue Area,
Islamabad.

Mr. Mian Muhammad Ahsan

Zonal Manager,
The United Insurance Company of Pakistan Ltd.
Kunjah Road, Near N.B.P,
Gujrat.

Mr. Hafiz Sohail Ahmed

General Manager,
The United Insurance Company of Pakistan Ltd.
Office No. 5, 1st Floor, Ahmad Centre
I-8 Markez
Islamabad.

Mr. Zeshan Aslam

Vice President/Branch Manager
The United Insurance Company of Pakistan Limited
Office No.2&3,2nd floor MB City Mall, I-8
Markaz, Islamabad.

Mr. Ch. Aslam Feroze

Executive Director,
The United Insurance Company of Pakistan Ltd.
21-E Huma Plaza, Mezzanine Floor, Blue Area,
Islamabad.

Mr. Tahir Mehmood Khan

Branch Manager,
The United Insurance Company of Pakistan Ltd.
3rd Floor, Sikandar Plaza, G.T. Road, Jada
Chowk,
Jhelum.

Mr. Nazir Ahmad Memon,

Branch Manager,
The United Insurance Company of Pakistan Ltd.
Camp Office, 404-Madina City Mall,
Abdullah Haroon Road, Saddar,
Karachi.

Mr. Shahrukh

Senior Executive Vice President
The United Insurance Company of Pakistan Ltd.
Office No. 606, 6th Floor Business Centre,
Mumtaz Hassan Road, I.I Chundrigar Road,
Karachi.

Our Branches

Mr. Ch. Iqbal Tahir

Joint Director
The United Insurance Company of Pakistan Ltd.
Kashmir Commercial Complex, Building No. 1032-E,
2nd Floor, Fazal-e-Haq Road, Blue Area,
Islamabad.

Mr. Rizwan Ul Haq,

Executive Director,
The United Insurance Company of Pakistan Ltd.
Office No. 304, 305 (3rd Floor),
Capital Business Centre, F-10, Markaz,
Islamabad.

Mr. Malik Zafar Yousaf

Joint Director,
The United Insurance Company of Pakistan Ltd.
Flat No. 108, 1st Floor, Dosal Plaza,
47-Blue Area,
Islamabad.

Mr. Mian Anwar Zahid,

Executive Director,
The United Insurance Company of Pakistan Ltd
302-A, Panorama Centre No. 2,
Raja Ghazanfar Ali Khan Road, Saddar
Karachi.

Mr. Jamshaid Samoo,

Regional Manager
The United Insurance Company of Pakistan Ltd.
Office No. 226, 2nd Floor, FP Chambers
S.I.T.E
Karachi.

Mr. Mian Muhammad Asif

Joint Director,
The United Insurance Company of Pakistan Ltd
Office No.610, Block-A, 6th Floor, at Saima
Trade Tower, I.I. Chundrigar Road,
Karachi.

Mr. Tanveer Ahmed Bhatti,

Joint Director,
The United Insurance Company of Pakistan Ltd.
3rd Floor 303, Europa Centre,
Hasrat Mohani Road,
Karachi.

Mr. Shakeel Ahmed,

Executive Director,
The United Insurance Company of Pakistan Ltd.
Suit No. 201, 2nd Floor, Aamir Trade Centre
PECHS Block-2, Allah Wali Chowrangi,
Main Shahrah-e-Quaideen,
Karachi.

Mr. Altamash Malik,

General Manager,
Central Office,
The United Insurance Company of Pakistan Ltd.
Room No. 202, 2nd Floor,
Clifton Centre, Block No. 5, Clifton,
Karachi.

Mr. Muhammad Rafi,

Joint Director,
The United Insurance Company of Pakistan Ltd.
40-Bank Square, The Mall,
Lahore.

Mr. Waqar Ahmed Noshahi

Assistant General Manager,
The United Insurance Company of Pakistan Ltd.
Room No: 12, 1st Floor, Jalal Centre,
Mozang Road,
Lahore.

Mr. Faisal Javed

Joint Director,
The United Insurance Company of Pakistan Ltd,
1st Floor, 93-B Shadman Colony,
Lahore.

Our Branches

Mr. Salem Anwar

Assistant General Manager/Branch Head,
The United Insurance Company of Pakistan
Ltd.
Karachi Export Processing Zone (KEPZ)
Karachi.

Mr. Mohsin Ullah

Joint Director,
The United Insurance Co. of Pakistan Ltd.,
Plot No. 77-Q, Block-2 PECHS,
Karachi.

Mr. Muhammad Ayaz Khattak,

Dev Manager,
The United Insurance Company of Pakistan
Ltd.
House No. 166, Street No. 1, Sector-I,
KDA,
Kohat.

Mr. Muhammad Naseem Butt

Joint Director,
The United Insurance Company of Pakistan
Ltd.
18-Taj Mansion, 46-Shahrah-e-Quaid-e-Azam,
Lahore.

Mr. Mubashar Hassan

Regional Manager,
The United Insurance Company of Pakistan
Ltd.
18-Taj Mansion, 46-Shahrah-e-Quaid-e-Azam,
Lahore.

Mr. Sheikh Muhammad Siddique,

Executive Director,
The United Insurance Company of Pakistan
Ltd.
129-E, 2nd Floor, Tahawar Plaza,
Main Boulevard, Gulberg-III,
Lahore.

Mr. Khalid Masood Bhatti,

AGM,
The United Insurance Company of Pakistan
Ltd.
Pak Chambers, 2nd Floor, 5-Temple Road,
Lahore.

Mr. Nadeem Haider,

Branch Manager,
The United Insurance Company of Pakistan
Ltd.
Office No. 7, 2nd Floor, Patiala Complex,
2-Link Mcload Road
Lahore.

Mr. Shafaqat Ali Goraya,

Executive Director
The United Insurance Company of Pakistan
Ltd.
2nd Floor, Shehpar Plaza,
19-Templer Road,
Lahore.

Mr. Ahsan Khurshid Haq,

SVP/Zonal Manager,
The United Insurance Company of Pakistan
Ltd.
Room No. 303, 3rd Floor,
Khalij Tower Branch No. II, Jail Road,
Lahore.

Mr. Edwin Jamil

Business Head Corporate & Agency,
The United Insurance Company of Pakistan
Ltd,
Office # 224, 2nd Floor,
Land Mark Plaza, Gulberg V, Jail Road,
Lahore.

Mr. Nadeem Safdar Chaudhry,

D.G.M,
The United Insurance Company of Pakistan
Ltd,
FF-II, Central Plaza, Barket Market, Garden
Town,
Lahore.

Our Branches

Mr. Zafar Mehmood,

Joint Director
The United Insurance Company of Pakistan Ltd.
Office No. 10, 1st Floor, Centre Point Plaza,
Main Boulevard, Gulberg-III.
Lahore.

Mr. Muhammad Aslam Rajput,

Joint Director,
The United Insurance Company of Pakistan Ltd,
3rd Floor, Room No. 303,
Al-Hafeez Shopping Mall, Main Boulevard,
Gulberg,
Lahore.

Mr. Muhammad Azeem,

Zonal Manager,
The United Insurance Company of Pakistan Ltd,
51-F, Auto Centre, 108-Lytton Road,
Lahore.

Mr. Akmal Aslam

Deputy General Manager,
The United Insurance Company of Pakistan Ltd.,
Room No. 1, 2nd Floor,
Carpet Chambers, 10-Abbot Road,
Lahore.

Mr. Muhammad Amaan Akhtar,

SVP / Zonal Manager
The United Insurance Company of Pakistan Ltd.
Office No. 5, Khurshid Building,
2nd Floor, 10-Abbot Road,
Lahore.

Mr. Agha Saud Mehmood,

Branch Manager,
The United Insurance Company of Pakistan Ltd.
2nd Floor, Asif Centre, 19-A, Abbott Road,
Lahore.

Mr. Raja Akhtar Khan,

General Manager,
The United Insurance Company of Pakistan Ltd
Room No. 14, 3rd Floor, Bilal Centre,
Nicholson Road,
Lahore.

Mr. Syed Naseem Hussain Jafree,

General Manager,
The United Insurance Company of Pakistan Ltd.
Iqbal Market, 7. 5-KM, Main Raiwind Road,
Lahore.

Mr. Muhammad Mazhar Shah

Joint Director (Engineering Project)
The United Insurance Company of Pakistan Ltd.
Room No. 303, 3rd Floor,
Al-Qadir Center, New Garden Town,
Lahore.

Mr. Mian Kashif Rasheed,

Executive Director,
The United Insurance Company of Pakistan Ltd.
1st Floor, Nizam Chambers,
Shahrah-e-Fatima Jinnah,
Lahore.

Mr. Shahzad Mumtaz

Deputy Chief Manager
The United Insurance Company of Pakistan Ltd.
Garden Heights, 2nd Floor, 8-Abbok Block, Near
Mughal-e-azam Hall, Garden Town
Lahore.

Mr. Khurram Mansoor,

Joint Director
The United Insurance Company of Pakistan Ltd.
1st Floor, 31-Commercial Cavalry Ground,
Cantt,
Lahore.

Our Branches

Mr. Sheikh Musa Saleem,
Joint Director,
The United Insurance Company of Pakistan
Ltd.
4th Floor, Suit No. 407, Empress Tower,
46-Empress Road,
Lahore.

Mr. Muhammad Sameer,
Assistant Manager,
The United Insurance Company of Pakistan
Ltd.
P-2-121- Paradise, 2nd Floor, Jeff Heights-
77-E-1, Main Boulevard, Gulgerg III
Lahore.

Mr. Nouman Ul Haq,
Joint Director,
The United Insurance Company of Pakistan Ltd
2nd Floor, Plaza No. 51-T, Phase-II Commercial,
D.H.A,
Lahore-Cantt.

Mr. Ayaz Ahmad,
Branch Manager,
The United Insurance Company of Pakistan
Ltd.
2nd Floor, Alvaz Arcade, Opp: PTCL Exchange,
Mumtazabad,
Multan.

Mr. M. Tariq Khan,
Development Manager,
The United Insurance Company of Pakistan
Ltd.
S/o. Saeed A. Khan,
House No. 439, B-VII, Upper Story,
Wapda- IInd Sub Division, D.G. Khan Road,
Muzaffar Garh.

Mr. Syed Hamid Ali Zaidi
Zonal Manager,
The United Insurance Company of Pakistan
Ltd.
Room No. 17-18, 4th Floor,
Bilour Shopping Plaza, Saddar Road,
Peshawar Cantt..

Mr. Jahanzeb Ali
Branch Manager,
The United Insurance Company of Pakistan
Ltd,
2nd floor Shayan Plaza, Nihar Kinara Bahadar
Khan Road.
Mardan.

Mr. Muhammad Afsaar Ahmed
Zonal Manager,
The United Insurance Company of Pakistan
Ltd,
House No. 1844/1, Nishtar Road,
Hameed Pur Colony No.3,
Mir Pur Khas.

Mr. Mian Anwar Zahid,
Executive Director,
The United Insurance Company of Pakistan
Ltd.
1st Floor, London Tower, Shadman Colony,
Opp: High Court, Multan Cantt,
Multan.

Mr. Mushtaq Ahmed,
Chief Manager, Camp Office
The United Insurance Company of Pakistan
Ltd.
Century Tower, 2nd Floor
Opposite Statelife Building 6th The Mall,
Rawalpindi.

Mr. Shafaat Hussain Malik,
General Manager,
The United Insurance Company of Pakistan
Ltd.
Office No. 03, 1st Floor, National Building,
Opp Rawalpindi General Hospital, Murree
Road,
Rawalpindi.

Mr. Zarar Ahmed Butt
Executive Director,
The United Insurance Company of Pakistan
Ltd.
Chandni Chowk, Bilal Plaza, Murree Road,
Rawalpindi.

Our Branches

Mr. Jahanzeb Khan

Assistant General Manager,
The United Insurance Company of Pakistan
Ltd.
Room No.6, 5th Floor,
Falak Shir Plaza Sadar Road,
Peshawar Cantt.

Mr. Tanveer Ahmad Bhatti

Joint Director,
The United Insurance Company of Pakistan
Ltd.
Office No. 5, 1st Floor, Crown Plaza, B-224,
Satellite Town, Rawalpindi.
Rawalpindi.

Mr. Muhammad Sohail Khan

Assistant General Manager,
The United Insurance Company of Pakistan
Ltd.
Room No. 265-266, 3rd Floor,
Dean's Centre,
Peshawar Cantt.

Mr. Malik Meharban Khan.

General Manager,
The United Insurance Company of Pakistan
Ltd.
Munaf Plaza, 2nd Floor, Main Commercial
Area, Double Road, Chaklala Scheme-III,
Rawalpindi.

