

PARTICIPANT TAKAFUL FUND POLICIES

1. **Short title.** – These shall be called Participant Takaful Fund (PTF) Policies.

2. **Definitions.** – In these PTF Policies, unless there is anything repugnant in the subject or context, –

- (i) **Accounting Year** means financial year of the Operator, i.e., 12 months commencing from January 1 till December 31.
- (ii) **Board of Directors** means board of directors of Jubilee General Insurance Company Limited;
- (iii) **Commission** means Securities and Exchange Commission of Pakistan;
- (iv) **Contribution** means Takaful charge or installment payable by a participant;
- (v) **Companies Ordinance** means the Companies Ordinance, 1984;
- (vi) **Deficit** means the shortfall in the PTF, that is excess of payments over receipts and after accrual of all expenses and income in accordance with generally accepted accounting principles and applicable law for the time being in force;
- (vii) **Ordinance** means the Insurance Ordinance (XXXIX of 2000);
- (viii) **Operator and Trustee** means Jubilee General Window Takaful Operations authorised under the Takaful Rules, 2012 working in its capacity as Wakeel thereby operating the PTF. The terms Operator or Trustee may be used interchangeably;
- (ix) **Participant** includes, where Takaful Scheme has been assigned, the assignee for the time being and, where he is entitled as against to Participant Takaful Fund to the benefits of the Scheme and to whom the contract is issued;
- (x) **Participant membership documents (PMD)** means the documents detailing the benefits and obligations of the Participant under the takaful contract;
- (xi) **Qard-e-Hasna** means an interest-free loan to the PTF from the Operator's Fund, when the PTF is in deficit and insufficient to meet its all liabilities.
- (xii) **Participant Takaful Fund (PTF)** means Jubilee General Window Takaful Operations Fund established under this PTF / Waqf Deed.
- (xiii) **Shariah Advisor** means Shariah Advisor of the Operator appointed under rule 26 of the Takaful Rules, 2012.
- (xiv) **Window Takaful Operator's Fund** means the Operator's Fund being maintained as per the Statutory requirements and shall consist of the funds allocated for the General Window Takaful Operations and undistributed profits payable to the Shareholders earned from the Window Takaful Operation.



Jubilee
General Window Takaful Operations

Shariah Advisor

Mufti Zeeshan Abdul Aziz

(xv) **Supplementary deeds** means any supplementary deed of the PTF / Waqf Deed to be made under this Deed as deemed necessary for legal and operational reasons.

(xvi) **Takaful Rules** means Takaful Rules, 2012.

Unless the context otherwise requires, words or expressions contained in these policies shall have the same meaning as in the Companies Ordinance, 1984, Insurance Ordinance, 2000, Takaful Rules, 2012 and PTF/ Waqf Deed and words importing the singular shall include the plural, and *vice versa*, and words importing the masculine gender shall include feminine, and words importing persons shall include bodies corporate.

3. RISK COVERED AND BENEFITS PAYABLE BY PTF

3.1 The PTF shall cover the risk pertaining to and permitted to General Takaful Business under the Insurance Ordinance, 2000 and Takaful Rules, 2012.

3.2 The type of risk covered shall be approved by the Shariah Advisor of the Company.

3.3 The types of risk covered through the product that would be offered to the Participant shall be among the following classes as defined under section 4 of the Insurance Ordinance, 2000.

- (a) For direct and facultative retakaful business;
 - (i) Class 1 being fire and property damage business;
 - (ii) Class 2 being marine, aviation and transport business;
 - (iii) Class 3 being motor third party compulsory business;
 - (iv) Class 4 being liability business;
 - (v) Class 5 being workers' compensation business;
 - (vi) Class 6 being credit and suretyship business;
 - (vii) Class 7 being accident and health business;
 - (viii) Class 8 being agriculture takaful including crop takaful and
 - (ix) Class 9 being miscellaneous business;
- (b) For treaty retakaful business:
 - (i) Class 10 being proportional treaty business; and
 - (ii) Class 11 being non-proportional treaty business.

3.4 The list of events and Benefit to be payable to the participant shall be covered in detail in