Mr. Shoaib Khan

Assistant General Manager
The United Insurance Company of Pakistan
Ltd,
Ground Floor, Statelife Building,
34-The Mall,
Peshawar Cantt.

Mr. Muhammad Younas

Branch Manager,
The United Insurance Company of Pakistan
Ltd.
Room No.17 1st Floor Royal Plaza 6th Road,
Satellite Town
Rawalpindi.

Mr. Atif Idrees Khan,

Regional Manager,
The United Insurance Company of Pakistan
Ltd.
1st Floor, Perfection House, M.A .Jinnah Road,
Quetta

Mr. Muhammad Ilyas Butt,

Branch Manager,
The United Insurance Company of Pakistan
Ltd.
Rehman Centre, Near Shahab Pura,
Railway Crossing, Defense Road,
Sialkot.

Mr. Mahmood Ahmad

General Manager,
The United Insurance Company of Pakistan
Ltd.
Office No. 3/5, 4th Floor,
Silk Centre, Rehmanabad, Murree Road
Rawalpindi.

Mr. Sheikh Musa Saleem,

Joint Director
The United Insurance Company of Pakistan
Ltd.
Room No. 8, C-2, 3rd Floor, Jawad Centre,
Defense Road,
Sialkot.

Mr. Mujeeb-Ur-Rehman Khokhar,

General Manager,
The United Insurance Company of Pakistan
Ltd.
Room No. 13, 2nd Floor,
Resham Plaza, Chandni Chowk,
Rawalpindi.

Mr. Syed Farhat Abbas,

Manager Development,
The United Insurance Company of Pakistan
Ltd.
1st Floor, Karim Plaza, Defense Road, Iqbal
Town,
Sialkot.

Our Branches

Mr. Khawaja Sohail Anwar
Branch Manager
The United Insurance Company of Pakistan
Ltd.
Al-Sheikh Welfare Centre Urdu Bazar,
Sialkot.

Mr. Tahir Mustafa
Zonal Manager,
The United Insurance Company of Pakistan
Ltd.
Room # 26/27, 2nd Floor,
Mughal Plaza, Kutchery Road,
Sialkot.

Mr. Raja Muhammad Abdullah,
Regional Manager,
The United Insurance Company of Pakistan
Ltd.
Shaheen Plaza, Railway Road,
Sargodha.

Mr. Tanveer Ejaz,
SVP/Zonal Chief,
The United Insurance Company of Pakistan
Ltd.
2nd Floor, Room No. 3, Sharif Plaza, Sargodha
Road,
Sheikhupura.

Mr. Muhammad Rafique Javaid
Regional Manager,
The United Insurance Company of Pakistan
Ltd.
280-X, Housing Colony, Lahore Road,
Sheikhupura.

Mr. Muhammad Yaseen Chaudhry,
Zonal Manager,
The United Insurance Company of Pakistan
Ltd.
147-Railway Road,
Sahiwal.

Mr. Ashfaq Ali Moriani
Regional Manager,
The United Insurance Company of Pakistan
Ltd.
House No. 34/38, Old Saddar
Shikarpur.

Mr. M Hassan Rajput
S V P/General Manager,
The United Insurance Company of Pakistan
Ltd.
House # B-204/3, Muhallah Babar ki Bazar
Thalla
Sukkur.

Mr. Ejaz Ahmed,
Senior General Manager,
The United Insurance Company of Pakistan
Ltd.
House No: 1408/475,
New Latif Park Old,
Sukkur.

Mr. Zulfiqar Ali
Branch Manager
The United Insurance Company of Pakistan
Ltd.
Office No. 7, Mezzanine Floor,
Shalimar Complex, Minara Road,
Sukkur.

Mr. Muhammad Yasin
Branch Manager
The United Insurance Company of Pakistan
Ltd.
Room No.10,1st Floor, Al-Shafi PLaza,
Bank Road, Karkhana Bazar,
Vehari.



Al-Tameem Window Takaful Operations



Shariah Advisor's Report to the Board of Directors

for the year ended December 31, 2016

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

Being a Shariah Advisor of The United Insurance 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 internal audit, explanations provided by the Operator and audit report of the External auditors, blow are the findings:

1- Underwriting, investments and financial activates undertaken by the Operator for the year of ended 31 December, 2016 were in accordance with 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 consolation with me where needed. Few cases which were required to be consulted in accordance with the Shariah and Takaful Rules have been discussed and duly resolved.

Shariah Advisor's Report to the Board of Directors

for the year ended December 31, 2016

Consequently, I have found that the Operator in accordance with the shariah compliance in all transaction aspects and 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.



وصل اللهم وسلم وبارك على سيدنا محمد وعلى آله واصحابه اجمعين

Mufti Muhammad Farhan Farooq

Shariah Advisor

Window Takaful Operations

The United Insurance Company of
Pakistan Limited

Date :April 06, 2017

Shariah Auditors' Report on Compliance

Independent Assurance report to the Board of Directors and Shariah Advisor of The United Insurance Company of Pakistan Limited - Window Takaful Operations (WTO) in respect of WTO's compliance with the Shariah rules and Principles

We have performed an independent assurance engagement (Shariah Compliance Audit) of The United Insurance Company of Pakistan Limited - Window Takaful Operations to ensure that the WTO has complied with the Shariah rules and principles as prescribed by the Shariah advisor of the WTO and the Takaful Rules, 2012, for the year ended December 31, 2016.

MANAGEMENT'S RESPONSIBILITY FOR SHARIAH COMPLIANCE

It is the responsibility of the WTO to ensure that the financial arrangements, contracts, products and transactions entered into by the WTO and The United Insurance Company of Pakistan Limited (Window Takaful Operations) – Participant Takaful Fund (PTF) with participants, other financial institutions and stakeholders are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles as determined by the WTO's Shariah Advisor and the Takaful Rules, 2012.

OUR RESPONSIBILITY

Our responsibility in connection with this engagement is to express an opinion, based on the procedures performed on a sample basis, whether these financial arrangements, contracts, products and transactions are in compliance with the requirements of the Shariah rules and principles as prescribed by the WTO's Shariah Advisor and the Takaful Rules, 2012.

The procedures selected by us for the engagement depended on our judgment, including the assessment of the risks of material non-compliance with the said Shariah rules and principles. In making those risk assessments, we considered such internal control procedures as were relevant to the WTO's compliance with Shariah rules and principles. Our engagement was, however, not intended for expressing opinion on the effectiveness of the WTO's internal controls for the purposes of compliance with the Shariah rules and principles.

We believe that the evidence we have obtained through performing our procedures on a sample basis were sufficient and appropriate to provide a basis for our opinion.

In addition, interpretation and conclusion of the Shariah Advisor of the WTO is considered final for the purpose of interpretation of the Shariah matters mentioned in the Takaful Rules, 2012.

Shariah Auditors' Report on Compliance

FRAMEWORK FOR THE ENGAGEMENT

We have conducted our engagement in accordance with International Standard for Assurance Engagements 3000 (ISAE 3000) issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. This Standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance regarding the subject matter i.e. the WTO's compliance with the Shariah rules and principles as determined by the Shariah Advisor and the Takaful Rules, 2012.

OUR OPINION

In our opinion, based on the sample selected, the financial arrangements, contracts, products and transactions entered into by the WTO and the PTF, as the case may be, for the year ended December 31, 2016, are in compliance with the requirements of the Shariah rules and principles as prescribed by the Shariah Advisor and the Takaful Rules, 2012 in all material respects.



RSM AVAIS HYDER LIAQUAT NAUMAN

Chartered Accountants
Engagement Partner: Syed Ali Adnan Tirmizey

Date: April 06, 2017

Place: Lahore



Financial Statements



Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

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

of The United Insurance Company of Pakistan Limited – Window Takaful Operations (“the Operator”) as at December 31, 2016 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- a) proper books of accounts have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Operator and are further in accordance with accounting policies consistently applied with which we concur;

Auditors' Report to the Members

- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Operator's affairs as at December 31, 2016 and of the profit/loss, its comprehensive income, changes in funds and its cash flows for the year then ended in accordance with International Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980.



RSM AVAIS HYDER LIAQUAT NAUMAN

Chartered Accountants
Engagement Partner: Syed Ali Adnan Tirmizey

Date: April 06, 2017

Place: Lahore

Balance Sheet

As at December 31, 2016

	Note	PTF	OPF	Consolidated 2016	Consolidated 2015
-----Rupees-----					
OPERATOR'S FUND (OPF)					
Statutory fund	6	-	50,000,000	50,000,000	50,000,000
Accumulated Profit		-	148,904,012	148,904,012	79,076,965
		-	198,904,012	198,904,012	129,076,965
WAQF/PARTICIPANTS' TAKAFUL FUND (PTF)					
Ceded money	7	500,000	-	500,000	500,000
Qarz e hasna		-	-	-	19,000,000
Accumulated deficit		(51,036,774)	-	(51,036,774)	(17,134,069)
		(50,536,774)	-	(50,536,774)	2,365,931
Underwriting provisions					
Provision for outstanding claims (including IBNR)		59,800,049	-	59,800,049	27,963,453
Contribution deficiency reserve		20,207,851	-	20,207,851	5,724,464
Reserve for unearned contribution		155,854,152	-	155,854,152	155,932,108
Reserve for unearned retakaful rebate		8,612,773	-	8,612,773	8,926,325
Total underwriting provisions		244,474,825	-	244,474,826	198,546,350
Deferred liabilities					
Staff retirement benefits	8	-	3,337,406	3,337,406	2,477,799
Creditors and accruals					
Amount due to other takaful/ retakaful	9	16,923,102	36,616,253	53,539,355	37,911,744
Accrued expenses	10	-	638,982	638,982	5,797,018
Wakala fee payable		145,089,458	-	145,089,458	110,749,594
Other creditors and accruals	11	37,041,001	19,701,043	56,742,044	46,068,746
		199,053,561	56,956,278	256,009,839	200,527,102
		443,528,386	60,293,684	503,822,070	401,551,251
TOTAL LIABILITIES					
TOTAL FUND AND LIABILITIES		392,991,612	259,197,696	652,189,308	532,994,147
COMMITMENTS					
	12	-	-	-	-

The annexed notes from 1 to 36 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director

Balance Sheet

As at December 31, 2016

	Note	PTF	OPF	Consolidated	Consolidated
				2016	2015
-----Rupees-----					
Cash and bank deposits					
Cash and other equivalent		-	219,448	219,448	14,545
Current and other accounts	13	12,435,462	2,344,316	14,779,778	37,088,331
Deposits maturing within 12 months	14	54,173,107	10,000,000	64,173,107	78,889,979
Deposits maturing after 12 months	15	400,000	1,174,000	1,574,000	2,296,500
		67,008,569	13,737,764	80,746,333	118,289,355
Loans					
To employees and agents	16	-	1,243,143	1,243,143	112,340
Investments	17	65,442,277	23,639,655	89,081,932	26,418,548
Other Assets					
Contributions due but unpaid	18	9,573,669	-	9,573,669	26,509,409
Amount due from other takaful/ retakaful	19	133,100,896	-	133,100,896	99,477,429
Prepaid retakaful contribution ceded		44,918,892	-	44,918,892	45,178,099
Retakaful recoveries against outstanding claims		14,196,873	-	14,196,873	9,484,012
Deferred commission expense		-	36,180,197	36,180,197	30,804,962
Accrued investment income		819,145	395,378	1,214,523	170,412
Wakala fee receivable		-	145,089,458	145,089,458	110,749,595
Sundry receivables	20	470,924	18,733,696	19,204,620	10,353,131
		203,080,399	200,398,729	403,479,128	332,727,049
Fixed assets-Tangibles	21				
Furniture, fixture, office & computer equipment		-	18,376,639	18,376,639	18,627,718
Motor vehicles		-	1,801,766	1,801,766	-
Motor tracking devices		57,460,367	-	57,460,367	36,819,137
		57,460,367	20,178,405	77,638,772	55,446,855
TOTAL ASSETS		392,991,612	259,197,696	652,189,308	532,994,147



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Profit and Loss Account

for the year ended December 31, 2016

Note	Fire and property damage	Marine aviation and transport	Motor	Health and miscellaneous	2016	2015
					Aggregate	Aggregate
-----Rupees-----						
Participants' Takaful Fund Revenue Account						
Net contribution revenue	823,031	7,907,783	150,835,901	33,948,088	193,514,803	115,365,139
Net claims	(28,312,700)	(9,799,354)	(82,647,829)	(70,337,357)	(191,097,240)	(129,047,759)
Change in contribution deficiency reserve	(9,010,851)	-	-	(5,472,536)	(14,483,387)	(5,724,464)
Direct expenses	22 (14,700,135)	(5,276,036)	(27,799,921)	(4,725,276)	(52,501,368)	(19,387,535)
Net rebate on re-takaful	10,512,059	7,049,438	3,907,814	3,808,190	25,277,501	20,369,233
Underwriting results	(40,688,596)	(118,169)	44,295,965	(42,778,891)	(39,289,691)	(18,425,386)
Other income					1,508,890	1,096,253
Investment income/(loss)					3,878,096	(746,044)
Deficit for the year					(33,902,705)	(18,075,177)
Accumulated (deficit)/ surplus						
Balance at the beginning of the year					1,865,931	941,108
Deficit for the year					(33,902,705)	(18,075,177)
Qarz-e-hasna (returned from)/ provided to Participants' Takaful Fund					(19,000,000)	19,000,000
Balance at end of the year					(51,036,774)	1,865,931
Operator's Revenue Account						
Wakala fee	23				211,596,196	201,359,145
Commission expense					(69,670,131)	(41,462,590)
Management expenses	25				(69,089,236)	(74,725,806)
					72,836,829	85,170,749
Other income					236,957	445,262
Investment income					986,446	577,590
Rental on car ijarah					(3,419,260)	-
General & administration expenses	26				(21,437,416)	(16,399,580)
Profit for the year					49,203,557	69,794,021
Profit & loss appropriation account						
Balance at commencement of year					79,076,965	28,455,780
Total comprehensive income for the year					50,827,047	69,621,185
Qarz-e-hasna (returned from)/ provided to Participants' Takaful Fund					19,000,000	(19,000,000)
Balance of unappropriated profit at end of the year					148,904,012	79,076,965

The annexed notes from 1 to 36 form an integral part of these financial statements.


Mohammad Rahat Sadiq
 Chief Executive Officer


Huma Waheed
 Director


Khawas Khan Niazi
 Director / President


Ch. Najeeb-Ur-Rehman
 Chairman

Statement of Comprehensive Income

for the year ended December 31, 2016

	2016	2015
	Rupees	Rupees
OPERATOR'S FUND		
Profit for the period	49,203,557	69,794,021
Other comprehensive income for the year		
Item not to be re-classified to profit and loss account in subsequent period:		
Actuarial gain/ (loss) on defined benefit plan	1,623,490	(172,836)
Total comprehensive income for the year	50,827,047	69,621,185

The annexed notes from 1 to 36 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeem-Ur-Rehman
Chairman

Statement of Changes In Funds

As at December 31, 2016

	Participants' Takaful Fund		
	Ceded money	Accumulated surplus/ (deficit)	Total
	-----Rupees-----		
Balance as at January 01, 2015	500,000	941,108	1,441,108
(Deficit) for the year	-	(18,075,177)	(18,075,177)
Qarz-e-hasna to Participants' Takaful Fund	-	19,000,000	19,000,000
Balance as at December 31, 2015	500,000	1,865,931	2,365,931
Balance as at January 01, 2016	500,000	1,865,931	2,365,931
(Deficit) for the year	-	(33,902,705)	(33,902,705)
Qarz-e-hasna returned from Participants' Takaful Fund	-	(19,000,000)	(19,000,000)
Balance as at December 31, 2016	500,000	(51,036,774)	(50,536,774)

	Operator's fund		
	Statutory fund	Accumulated profit	Total
	-----Rupees-----		
Balance as at January 01, 2015	50,000,000	28,455,780	78,455,780
Profit for the year	-	69,794,021	69,794,021
Other comprehensive (loss) for the year	-	(172,836)	(172,836)
Total comprehensive income for the year	-	69,621,185	69,621,185
Qarz-e-hasna to Participants' Takaful Fund	-	(19,000,000)	(19,000,000)
Balance as at December 31, 2015	50,000,000	79,076,965	129,076,965
Balance as at January 01, 2016	50,000,000	79,076,965	129,076,965
Profit for the year	-	49,203,557	49,203,557
Other comprehensive income for the year	-	1,623,490	1,623,490
Total comprehensive income for the year	-	50,827,047	50,827,047
Qarz-e-hasna returned from Participants' Takaful Fund	-	19,000,000	19,000,000
Balance as at December 31, 2016	50,000,000	148,904,012	198,904,012

The annexed notes from 1 to 36 form an integral part of these financial statements.


Mohammad Rahat Sadiq
 Chief Executive Officer


Huma Waheed
 Director


Khawas Khan Niazi
 Director / President


Ch. Najeeb-Ur-Rehman
 Chairman

Statement of Cash Flows

for the year ended December 31, 2016

	Participants' Takaful Fund	Operator's Fund	2016 Aggregate	2015 Aggregate
-----Rupees-----				
Operating cash flows:				
a) Operating activities:				
Contribution received	545,926,230	-	545,926,230	546,191,933
Retakaful contribution paid	(108,070,629)	-	(108,070,629)	(101,053,860)
Claims paid	(233,490,126)	-	(233,490,126)	(196,958,032)
Retakaful and other recoveries received	35,893,154	-	35,893,154	7,856,239
Commission paid	-	(75,045,366)	(75,045,366)	(62,619,123)
Wakala fee (paid)/ received	(177,256,332)	177,256,332	-	-
Retakaful rebate received	24,963,949	-	24,963,949	25,003,344
Net cash generated from underwriting activities	87,966,246	102,210,966	190,177,212	218,420,501
b) Other operating activities:				
General and management expenses paid	(26,247,938)	(90,953,446)	(117,201,384)	(103,100,785)
Other operating (payments)/ receipts	(7,838,044)	6,262,970	(1,575,074)	2,941,748
Net cash (used in) operating activities	(34,085,982)	(84,690,476)	(118,776,458)	(100,159,037)
Total cash generated from all operating activities	53,880,264	17,520,490	71,400,754	118,261,464
Investment activities:				
Investment income/ (loss) received	3,229,363	182,212	3,411,575	(168,454)
(Purchase) of investment and fixed deposits	(14,306,857)	(32,917,155)	(47,224,012)	(83,195,058)
Fixed capital expenditure	(45,385,770)	(4,306,196)	(49,691,966)	(58,843,920)
Net cash (used in) investing activities	(56,463,264)	(37,041,139)	(93,504,403)	(142,207,432)
Financing activities:				
Statutory reserve	-	-	-	-
Ceded money	-	-	-	-
Qarz e hasna	(19,000,000)	19,000,000	-	-
Net cash flows (used in) financing activities	(19,000,000)	19,000,000	-	-
Net cash (used in) all activities	(21,583,001)	(520,649)	(22,103,650)	(23,945,968)
Cash and cash equivalents at the beginning of the year	34,018,463	3,084,413	37,102,876	61,048,844
Cash and cash equivalents at the end of the year	12,435,462	2,563,764	14,999,226	37,102,876

Statement of Cash Flows

for the year ended December 31, 2016

			2016	2015
	Participants' Takaful Fund	Operator's Fund	Aggregate	Aggregate
-----Rupees-----				
Reconciliation of profit and loss account				
Net cash generated from underwriting activities	53,880,263	17,520,490	71,400,753	118,261,464
Depreciation	(24,744,540)	(2,755,509)	(27,500,049)	(6,616,664)
Rentals on car ijarah	-	(3,419,260)	(3,419,260)	-
Increase/ (decrease) in assets other than cash	85,588,613	(11,739,438)	73,849,175	230,183,362
(Increase)/ decrease in liabilities	(152,505,137)	50,234,318	(102,270,819)	(290,450,608)
Investment income	3,878,096	986,446	4,864,542	(168,454)
(Deficit)/profit for the year	(33,902,705)	50,827,047	16,924,342	51,209,100
Attributed to:				
Participants' takaful fund	-	50,827,047	50,827,047	69,621,185
Operator's fund	(33,902,705)	-	(33,902,705)	(18,075,177)
	(33,902,705)	50,827,047	16,924,342	51,546,008
Definition of cash				
Cash for the purpose of the statement of cash flows comprises of cash in hand, bank balances and other assets which are readily convertible to cash and used for cash management for day to day business operations.				
Cash for the purpose of cash flows comprises of:				
Cash and other equivalents				
- cash in hand	-	219,448	219,448	14,545
Current and other accounts				
- bank balances	12,435,462	2,344,316	14,779,778	37,088,331
	12,435,462	2,563,764	14,999,226	37,102,876

The annexed notes from 1 to 36 form an integral part of these financial statements.


Mohammad Rahat Sadiq
 Chief Executive Officer


Huma Waheed
 Director


Khawas Khan Niazi
 Director / President


Ch. Najeeb-Ur-Rehman
 Chairman

Statement of Contributions

for the year ended December 31, 2016

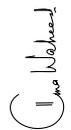
BUSINESS UNDERWRITTEN INSIDE PAKISTAN

Class	Contribution written	Wakala fee	Net contribution	Unearned contribution reserve		Contribution earned	Re-takaful ceded	Prepaid re-takaful ceded	Re-takaful expense	Net contribution revenue 2016	Net contribution revenue 2015	
				Opening	Closing							
----- Rupees -----												
Direct & facultative												
Fire and property damage	148,114,823	59,245,929	88,868,894	18,834,491	49,915,413	57,787,972	72,949,216	19,625,933	35,610,208	56,964,941	823,031	2,990,182
Marine, aviation and transport	53,160,009	21,264,004	31,896,005	8,126,801	2,539,080	37,483,726	24,951,308	6,135,624	1,510,989	29,575,943	7,907,783	4,795,161
Motor	280,104,970	112,041,988	168,062,982	90,272,244	88,220,308	170,114,918	17,514,072	7,240,332	5,475,387	19,279,017	150,835,901	43,280,904
Health and miscellaneous	47,610,688	19,044,275	28,566,413	38,698,572	15,179,351	52,085,634	8,283,644	12,176,210	2,322,308	18,137,546	33,948,088	64,298,892
Total	528,990,490	211,596,196	317,394,294	155,932,108	155,854,152	317,472,250	123,698,240	45,178,099	44,918,892	123,957,447	193,514,803	115,365,139

The annexed notes from 1 to 36 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeem-Ur-Rehman
Chairman

Statement of Claims

for the year ended December 31, 2016

BUSINESS UNDERWRITTEN INSIDE PAKISTAN

Class	Claims paid		Provision for outstanding claims (including IBNR)		Claims expense	Re-takaful and other recoveries received	Re-takaful and other recoveries in respect of outstanding claims		Re-takaful and other recoveries revenue	Net claims expenses 2016	Net claims expenses 2015
	Opening	Closing	Opening	Closing			Opening	Closing			
Rupees -----											
Direct & facultative											
Fire and property damage	65,058,397	500,000	14,788,898	14,788,898	79,347,295	47,017,703	450,000	4,466,892	51,034,595	28,312,700	6,700,988
Marine, aviation and transport	18,114,988	400,000	4,476,023	4,476,023	22,191,011	9,565,077	200,000	3,026,580	12,391,657	9,799,354	17,267,913
Motor	70,613,755	6,941,230	21,030,910	21,030,910	84,703,435	3,457,270	2,027,264	625,600	2,055,606	82,647,829	16,786,000
Health and miscellaneous	79,702,986	20,122,223	19,504,218	19,504,218	79,084,981	9,476,571	6,806,748	6,077,801	8,747,624	70,337,357	88,292,858
Total	233,490,126	27,963,453	59,800,049	59,800,049	265,326,722	69,516,621	9,484,012	14,196,873	74,229,482	191,097,240	129,047,759

The annexed notes from 1 to 36 form an integral part of these financial statements.



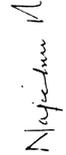
Muhammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Statement of Expenses

for the year ended December 31, 2016

BUSINESS UNDERWRITTEN INSIDE PAKISTAN

Class	Commission paid or payable	Deferred commission		Net commission expenses	Direct expenses (Note 22)	Underwriting expenses	Rebate on re-takaful	Unearned re-takaful rebate		Net rebate on re-takaful expense	Net takaful expense 2016	Net takaful expense 2015
		Opening	Closing					Opening	Closing			
----- Rupees -----												
Direct & facultative												
Fire and property damage	32,657,575	6,704,880	18,362,719	20,999,736	14,700,135	35,699,871	13,481,198	3,611,718	6,580,857	10,512,059	25,187,812	6,578,521
Marine, aviation and transport	9,628,820	2,968,604	686,668	11,910,756	5,276,036	17,186,792	5,946,586	1,462,963	360,111	7,049,438	10,137,354	6,530,223
Motor	28,811,239	14,890,030	15,077,395	28,623,874	27,799,921	56,423,795	3,709,768	1,357,821	1,159,775	3,907,814	52,515,981	16,261,242
Health and miscellaneous	3,947,732	6,241,448	2,053,415	8,135,765	4,725,276	12,861,041	1,826,397	2,493,823	512,030	3,808,190	9,052,851	11,110,906
Total	75,045,366	30,804,962	36,180,197	69,670,131	52,501,368	122,171,499	24,963,949	8,926,325	8,612,773	25,277,501	96,893,998	40,480,892

The annexed notes from 1 to 36 form an integral part of these financial statements.



Mohammad Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director / President



Ch. Najeeb-Ur-Rehman
Chairman

Statement of Investment Income

for the year ended December 31, 2016

	2016	2015
	Rupees	Rupees
PARTICIPANTS' TAKAFUL FUND		
Income from non-trading investments:		
Available for sale		
Dividend income	-	173,318
Gain/ (loss) on sale of units of mutual funds	1,483,036	(1,118,392)
	1,483,036	(945,074)
Held to maturity		
Return on Government skuks	1,880,743	36,426
Return on islamic investment certificates and deposits	514,317	162,604
	2,395,060	199,030
Net income/ (loss) on investment	3,878,096	(746,044)
OPERATOR'S FUND		
Income from non-trading investments:		
Available for sale		
Dividend income	-	165,950
Gain on sale of units of mutual funds	389,848	394,045
	389,848	559,995
Held to maturity		
Return on Government securities	543,929	-
Return on islamic investment certificates and deposits	52,669	17,595
	596,598	17,595
Net income on investment	986,446	577,590

The annexed notes from 1 to 36 form an integral part of these financial statements.


Mohammad Rahat Sadiq
 Chief Executive Officer


Huma Waheed
 Director


Khawas Khan Niazi
 Director / President


Ch. Najeeb-Ur-Rehman
 Chairman

Notes to the Financial Statements

for the year ended December 31, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

The United Insurance Company of Pakistan Limited (hereinafter called 'the Company') was incorporated on October 20, 1959, as a Public Limited Company under the Defunct Companies Act, 1913, now the Companies Ordinance, 1984, 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 Insurance Ordinance, 2000 and undertakes Fire, Marine, Motor and 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 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

These financial statements have been prepared in accordance with the format of financial statements prescribed under Securities and Exchange Commission (Insurance) Rules, 2002, SEC (Insurance) Rules, 2002 issued vide S.R.O. 938 dated December 12, 2002 and Takaful Rules, 2012 read with Circular No. 25 of 2015 issued dated July 9, 2015.

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

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012. In case the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012 shall prevail.

In terms of the requirements of the Takaful Rules 2012, read with SECP Circular 25 of 2015 dated 09 July 2015, the assets, liabilities and profit and loss of the Operator Fund of the General Takaful operations of the Operator have been presented as a single line item in the balance sheet and profit and loss account of the Company respectively.

Notes to the Financial Statements

for the year ended December 31, 2016

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention except for certain obligations under employee retirement benefits which are measured at present value and certain financial instruments which are measured at fair value.

2.3 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.

3 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

3.1 Standards, interpretations and amendments to published approved accounting standards becoming effective in the current year:

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Operator for the periods beginning on or after January 01, 2016 and, therefore, have been applied in preparing these financial statements:

- Annual improvements - 2012-2014 cycle:

The IASB issued Annual Improvements to IFRSs through Annual improvements - 2012-2014 Cycle on September 25, 2014 amended the following standards:

• IFRS 5: Non-current Assets Held for Sale and Discontinued Operations:

Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

• IFRS - 7: Financial Instruments: Disclosures (with consequential amendments to IFRS 1):

Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. It also clarifies the applicability of the amendments to IFRS - 7 on offsetting disclosures to condensed interim financial statements.

• IAS 19: Employee Benefits:

Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).

Notes to the Financial Statements

for the year ended December 31, 2016

- **IAS 34: Interim Financial Reporting:**

Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

The application of amendments has no significant impact on the disclosures or amounts recognized in the Operator's financial statements.

- **IFRS 11 - Joint Arrangements:**

This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendment specifies the appropriate accounting treatment for such acquisitions. The application of this amendment has not any material impact on the Operator's financial statements.

- **IFRS 10, IFRS 12 and IAS 28 Investment Entities:**

The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

The application of these amendments has not any material impact on the Operator's financial statements.

- **IFRS 14 - Regulatory Deferral Accounts:**

IFRS 14, permits first-time adopters to continue to recognize amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognize such amounts, the standard requires that the effect of rate regulation must be presented separately from other items.

The application of the standard has no impact on the Operator's financial statements.

- **IAS 1 - Disclosure Initiative:**

These amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement.

These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The application of these amendments does not any material impact on the Operator's financial statements.

- **Amendment to IAS 16 - Property Plant and Equipment and IAS 38 - Intangible Assets:**

In this amendment it is clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. It is clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The application of amendment has not any material impact on the Operator's financial statements.

Notes to the Financial Statements

for the year ended December 31, 2016

- Amendments to IAS 16 and IAS 41 Agriculture - Bearer Plants:

The amendments defined a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The application of amendment does not have any impact on the financial statements of the Operator.

- Equity Method in Separate Financial Statements - Amendments to IAS 27:

These amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The application of amendments has not any material impact on the Operator's financial statements.

3.2 Standards, interpretations and amendments to published approved accounting standards becoming effective in current year but not relevant

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Operator beginning on or after January 01, 2016 but are considered not to be relevant to the Operator's operations and are, therefore, not disclosed in these financial statements.

3.3 Standards, interpretations and amendments to published approved accounting standards becoming effective in future periods.

The following standards, amendments to standards and interpretations have been published and are mandatory for the Operator's accounting periods beginning on or after their respective effective dates.

- Annual improvements - 2014-2016 cycle:

Annual Improvements to IFRSs through 2014-2016 cycle have been issued by IASB on December 08, 2016, amending the following standards.

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

The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 01, 2018, the amendment to IFRS 12 for annual periods beginning on or after January 01, 2017.

The application of these amendments is not expected to have any material impact on the Operator's financial statements.

Notes to the Financial Statements

for the year ended December 31, 2016

- IFRS 2 - Share based payments:

The amendments to IFRS 2 address the main areas of vesting conditions, classification and accounting for modification to the terms and conditions.

The amendment is effective for accounting period beginning on or after January 01, 2018. The application of amendments is not expected to have any material impact on the Operator's financial statements.

- IFRS 4 - Insurance Contracts:

Amended by applying IFRS 9 "Financial Instruments" along with IFRS 4 "Insurance Contracts", allowing an entity to apply the overlay approach retrospectively to qualifying financial assets when it first applies IFRS 9 or chooses to apply the deferral approach for annual periods beginning on or after January 01 2018.

The management of the Operator is reviewing the changes to evaluate the impact of application of standard on the financial statements.

- IFRS 9 Financial Instruments (2014):

IFRS 9 contains accounting requirements for financial instruments in the areas of classification and measurement, impairments, hedge accounting, de-recognition:

All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have 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, are measured at Fair Value Through Other Comprehensive Income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, standard requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

In relation to the impairment of financial assets, standard requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39.

Notes to the Financial Statements

for the year ended December 31, 2016

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The standard is effective for accounting period beginning on or after January 01, 2018. The management of the Operator is reviewing the changes to evaluate the impact of application of standard on the financial statements.

- **IFRS 15 Revenue from Contracts with Customers:**

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The standard is effective for accounting periods beginning on or after January 01, 2017. The Management is in the process of evaluating the impact of application of the standard on the Operator's financial statements.

- **IFRS 16 Leases:**

Replaces the current IAS - 17 and requires lessees to recognize a lease liability reflecting future lease payments for virtually all lease contracts.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The Management is in the process of evaluating the impact of application of the standard on the Operator's financial statements.

- **IAS 12 Income taxes:**

The amendments to IAS - 12 address the issue of recognition of deferred tax assets for unrealized losses and clarify how to account for deferred tax assets related to debt instruments measured at fair value.

The amendments are effective for accounting period beginning on or after January 01, 2017. The application of standard is not expected to have any material impact on the Operator's financial statements.

- **IAS 40 - Investment Property:**

Provides guidance on transfers of investments property. The Standard is effective for accounting periods beginning on or after January 01, 2018. The Management is in the process of evaluating the impact of application of the standard on the Operator's financial statements.

Notes to the Financial Statements

for the year ended December 31, 2016

3.4 Standards, interpretations and amendments to published approved accounting standards becoming effective in future period but not relevant:

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, as set below, have been applied consistently to all periods presented in these financial statements.

4.1 Takaful contracts

The Takaful contracts are based on the principles of Waqf. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty. Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the 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 takaful provides basic hospital care including maternity care and outpatient care.

Miscellaneous takaful provides cover against burglary, loss of cash in safe and cash in transit, money, engineering losses, travel and other coverage.

Notes to the Financial Statements

for the year ended December 31, 2016

4.2 Takaful contributions

Contributions including administrative surcharge received / receivable (if any) under a takaful policy are recognized as written at the time of issuance of policy and recorded as income of the PTF. Contributions are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on contributions. Takaful Contribution income under a policy is recognized as income of PTF over the period of takaful. Administrative surcharge recovered from insurer is recognized as part of contribution in the case of co-takaful policies (Leader Follower Case) on proportionate basis. 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 1/24 method as specified in the SEC (Insurance) Rules, 2002.

Contributions due but unpaid represents the amount due from participants 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.

Wakala fee

The operator manages the general takaful operations for the participants and charges 40% on gross contribution for all classes as wakala fee against the services. It is recognised upfront on the issue of Takaful Policy.

4.3 Re-takaful ceded

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 balance sheet 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.

Notes to the Financial Statements

for the year ended December 31, 2016

4.4 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.

The Operator recognizes liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of 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.

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

Upto previous year, the provision for IBNR was based on the management's best estimate which took into account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the balance sheet date, except, health and personal accident segments which were determined and recognized in accordance with the valuation carried out by an appointed actuary.

Had the method for estimating IBNR claims, not been changed, the provision for claims and reinsurance recoveries against outstanding claims would have been lower by Rs.17,072,658/- and Rs.6,521,317/- respectively and the profit for the year would have been higher by Rs10,551,341/

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

4.5 Retakaful recoveries against outstanding claims

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 the Financial Statements

for the year ended December 31, 2016

4.6 Rebate on re-takaful

Commission expenses and other acquisition costs are charged to the profit and loss account at the time the policies are accepted. Rebate income from retakaful Company 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. Rebate, if any, which the Company may be entitled to under the terms of retakaful is recognized on accrual basis. Further, Rebate on retakaful is recognised as income of PTF according to the requirements of Takaful Rules, 2012.

4.7 Contribution deficiency reserves

The PTF 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 balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the contribution deficiency reserve is recorded as an expense/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 reserves in respect of Accident and Health insurance as required by SRO 16 (I)/ 2012 issued by Securities and Exchange Commission of Pakistan on January 9th, 2012. If these ratios are adverse, contribution deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

	<u>2016</u>	<u>2015</u>
- Fire and property damage	84%	28%
- Marine, aviation and transport	53%	54%
- Motor	35%	29%
- Miscellaneous	112%	30%

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, except for the segment of fire, as at the year end is adequate to meet the expected future liability, after retakaful, from claims and other expenses expected to be incurred after the balance sheet date in respect of policies in those classes of business in force at the balance sheet date. Hence, no reserve for the same has been made in these financial statements except for the segment of Health where actuary provides for the figure to be recognised as contribution deficiency reserve.

4.8 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.

Notes to the Financial Statements

for the year ended December 31, 2016

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 balance sheet date and adjusted to reflect the current best estimate.

4.9 Cash and cash equivalents

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

4.10 Revenue recognition

4.10.1 Contribution

The revenue recognition policy for premiums is given under note 4.2 to the financial statements.

4.10.2 Investment income

Return on investments and fixed deposits are recognized using the effective interest rate method. Profit or loss on sale of investments is recognized at the time of sale. Dividend income is recognized when right to receive such dividend is established.

4.10.3 Rental and other income

Rental and other incomes are recognized as and when accrued.

4.11 Investments

4.11.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and 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:

- Held to maturity
- Available for sale

4.11.2 Measurement

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.

Notes to the Financial Statements

for the year ended December 31, 2016

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.

Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. 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.

Subsequent to initial recognition at cost, these are stated at the lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP), in December 2002. The Company uses latest stock exchange quotation to determine the market value of its quoted investments.

Dividend income and entitlement of bonus shares are recognized when the Operator's right to receive such dividend and bonus shares is established.

Gain / (loss) on sale of available for sale investments is recognized in profit and loss account.

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

Had these investments been measured at fair value as required by IAS - 39 - Financial Instruments: Recognition and Measurement, the Operator's net equity would have been higher by Rs. 31,743/- as at December 31, 2016 (Rs. Nil at December 31, 2015)

4.12 Fixed assets

4.12.1 Owned

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 so as to keep the carrying value equal to the fair market value of the asset.

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 21. Depreciation on additions to/ disposal from fixed assets for the year is charged on "number of days basis

Notes to the Financial Statements

for the year ended December 31, 2016

Maintenance and normal repairs are charged to profit and loss account as and when incurred, while major renewals and improvements are capitalized. 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.

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.

Ijarah contracts

Ijarah rentals (Ujrah) under Ijarah contracts are recognised as an expense in the profit and loss on a straight-line basis over the Ijarah term.

4.13 Staff retirement benefits

Defined benefit plan

The operator's retirement benefits plan comprises of gratuity scheme for all the eligible employees, who have completed the minimum qualifying period of service.

The actuarial valuation of gratuity scheme for both conventional and window takaful operations is carried out by an independent valuer as at December 31, 2016 using the projected unit credit method." The basic assumptions used for actuarial valuation are disclosed in note no 8 to the financial statements

The operator has adopted IAS 19 (revised) which require Actuarial gains or losses to be recognised in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements and net interest income/ (expense).

4.14 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 operator 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.

Notes to the Financial Statements

for the year ended December 31, 2016

Financial instruments carried on the balance sheet date include cash and bank deposits, investments, contribution due but unpaid, amount due from other takaful/retakaful operators, contribution and claim reserves detained by cedants, accrued investment income, retakaful recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amounts due to other takaful/retakaful, other creditors and accruals.

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

4.14.1 Offsetting of financial assets and financial 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 operator intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.15 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 and the SEC (Insurance) Rules, 2002 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, marine, motor and health 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 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. Depreciation is allocated to a particular segment on the basis of contribution written.

4.16 Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

Notes to the Financial Statements

for the year ended December 31, 2016

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 recognised for the assets in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

4.16.1 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.

4.16.2 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.

4.17 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 balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.18 Direct, management and administrative expenses

Direct expenses related to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross contribution revenue. Expenses not allocable to the underwriting business are charged as management or administrative expenses. Administrative and management expenses of takaful business are allocated to revenue account of operator as per requirements of Takaful Rules, 2012.

Notes to the Financial Statements

for the year ended December 31, 2016

4.19 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 qarz-e-hasna to operator.

4.20 Qarz-e-hasna

Qarz-e-hasna is provided by Operators' Fund to Participants' Takaful Fund in case of deficit in Participants' Takaful Fund.

4.21 Zakat

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

4.22 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.

5 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect 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 recognised 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 the Financial Statements

for the year ended December 31, 2016

-	Provision for unearned contributions and bad debts	4.2
-	Provision for outstanding claims (including IBNR)	4.4
-	Deferred commission /unearned rebate on retakaful	4.6
-	Contribution deficiency reserve	4.7
-	Useful lives of fixed assets	4.12
-	Staff retirement benefits	4.13
-	Segment reporting	4.15
-	Impairment in value of investments	4.16
-	Allocation of direct and management expenses	4.18

	Note	2016 Rupees	2015 Rupees	
6	STATUTORY FUND			
	Statutory reserves	6.1	50,000,000	50,000,000

- 6.1** 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 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" .

7	CEDED MONEY			
	Waqf money	7.1	500,000	500,000

- 7.1** 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/Participant Takaful Fund.

Notes to the Financial Statements

for the year ended December 31, 2016

	Note	2016 Rupees	2015 Rupees
8 STAFF RETIREMENT BENEFITS			
The actuarial valuation is carried out annually and contributions are made accordingly. Following were significant assumptions used for valuation of the scheme.			
-Discount rate used for year end obligation		8% p.a.	9% p.a.
-Discount rate used for profit and loss charge		9% p.a.	10.5% p.a.
-Expected rate of increase in the salaries of the employees		7% p.a.	8% p.a.
-Expected rate of return on plan assets		8.05% p.a	7.92% p.a.
-Expected service length of employees		8 years	7 years
8.1 Balance sheet liability			
Present value of defined benefits obligations as at the end of the year	8.3	7,111,225	4,265,789
Less: Fair value of plan assets	8.4	(3,773,819)	(1,787,990)
Total liability at the end of the year		3,337,406	2,477,799
8.2 Movement in liability/ (asset) during the year			
Opening balance		2,477,799	766,216
Charge to profit and loss account		4,383,097	3,304,963
Charge in other comprehensive income		(1,623,490)	172,836
Contribution made during the year		(1,900,000)	(1,766,216)
Closing balance		3,337,406	2,477,799
8.3 Reconciliation of present value of defined benefit obligations			
Present value of defined benefit obligations at beginning of the year		4,265,789	766,216
Current service cost		4,245,595	3,317,236
Interest cost		383,201	80,453
Benefits paid		(16,000)	-
Remeasurements due to:			
Actuarial (gains)/ losses from changes in financial assumptions		(25,131)	-
Experience adjustments		(1,742,229)	101,884
Present value of defined benefits obligations as at December 31		7,111,225	4,265,789

Notes to the Financial Statements

for the year ended December 31, 2016

	2016	2015
	Rupees	Rupees
8.4 Changes in fair value of plan assets		
Fair value of plan assets as at beginning of the year	1,787,990	-
Contributions made	1,900,000	1,766,216
Interest income on plan assets	245,699	92,726
Benefits paid	(16,000)	-
Return on plan assets, excluding interest income	(143,870)	(70,952)
Fair value of plan assets as at year end	3,773,819	1,787,990

8.5 Charge to profit and loss account

Current service cost	4,245,595	3,317,236
Interest cost on defined benefit obligation	383,201	80,453
Interest income on plan assets	(245,699)	(92,726)
Total amount charged to profit and loss account	4,383,097	3,304,963

8.6 Charge in other comprehensive income

Remeasurement of plan obligation:		
Actuarial (gains)/ losses from changes in financial assumptions	(25,131)	-
Experience adjustments	(1,742,229)	101,884
	(1,767,360)	101,884
Return on plan assets excluding interest income	143,870	70,952
Total re-measurements recognized in other comprehensive income	(1,623,490)	172,836

	2016		2015	
	Fair value	Percentage	Fair value	Percentage
8.7 Composition of fair value of plan assets				
Cash at bank	20,216	1.13%	20,216	1.13%
Meezan Islamic Income Fund	1,767,774	98.87%	1,767,774	98.87%
	1,787,990	100%	1,787,990	100.00%

Notes to the Financial Statements

for the year ended December 31, 2016

	2016	2015
	Rupees	Rupees
8.8 Historical data		
Present value of defined benefit obligations	7,111,225	4,265,789
Fair value of plan assets	(3,773,819)	(1,787,990)
	3,337,406	2,477,799
8.9 The estimated charge to profit and loss account for the defined benefit plan for the year ending December 31, 2017 is Rs. 4,615,435/-.		
8.10 Sensitivity analysis on defined benefit obligation		
Discount Rate + 100 bps	6,593,703	3,973,127
Discount Rate - 100 bps	7,712,767	4,605,241
Salary Increase + 100 bps	7,733,669	4,619,342
Salary Increase - 100 bps	6,565,461	3,955,017
9 AMOUNT DUE TO OTHER TAKAFUL/RETAKAFUL		
9.1 Participants' takaful fund		
Foreign retakaful operators	16,823,078	9,159,302
Co-takaful operators	100,024	15,952,233
	16,923,102	25,111,535
9.2 Operator's fund		
Co-takaful operators	36,616,253	12,800,209
	36,616,253	12,800,209
10 ACCRUED EXPENSES -OPF		
Salaries	50,334	4,528,158
Auditors' remuneration	472,500	200,000
Miscellaneous expenses	116,148	1,068,860
	638,982	5,797,018

Notes to the Financial Statements

for the year ended December 31, 2016

	Note	2016 Rupees	2015 Rupees
11 OTHER CREDITORS AND ACCRUALS			
11.1 Participants' takaful fund			
Other creditors		22,634,718	2,365,435
Taxes payable		386,371	4,019,241
Other payables		14,019,912	6,120,612
		37,041,001	12,505,288
11.2 Operators' fund			
Sundry creditors		990,929	1,158,332
Commission payable		17,450,433	12,512,398
Other payables		1,259,681	7,092,519
		19,701,043	20,763,249
12 COMMITMENTS			
Future Ijarah rentals payable	12.1	5,786,378	-
12.1 Commitments for rentals under Ijarah contracts are as follows:			
Due within one year		2,750,316	-
Due after one year but not later than five year		3,036,062	-
		5,786,378	-
13 CURRENT AND OTHER ACCOUNTS			
13.1 Participants' takaful fund			
Current accounts		6,383,950	1,879,660
PLS accounts	13.3	6,051,512	32,138,803
		12,435,462	34,018,463
13.2 Operator's fund			
Current accounts		1,693,147	6,587
PLS accounts	13.3	651,169	3,063,281
		2,344,316	3,069,868

Notes to the Financial Statements

for the year ended December 31, 2016

- 13.3** The rate of return on PLS accounts maintained at various banks range from 2.9% to 5.2% (2015: 4.0% to 5.5%) per annum

	Note	2016 Rupees	2015 Rupees
14	DEPOSITS MATURING WITHIN 12 MONTHS-PTF		
14.1	Participants' takaful fund		
	Security deposits	14.1.1 1,173,107	889,979
	Short term islamic certificates	14.1.2 53,000,000	78,000,000
		54,173,107	78,889,979

- 14.1.1** Security deposit represents earnest money deposited against tenders offered by different operators. The management considers these deposits good.

- 14.1.2** The rate of return on Certificate of Islamic Investments issued by various Islamic banking companies range from 4.97% to 5.32% (2015: 5.18% to 6.15%) per annum. These Term Deposit Certificates have maturity up to November 2017.

14.2	Operators' fund		
	Short term deposits	14.2.1 10,000,000	-
		10,000,000	-

- 14.2.1** The rate of return on Certificate of Islamic Investment issued by Meezan Bank Limited is 5.21% (2015: Nil) per annum. This Certificate of Islamic Investment has maturity up to November 2017.

15	DEPOSITS MATURING AFTER 12 MONTHS		
15.1	Participants' takaful fund		
	Security deposits	400,000	400,000
		400,000	400,000
15.2	Operator's fund		
	Security deposits	1,174,000	1,896,500
		1,174,000	1,896,500

Notes to the Financial Statements

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	Note	2016 Rupees	2015 Rupees
16	LOAN TO EMPLOYEES AND AGENTS		
	Unsecured		
	Executives	894,803	-
	Non-executives	348,340	112,340
		1,243,143	112,340
17	INVESTMENT		
17.1	Participants' takaful fund		
	Available for sale		
	Mutual Funds	17.1.1 5,000,000	6,098,548
	Held-to maturity		
	Sukuk Bonds	17.1.2 60,442,277	20,320,000
		65,442,277	26,418,548
17.1.1	Mutual funds		
		2016	2015
		Number of Units	Unit Price (Rupees)
			Name of entity
		2016	2015
		Rupees	Rupees
		526,357	622,409
		9.50	NAFA-NBP fullerton Asset Management Limited
		5,000,000	6,098,548
		526,357	622,409
		5,000,000	6,098,548

Market value of mutual fund certificate on December 31, 2016 is Rs. 5,129,820/- (December 31, 2015: Rs. 6,130,291/-)

Notes to the Financial Statements

for the year ended December 31, 2016

17.1.2 Sukuk Bonds

Face value (Rupees)	Profit payment	Types of security	Maturity date	2016 Rupees	2015 Rupees
60,000,000	Half yearly	Government of Pakistan Ijara Sukuk	29-Mar-2019	60,442,277	20,320,000
60,000,000				60,442,277	20,320,000

Market value of ijara sukuk bond is considered to be approximately the same as its amortised cost.

	Note	2016 Rupees	2015 Rupees
17.2 Operator's fund			
Available for sale			
Mutual Funds	17.2.1	3,500,000	-
Held-to maturity			
Sukuk Bonds	17.2.2	20,139,655	-
		23,639,655	-

17.2.1 Mutual Funds

2016 Number of Units	2015	Unit Price (Rupees)	Name of entity	2016 Rupees	2015 Rupees
362,607	-	9.65	NAFA-NBP fullerton Asset Management Limited	3,500,000	-
362,607	-			3,500,000	-

Market value of mutual fund certificate on December 31, 2016 is Rs. 3,533,929/- (December 31, 2015: Rs. Nil/-)

17.2.2 Sukuk Bonds

Face value (Rupees)	Profit payment	Types of security	Maturity date	2016 Rupees	2015 Rupees
20,000,000	Half yearly	Government of Pakistan Ijara Sukuk	29-Mar-2019	20,139,655	-
20,000,000				20,139,655	-

Market value of ijara sukuk bond is considered to be approximately the same as its amortised cost.

Notes to the Financial Statements

for the year ended December 31, 2016

	2016	2015
	Rupees	Rupees
18 CONTRIBUTION DUE BUT UNPAID		
Unsecured		
Considered good	9,573,669	26,509,409
	9,573,669	26,509,409
19 AMOUNT DUE FROM OTHER TAKAFUL/RETAKAFUL		
Unsecured		
Considered good	133,100,896	99,477,429
	133,100,896	99,477,429
20 SUNDRY RECEIVABLES		
20.1 Participants' takaful fund		
Other advances and receivables	470,924	4,713,419
	470,924	4,713,419
20.2 Operator's fund		
Branch balances	3,911,408	1,229,551
Other advances and receivables	14,822,288	4,410,162
	18,733,696	5,639,713

Notes to the Financial Statements

for the year ended December 31, 2016

21 FIXED ASSETS- TANGIBLE

Particulars	OPERATOR'S FUND				PARTICIPANTS' TAKAFUL FUND			Grand Total
	Furniture and fixture	Office equipment	Computer equipment	Motor Vehicles	Total	Motor Tracking devices	Total	
-----Rupees-----								
COST								
Balance as at January 01, 2015	1,624,638	245,000	1,255,000	-	3,124,638	189,900	189,900	3,314,538
Additions during the year	13,899,372	2,961,091	876,155	-	17,736,618	41,107,302	41,107,302	58,843,920
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
Balance as at December 31, 2015	15,524,010	3,206,091	2,131,155	-	20,861,256	41,297,202	41,297,202	62,158,458
Balance as at January 01, 2016	15,524,010	3,206,091	2,131,155	-	20,861,256	41,297,202	41,297,202	62,158,458
Additions during the year	914,682	665,303	579,061	2,147,150	4,306,196	45,385,770	45,385,770	49,691,966
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
Balance as at December 31, 2016	16,438,692	3,871,394	2,710,216	2,147,150	25,167,452	86,682,972	86,682,972	111,850,424
DEPRECIATION								
Balance as at January 01, 2015	29,864	2,148	61,133	-	93,245	1,694	1,694	94,939
Charge for the year	1,301,125	275,979	563,189	-	2,140,293	4,476,371	4,476,371	6,616,664
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
Balance as at December 31, 2015	1,331,089	278,127	624,322	-	2,233,538	4,478,065	4,478,065	6,711,603
Balance as at January 01, 2016	1,331,089	278,127	624,322	-	2,233,538	4,478,065	4,478,065	6,711,603
Charge for the year	1,505,141	346,777	558,207	345,384	2,755,509	24,744,540	24,744,540	27,500,049
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
Balance as at December 31, 2016	2,836,230	624,904	1,182,529	345,384	4,989,047	29,222,605	29,222,605	34,211,652
Written down values as at December 31, 2015	14,192,921	2,927,964	1,506,833	18,627,718	18,627,718	36,819,137	36,819,137	55,446,855
Written down values as at December 31, 2016	13,602,462	3,246,490	1,527,687	1,801,766	20,178,405	57,460,367	57,460,367	77,638,772
Rate of depreciation (%)	10	10	33.33	20		33.33		

Notes to the Financial Statements

for the year ended December 31, 2016

	Note	2016 Rupees	2015 Rupees
22	DIRECT EXPENSES - (PTF)		
Annual monitoring fee		25,889,939	14,271,030
Tracker installation fee		219,450	120,965
Bank charges		120,059	72,568
Depreciation expenses on motor tracking devices	21	24,744,540	4,476,371
Health Service Charges		1,527,378	420,975
Other expenses		-	25,626
		52,501,366	19,387,535
23	WAKALA FEE		
Wakala fee for different segments is calculated at 40 percent of the contribution written.			
24	ADMINISTRATIVE SURCHARGE		
Contribution written and net contribution revenue include administrative surcharge, class wise detail of which is given below:			
Fire and property damage		18,633	15,934
Marine, aviation and transport		23,129	6,033
Motor		71,335	33,181
Miscellaneous		41,116	72,426
		154,213	127,574
25	MANAGEMENT EXPENSES		
Salaries, allowances and benefits		42,367,589	45,794,637
Petrol and mobile expenses		13,329,130	15,961,909
Rent rates and taxes		4,443,597	4,152,012
Utilities expense		1,640,849	1,273,195
Travelling and conveyance		514,842	364,376
Repair and maintenance		1,852,380	970,340
Printing and stationery		390,410	498,876
Office expenses		909,739	853,466
Advertising expenses		3,640,700	4,856,995
		69,089,236	74,725,806

Notes to the Financial Statements

for the year ended December 31, 2016

	Note	2016 Rupees	2015 Rupees
26 GENERAL & ADMINISTRATION EXPENSES			
Salaries and wages		9,025,333	6,807,041
Shariah advisor fee		954,471	982,307
Printing and stationery		1,330,299	340,880
Legal and professional		98,390	167,390
Traveling expenses		605,741	391,315
Repair and maintenance		257,914	129,847
Utilities		121,787	129,475
Mobile and petrol expenses		1,269,859	1,034,238
Bank charges		6,385	113,864
Auditors remuneration		615,000	350,000
Other expenses		13,630	507,967
Depreciation expense	21	2,755,510	2,140,293
Gratuity expense	8.5	4,383,097	3,304,963
		21,437,416	16,399,580

27 REMUNERATION OF EXECUTIVES			
Managerial remuneration		24,378,849	23,919,063
Housing allowance		8,068,545	10,763,579
Medical allowance		1,793,706	1,076,358
		34,241,100	35,759,000
Number of persons		27	28

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

28 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		
Balances at year end:			
Associated undertakings	Receivable/ (payable) at year end	155,682	-
Key management personnel	Loan to key management personnel	894,803	-
Staff retirement benefits plan	(Payable) to defined benefit plan	(3,337,406)	(2,477,799)
Transactions during the year:			
Associated undertakings	Motor tracking devices purchased	45,385,770	37,153,272
	Tracker installation fee paid	219,450	120,965
	Device monitoring charges paid	25,889,939	14,271,030
	Health service charges paid	1,424,977	-
Key management personnel	Remuneration of key management personnel	34,241,100	35,759,000
Staff retirement benefits plan	Provision for gratuity during the year	4,383,097	1,711,583
	Benefits paid	16,000	1,766,216

Notes to the Financial Statements

for the year ended December 31, 2016

29 SEGMENT REPORTING

The operator has four primary business segments for reporting purposes namely fire, marine, 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 premium written by each segment.

	FIRE		MARINE		MOTOR		HEALTH & MISCELLANEOUS		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015		
	----- Rupees -----									
Segment assets - (PTF)	80,025,300	35,147,826	18,875,410	21,437,223	81,648,384	68,003,927	21,241,237	56,059,972	201,790,330	180,648,948
Unallocated assets- (PTF)									191,201,282	181,429,959
Total assets- (PTF)									392,991,612	362,078,907
Segment assets- (OPF)	18,362,719	6,704,880	686,668	2,968,604	15,077,395	14,890,030	2,053,415	6,241,448	36,180,197	30,804,962
Unallocated assets - (OPF)									223,017,499	140,110,278
Total assets - (OPF)									259,197,696	170,915,240
Segment liabilities - (PTF)	76,023,556	27,481,617	9,075,873	14,534,111	119,371,920	116,246,132	56,926,578	78,196,234	261,397,927	236,458,094
Unallocated liabilities- (PTF)									182,130,459	123,254,882
Total liabilities- (PTF)									443,528,386	359,712,976
Segment liabilities- (OPF)	10,252,377	-	3,679,689	-	19,388,618	-	3,295,570	-	36,616,253	-
Unallocated liabilities - (OPF)									23,412,431	41,838,275
Total liabilities - (OPF)									60,028,684	41,838,275
Capital Expenditure-OPF	1,205,714	2,121,844	432,744	2,126,026	2,280,167	8,268,990	387,570	5,219,758	4,306,196	17,736,618
Capital Expenditure-PTF	-	-	-	-	45,385,770	41,107,302	-	-	45,385,770	41,107,302
Depreciation-OPF	771,529	256,045	276,910	256,549	1,459,066	997,826	248,004	629,873	2,755,509	2,140,293
Depreciation-PTF	-	-	-	-	24,744,540	4,476,371	-	-	24,744,540	4,476,371

Notes to the Financial Statements

for the year ended December 31, 2016

	2016	2015
	Rupees	Rupees
30 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets		
Cash and bank deposits		
Cash and other equivalents	219,448	14,545
Current and other accounts	14,779,778	37,088,331
Deposits maturing within 12 months	64,173,107	78,889,979
Deposits maturing after 12 months	1,574,000	2,296,500
	80,746,333	118,289,355
Loan to employees and agents	1,243,143	112,340
Investments	89,081,932	26,418,548
Other assets		
Contribution due but unpaid	9,573,669	26,509,409
Amount due from other takaful/retakaful	133,100,896	99,477,429
Retakaful recoveries against outstanding claims	14,196,873	9,484,012
Accrued investment income	1,214,523	170,412
Wakala fee receivable	145,089,458	110,749,595
Sundry receivables	19,204,620	10,353,131
	322,380,039	256,743,988
	493,451,447	401,564,231
Financial liabilities		
Provision for outstanding claims (including IBNR)	59,800,049	27,963,453
Amount due to other takaful/retakaful	53,539,355	37,911,744
Accrued expenses	638,982	5,797,018
Wakala fee payable	145,089,458	110,749,594
Other creditors and accruals	56,742,044	46,068,746
	315,809,888	228,490,555

Notes to the Financial Statements

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31 RISK MANAGEMENT

31.1 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.

31.2 Takaful risks

31.2.1 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.

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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 (Insurance 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.

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.

31.2.2 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 risks of all types, underwritten of 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	
	2016	2015	2016	2015	2016	2015
----- Rupees -----						
Fire and property damage	667,000,000	433,438,540	652,000,000	418,438,540	15,000,000	15,000,000
Marine, aviation and transport	350,000,000	346,500,000	337,500,000	334,000,000	12,500,000	12,500,000
Motor	32,110,000	4,526,100	30,860,000	3,276,100	1,250,000	1,250,000
Miscellaneous	2,180,407,674	884,640,680	2,165,407,674	869,640,680	15,000,000	15,000,000
	3,229,517,674	1,669,105,320	3,185,767,674	1,625,355,320	43,750,000	43,750,000

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

	Gross liabilities		Gross assets		Net liabilities / (assets)	
	2016	2015	2016	2015	2016	2015
----- Rupees -----						
Fire and property damage	76,023,556	27,481,617	18,362,719	6,704,880	57,660,837	20,776,738
Marine, aviation and transport	9,075,873	14,534,111	686,668	2,968,604	8,389,205	11,565,507
Motor	119,371,9120	116,246,132	15,077,395	14,890,030	104,294,525	101,356,101
Miscellaneous	56,926,578	78,196,234	2,053,415	6,241,448	54,873,163	71,954,786
	261,397,927	236,458,094	36,180,197	30,804,962	225,217,730	205,653,132

Notes to the Financial Statements

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31.2.3 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 operator. 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. For the estimation of provision of claims incurred but not reported (IBNR), the operator uses historical experience factor based on analysis of the past years claims reporting pattern.

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.

31.2.4 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.

31.2.5 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 balance sheet 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 the Financial Statements

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	Profit		Participants' takaful fund	
	2016	2015	2016	2015
----- Rupees -----				
10% increase in loss				
Net				
Fire and property damage	(2,831,270)	(670,099)	(2,831,270)	(670,099)
Marine, aviation and transport	(979,935)	(1,726,791)	(979,935)	(1,726,791)
Motor	(8,264,783)	(1,678,600)	(8,264,783)	(1,678,600)
Miscellaneous	(7,033,736)	(8,829,286)	(7,033,736)	(8,829,286)
	(19,109,724)	(12,904,776)	(19,109,724)	(12,904,776)

	Profit		Participants' takaful fund	
	2016	2015	2016	2015
----- Rupees -----				
10% decrease in loss				
Net				
Fire and property damage	2,831,270	670,099	2,831,270	670,099
Marine, aviation and transport	979,935	1,726,791	979,935	1,726,791
Motor	8,264,783	1,678,600	8,264,783	1,678,600
Miscellaneous	7,033,736	8,829,286	7,033,736	8,829,286
	19,109,724	12,904,776	19,109,724	12,904,776

Claims development tables

The following table shows the development of fire 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 payment

Analysis on gross basis	2014	2015	2016	Total
	----- Rupees -----			
Estimate of ultimate claims cost				
At the end of accident year	6,210,016	200,843,444	257,551,293	
One year later	16,328,062	216,393,890	-	
Two year later	16,306,627	-	-	
Estimate of cumulative claims	16,306,627	216,393,890	257,551,293	490,251,810
Cumulative payments to date	(16,306,627)	(216,090,846)	(198,054,288)	(430,451,761)
Liability recognized in the balance sheet date	-	303,044	59,497,005	59,800,049

Notes to the Financial Statements

for the year ended December 31, 2016

31.3 Financial risk

31.3.1 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 reprice 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 balance sheet date, the interest rate profile of the operator's significant interest bearing financial instruments was as follows:

Notes to the Financial Statements

for the year ended December 31, 2016

FINANCIAL ASSETS AND LIABILITIES

	2016						
	Effective Yield/ Mark-up rate per annum	Interest/mark-up bearing			Sub Total	Non interest/ mark-up bearing financial instruments	Total
		Maturity upto one year	Maturity over one year to five years	Maturity over five years			
%	----- Rupees -----						
Financial assets							
Cash and bank deposits	2.90-5.32	69,702,681	-	-	69,702,681	11,043,652	80,746,333
Investments		-	89,081,932	-	89,081,932	-	89,081,932
Loan to employees and agents		-	-	-	-	1,243,143	1,243,143
Contribution due but unpaid		-	-	-	-	9,573,669	9,573,669
Amounts due from other takaful/ retakaful		-	-	-	-	133,100,896	133,100,896
Retakaful recoveries against outstanding claims		-	-	-	-	14,196,873	14,196,873
Accrued investment income		819,145	-	-	819,145	395,378	1,214,523
Wakala fee receivable		-	-	-	-	145,089,458	145,089,458
Sundry receivables		-	-	-	-	19,204,620	19,204,620
		70,521,826	89,081,932	-	159,603,758	333,847,689	493,451,447
Financial liabilities							
Provision for outstanding claims (including IBNR)		-	-	-	-	59,800,049	59,800,049
Amount due to other takaful/retakaful		-	-	-	-	53,539,355	53,539,355
Accrued expenses		-	-	-	-	638,982	638,982
Wakala fee payable		-	-	-	-	145,089,458	145,089,458
Other creditors and accruals		-	-	-	-	56,742,044	56,742,044
		-	-	-	-	315,809,888	315,809,888

Notes to the Financial Statements

for the year ended December 31, 2016

FINANCIAL ASSETS AND LIABILITIES

	2015						
	Effective Yield/ Mark-up rate per annum	Maturity upto one year	Maturity over one year to five years	Maturity over five years	Sub Total	Non interest/ mark-up bearing financial instruments	Total
%	-----Rupees-----						
Financial assets							
Cash and bank deposits	4.0-6.15	115,081,745	-	-	115,081,745	3,207,610	118,289,355
Investments		-	26,418,548	-	26,418,548	-	26,418,548
Loan to employees and agents					-	112,340	112,340
Contribution due but unpaid					-	26,509,409	26,509,409
Amounts due from other takaful/ retakaful					-	99,477,429	99,477,429
Retakaful recoveries against outstanding claims					-	9,484,012	9,484,012
Accrued investment income		170,412	-	-	170,412	-	170,412
Wakala fee receivable					-	110,749,595	110,749,595
Sundry receivables					-	121,215,066	10,353,131
		115,252,157	26,418,548	-	141,670,705	370,755,461	401,564,231
Financial liabilities							
Provision for outstanding claims (including IBNR)					-	27,963,453	27,963,453
Amount due to other takaful/retakaful					-	37,911,744	37,911,744
Accrued expenses					-	5,797,018	5,797,018
Wakala fee payable					-	110,749,594	110,749,594
Other creditors and accruals					-	46,068,746	46,068,746
					-	228,490,555	228,490,555

Notes to the Financial Statements

for the year ended December 31, 2016

Sensitivity analysis

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 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	Effect on fund
-----Rupees-----			
As at December 31, 2016			
Cash flow sensitivity - variable rate financial liabilities	100	-	-
	(100)	-	-
Cash flow sensitivity - variable rate financial assets	100	1,596,038	1,596,038
	(100)	(1,596,038)	(1,596,038)
As at December 31, 2015			
Cash flow sensitivity - variable rate financial liabilities	100	-	-
	(100)	-	-
Cash flow sensitivity - variable rate financial assets	100	1,416,707	1,416,707
	(100)	(1,416,707)	(1,416,707)

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 balance sheet 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.

31.3.2 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.

Notes to the Financial Statements

for the year ended December 31, 2016

On the balance sheet date the operator has cash and bank balance of Rs. 14,999,226 (2015: Rs. 37,102,877).

The table below analyses the operator's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date on an undiscounted cash flow basis.

	2016			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
-----Rupees-----				
Financial liabilities				
Provision for outstanding claims (including IBNR)	59,800,049	59,800,049	59,800,049	-
Amounts due to other takaful/retakaful	53,539,355	53,539,355	53,539,355	-
Accrued expenses	638,982	638,982	638,982	-
Wakala fee payable	145,089,458	145,089,458	145,089,458	-
Other creditors and accruals	56,742,044	56,742,044	56,742,044	-
	315,809,888	315,809,888	315,809,888	-

	2015			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
-----Rupees-----				
Financial liabilities				
Provision for outstanding claims (including IBNR)	27,963,453	27,963,453	27,963,453	-
Amounts due to other takaful/retakaful	37,911,744	37,911,744	37,911,744	-
Accrued expenses	5,797,018	5,797,018	5,797,018	-
Wakala fee payable	110,749,594	110,749,594	110,749,594	-
Other creditors and accruals	46,068,746	46,068,746	46,068,746	-
	228,490,555	228,490,555	228,490,555	-

Notes to the Financial Statements

for the year ended December 31, 2016

31.3.3 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.

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

	2016	2015
	Rupees	Rupees
Bank deposits	80,526,885	118,289,355
Loan to employees and agents	1,243,143	112,340
Investments	8,500,000	6,098,548
Contribution due but unpaid	9,573,669	26,509,409
Amount due from other takaful/retakaful	133,100,896	99,477,429
Retakaful recoveries against outstanding claims	14,196,873	9,484,012
Accrued investment income	1,214,523	170,412
Wakala fee receivable	145,089,458	110,749,595
Sundry receivables	19,204,620	10,353,131
	412,650,067	381,244,231

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.

Notes to the Financial Statements

for the year ended December 31, 2016

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

	Ratings		Ratings Agency	2016	2015
	Short term	Long term		Rupees	Rupees
Meezan Bank limited	A-1+	AA	JCR-VIS	7,041,742	30,579,560
Summit Bank limited	A-1	A-	JCR-VIS	417,723	1,455,220
Askari Bank limited	A1+	AA+	PACRA	2,055,489	650,141
Habib Bank limited	A-1+	AAA	JCR-VIS	452,254	526,280
Allied Bank limited	A1+	AA+	PACRA	12,828	613,402
Bank Islami limited	A1	A+	PACRA	502,796	1,594,757
Bank of Khyber limited	A1	A	PACRA	223,149	-
Albaraka Bank limited	A1	A	PACRA	1,616,829	1,668,972
Faysal Bank limited	A1+	AA	PACRA	2,359,353	-
National Bank of Pakistan	A1+	AAA	PACRA	97,615	-
				14,779,778	37,088,332

The age analysis of contribution due but unpaid and amount due from other takaful/ retakaful is as follows:

	2016	2015
	Rupees	Rupees
Upto 1 year	140,553,000	125,986,838
1-2 years	2,121,565	-
	142,674,565	125,986,838

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 company 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

Notes to the Financial Statements

for the year ended December 31, 2016

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	Other re-takaful assets	2016	2015
-----Rupees-----					
A or above (including PRCL)	133,100,896	14,196,873	44,918,892	192,216,661	154,139,540
Total	133,100,896	14,196,873	44,918,892	192,216,661	154,139,540

32 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 maximise the use of relevant observable inputs and minimise 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 categorised 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).

Notes to the Financial Statements

for the year ended December 31, 2016

- Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting period during which the change occurred.

	Carrying amount			Fair value					
	Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----									
December 31, 2016									
Financial assets - not measured at fair value									
Cash and other equivalents*	-	-	219,448	-	219,448	-	-	-	-
Current and other accounts*	-	-	14,779,778	-	14,779,778	-	-	-	-
Deposits maturing within 12 months*	-	-	64,173,107	-	64,173,107	-	-	-	-
Deposits maturing after 12 months*	-	-	1,574,000	-	1,574,000	-	-	-	-
Investments									
- Mutual Fund Certificates	8,500,000	-	-	-	8,500,000	8,663,749	-	-	8,663,749
- Sukuk Bonds*	80,581,932	-	-	-	80,581,932	80,581,932	-	-	80,581,932
Loan to employees and agents*	-	1,243,143	-	-	1,243,143	-	-	-	-
Contribution due but unpaid*	-	9,573,669	-	-	9,573,669	-	-	-	-
Amounts due from other takaful / retakaful*	-	133,100,896	-	-	133,100,896	-	-	-	-
Retakaful recoveries against outstanding claims*	-	14,196,873	-	-	14,196,873	-	-	-	-
Accrued investment income*	-	1,214,523	-	-	1,214,523	-	-	-	-
Wakala fee receivable*	-	145,089,458	-	-	145,089,458	-	-	-	-
Sundry receivables*	-	19,204,620	-	-	19,204,620	-	-	-	-
	89,081,932	323,623,182	80,746,333	-	493,451,447	89,245,681	-	-	89,245,681
Financial liabilities - not measured at fair value									
Provision for outstanding claims (including IBNRI)*	-	-	-	-	59,800,049	59,800,049	-	-	-
Amounts due to other takaful / retakaful*	-	-	-	-	53,539,355	53,539,355	-	-	-
Accrued expenses*	-	-	-	-	638,982	351,482	-	-	-
Wakala fee payable*	-	-	-	-	145,089,458	145,089,458	-	-	-
Other creditors and accruals*	-	-	-	-	56,742,044	56,742,044	-	-	-
	-	-	-	-	315,809,888	315,544,888	-	-	-

* The fair value of these items is not disclosed because their carrying amounts are a reasonable approximation of their fair values.

Notes to the Financial Statements

for the year ended December 31, 2016

	Carrying amount				Fair value				
	Investments	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
December 31, 2015									
Financial assets - not measured at fair value									
Cash and other equivalents*	-	-	14,545	-	14,545	-	-	-	-
Current and other accounts*	-	-	37,088,332	-	37,088,332	-	-	-	-
Deposits maturing within 12 months*	-	-	78,889,979	-	78,889,979	-	-	-	-
Deposits maturing after 12 months*	-	-	2,296,500	-	2,296,500	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
- Mutual Fund Certificates	6,098,548	-	-	-	6,098,548	6,130,291	-	-	6,130,291
- Sukuk Bonds*	20,320,000	-	-	-	20,320,000	-	-	-	-
Loan to employees and agents*	-	112,340	-	-	112,340	-	-	-	-
Contribution due but unpaid*	-	26,509,409	-	-	26,509,409	-	-	-	-
Amounts due from other takaful / retakaful*	-	99,477,429	-	-	99,477,429	-	-	-	-
Retakaful recoveries against outstanding claims*	-	9,484,012	-	-	9,484,012	-	-	-	-
Accrued investment income*	-	170,412	-	-	170,412	-	-	-	-
Wakala fee receivable*	-	110,749,595	-	-	110,749,595	-	-	-	-
Sundry receivables*	-	10,353,131	-	-	10,353,131	-	-	-	-
	26,418,548	256,856,328	118,289,356	-	401,564,232	6,130,291	-	-	6,130,291
Financial liabilities - not measured at fair value									
Provision for outstanding claims (including IBNR)*	-	-	-	27,963,453	27,963,453	-	-	-	-
Amounts due to other takaful / retakaful*	-	-	-	37,911,744	37,911,744	-	-	-	-
Accrued expenses*	-	-	-	5,797,018	5,797,018	-	-	-	-
Wakala fee payable*	-	-	-	110,749,594	110,749,594	-	-	-	-
Other creditors and accruals*	-	-	-	46,068,746	46,068,746	-	-	-	-
	-	-	-	228,490,555	228,490,555	-	-	-	-

* The fair value of these items is not disclosed because their carrying amounts are a reasonable approximation of their fair values.

Notes to the Financial Statements

for the year ended December 31, 2016

33 FUND MANAGEMENT

The operator's objectives when managing fund 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 fund structure to reduce the cost of fund. In order to maintain or adjust the fund structure, the amount of return paid to operators or to participants may be adjusted.

	2016	2015
	---Numbers---	
34 NUMBER OF EMPLOYEES		
As at year end	106	103
Average number of employees during the year	105	84

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on **April 06, 2017** by the Board of Directors of the company.

36 GENERAL

- Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons. No significant reclassifications were made during the current year except for following:

Particulars	Note	From	To	Rupees
Wakala fee payable	11	Other creditors and accruals	Wakala fee payable	110,749,594
Loan to employees and agents	20	Sundry receivables	Loan to employees and agents	112,340
Wakala fee receivable	20	Sundry receivables	Wakala fee receivable	110,749,594
Commission payable	11.2	Other creditors and accruals	Amount due to other takaful/ retakaful	12,800,209


Mohammad Rahat Sadiq
 Chief Executive Officer


Huma Waheed
 Director


Khawas Khan Niazi
 Director / President


Ch. Najeeb-Ur-Rehman
 Chairman

Our Branches

Lahore

Mumtaz Kahloon

Branch Manager,
Tahawar Plaza Branch

Irfan Tirmazi

Branch Head,
Taj Arcade Branch

Faisal Afzal

Branch Head,
Eden Centre Branch

Sialkot

Muhammad Zubair

Branch Manager,
Paris Road Branch

Islamabad

Hassan Nadeem

Branch Head,
F-7, Markaz Branch

Karachi

Muhammad Shakeel

Head of Window takaful operations
Shahrah-e-Qaideen Branch

Taufeeq Mannan

Ibrahim Trade Tower Branch

“Our focused business model, global footprint and culture of teamwork oriented professionals put us in a strong position to meet our clients’ needs and generate superior returns for our shareholders.”

Notice of the 57th Annual General Meeting

**RATED AA-
BY PACRA**

NOTICE is hereby given that the 57th Annual General Meeting of **The UNITED INSURANCE COMPANY OF PAKISTAN LIMITED** will be held on Saturday the April 29, 2017 at 11:00 a.m. at Royal Palm Golf & Country Club, 52, Canal Bank Road, Lahore, to transact the following business:

ORDINARY BUSINESS:

- 1) To confirm the minutes of the last Extra Ordinary General Meeting of the Company held on August 31, 2016.
- 2) To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended December 31, 2016 together with the Directors' and Auditors' reports thereon.
- 3) To consider and approve payment of 10% final cash Dividend for the year ended December 31, 2016 as recommended by the Board of Directors.
- 4) To consider and approve as recommended by the Board of Directors to issue bonus shares @ 11% in proportion of 11 shares for every 100 shares held by the Company's Members.
- 5) To appoint External Auditors for Financial Year 2017 and to fix their remuneration. Audit committee has recommended appointment of M/s. Ilyas Saeed & Co., Chartered Accountants, Lahore. Retiring Auditors M/s. Avais Hyder Liaquat Nauman, Chartered Accountants, being eligible, but have not offered themselves for re-appointment as Company's External Auditors for the year 2017.

SPECIAL BUSINESS:

- 6) To approve capitalization for the issue of Bonus Shares (B-21) and to pass with or without modification the following resolutions as Ordinary Resolutions:-
 - a) Resolved that the sum of Rs. 198,352,000/- out of the profits available for appropriation as at December 31, 2016 be capitalized and adopted to the issue of ordinary shares of Rs.10 each allotted as fully paid Bonus Shares (B-22) @ 11 % in the proportion of 11 share for every 100 shares held by Company's members whose names appear on the register of members as at close of business on April 21, 2017.
 - b) Further resolved that the Bonus shares shall rank pari passu in all respects with the existing shares.
 - c) Further Resolved that in the event of any member becoming entitled to a fraction of bonus share the Directors be and are hereby authorized to consolidate all such fraction share(s) so constituted on the stock market and to

Notice of the 57th Annual General Meeting

pay the proceed of the sale when realized to a recognized charitable institution as may be selected by the Directors of the Company.

d) Further resolved that the Company Secretary be and is hereby authorized and empowered to give effect to these resolutions and to do or cause to be done all acts, deeds and things that may be necessary or required for issue , allotment and distribution of Bonus Shares.

- 7) To consider and approve the remuneration as recommended by the Board payable to the working Directors and fee to the non-executive /independent Directors of the Company during the year 2017 and to pass the following resolution as a special resolution:-

Resolved that the remuneration payable to working Directors and fee for non-working/ independent Directors of the Company for the year 2017 as recommended by the Board be and are hereby approved.

- 8) To transact any other business that may be brought forward with the permission of the Chair.

Date : April 07, 2017

By order of the Board

Karachi

(Athar A. Khan)

Company Secretary

Notes:

- 1) The Register of Members and the Share Transfer Books of the Company shall remain closed from April 22, 2017 to April 29, 2017 (both days inclusive). Transfers received at Company's Share Registrar M/s. F.D. Registrar Services (SMC-Pvt.) Limited, Office # 1705, 17th Floor, Saima Trade Tower – A, I. I. Chundrigar Road, Karachi by the close of business on April 20, 2017, will be treated in time for the purpose of determine entitlement to the Dividend & Bonus Shares and to attending the meeting.
- 2) All members are entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her.

Notice of the 57th Annual General Meeting

- a) A proxy must be a member of the Company. Proxies in order to be effective must be received at the Registered Office, situated at 204, Madina City Mall, Abdullah Haroon Road, Karachi not later than forty eight (48) hours before the time fixed for the meeting.
- b) The Proxy shall produce his/her original CNIC or Passport at the time of the meeting.
- c) Proxy form shall be witnessed by two persons whose, name, CNIC Nos. and addresses shall be mentioned on the proxy form.
- 3) CDC Account holders are required to follow the below mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.
- a) In case of individual(s), the account holder (s) or sub-account holder (s) shall authenticate his/her identity by showing his/her original CNIC card or original passport at the time of attending the Meeting.
- b) In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
- 4) Shareholders are requested to immediately notify change in address, if any, to the Company's Share Registrar, at the following address:
- M/s. F.D. Registrar Services (SMC-Pvt.) Limited, Office # 1705, 17th Floor, Saima Trade Tower – A, I.I. Chundrigar Road, Karachi – 74000.

S.No	Nature of Shareholders	Rate of deduction
1.	Filers of Income Tax Return	12.5%
2.	Non-Filers of Income Tax Return	20.0%

- 5) Withholding Tax on Dividends: Prevailing rates prescribed for deduction of withholding tax on the amount of dividend paid by the Company are as under :

All the shareholders whose names are not entered into the Active Tax Payer List (ATL) provided on the Website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for approval of the Cash Dividend i.e. April 21, 2017 otherwise tax on their Cash Dividend will be deducted at the rate of 20% instead of 12.50%.

The CNIC number/NTN details is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) from time to time.

In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint

Notice of the 57th Annual General Meeting

Folio/CDS Account No.	Name of Shareholder	CNIC No.	Shareholding	Total Shares	Principal/Joint Shareholding
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holder as may be notified by the shareholder in writing as follows to our Share Registrar, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Members seeking exemption from deduction of Income Tax or eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be.

6) NOTICE TO SHAREHOLDERS WHO HAVE NOT PROVIDED CNIC:

In pursuance of the Securities and Exchange Commission of Pakistan (SECP) vide its SRO 779(I)/2011 dated August 18, 2011, SRO 831(I)/2012 dated July 5, 2012 and SRO 19(I)/2014 dated January 10, 2014 has made it mandatory that the dividend warrants should bear the Computerised National Identity Card Number (CNIC) of the registered member or authorised person, except in the case of minor(s) and corporate members. Therefore, individual members or their authorised representatives who have not yet provided a copy of their valid CNICs to the Company/Share Registrar are requested to provide the same at their earliest to avoid any inconvenience. In case of non-receipt of copy of valid CNIC (unless it has provided earlier) the Company will be constrained to withhold dispatch of dividend warrant to such shareholder as per SECP directives.

7) WITHHOLDING TAX ON BONUS ISSUE @ 5%

Pursuant to the provisions of the Financial Act, 2014 listed companies issuing bonus shares have been made responsible for collecting tax on the said deemed income, which is 5 percent of the value of bonus shares Under Section 236 M of Income Tax Ordinance, 2001. Tax collected by the company shall be a final tax on the income of the shareholder of the company arising from issuance of bonus shares. The Company quoted on the stock exchange, issuing bonus shares to the shareholders of the company, shall withhold 5% of the bonus shares be issued. These bonus shares withheld shall only be issued to the shareholder if the company collects, within fifteen days, from the shareholder tax equal to five percent of the value of the total bonus shares issued to the shareholder determined on the basis of the day-end price on the first day of closure of books. In case of default, either on the part of the company or the shareholder, the company may deposit the bonus shares withheld in Central Depository Company of Pakistan Limited or any other entity as may be prescribed.

Notice of the 57th Annual General Meeting

8) PLACEMENT OF FINANCIAL STATEMENT

The Company has placed the Audited Annual Financial Statement for the year ended December 31, 2016 along with Auditors and Directors' Reports thereon on its website: www.theunitedinsurance.com

Statement under Section 160(1)(b) of the Companies Ordinance, 1984

- i) Bonus issue will be governed by rules and regulations.
- ii) The Directors being satisfied with the reserves and profits of the Company as at December 31, 2016 have recommended an issue of Bonus Shares. The Directors have no interest directly or indirectly, except that they are members of the Company.
- iii) Remuneration is payable to the working Directors of the Company and Fees to the non-executive/independent directors. The Directors have no interest directly or indirectly except to the extent stated above in the special business.

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 _____ of _____

_____ (Name) _____

failing him _____ of _____

_____ (Name) _____

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 57th Annual General Meeting of the Company to be held on April 29, 2017 at 11:00 a.m and at any adjourment thereof.

Signed this _____ day of _____ 2017.

WITNESS: _____

1. Signature: _____

Name: _____

Address: _____

CNIC No: _____

Signature

2. Signature: _____

Name: _____

Address: _____

CNIC No: _____



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 Shareholders and their proxies are each requested to attach an attested Photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

مختار نامہ

دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ
۲۰۴، دوسری منزل، مدینہ سٹی مال، عبداللہ ہارون روڈ، صدر کراچی

میں/ہم _____ کا/کے _____

بحیثیت رکن دی یونائیٹڈ انشورنس کمپنی آف پاکستان لمیٹڈ اور حامل عام حصص، برطابق شیئرز رجسٹر فو لیو نمبر _____ اور/یا سی ڈی سی

پارٹیشنٹ (شرکت) آئی ڈی نمبر _____ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر _____

محترم/محترمہ _____ کو اپنے/ہمارے ایما پر 29 اپریل 2017 کو دن 11:00 بجے رائل _____

پام گولف اینڈ کنفری کلب 52، کینال بینک روڈ میں منعقد ہونے والے کمپنی کے 57 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا/ہمارا بطور مختار (پراسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز _____ بتاریخ _____، 2017 کو دستخط کئے گئے۔

گواہان:

-1

دستخط:

نام:

پتہ:

پانچ روپے مالیت کارسیدی ٹکٹ پر دستخط

دستخط کئی کے نمونہ دستخط سے مماثل ہونے چاہئیں

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:

-2

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:

نوٹ:

- 1- 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۔
- 2- ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کر سکتا، وہ اس فارم کو مکمل کر کے اور دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم 48 گھنٹے قبل کھٹی بیکری، یونائیٹڈ انٹرنیشنل کھٹی آف پاکستان لمیٹڈ اور رجسٹر آفس 204، مینڈی مال، عبداللہ پارون روڈ، صدر بازار، کراچی کے پتے پر ارسال کر دے۔
- 3- سی ڈی آئی 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 فرد جس کی تکلیف ریشیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، انہیں کھٹی 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 کھیڈلائز ذوقی شناختی کارڈ نمبرز فارم پر درج ہوں۔
 - (ج) تنظیمی ادارہ (مستفید ہونے والے فرد) کے کھیڈلائز ذوقی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی جسے نائب مختار نامے کے ہمراہ پیش کرے گا۔
 - (د) اجلاس کے وقت نائب کو اپنا اصل کھیڈلائز ذوقی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
 - (ه) کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز کی قرارداد مع نامزد کردہ شخص، انٹرنی کے نمونہ دستخط پاور آف اٹارنی (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامے) کے ہمراہ کھٹی میں جمع کرانا ہوگا۔

UIG HOUSE

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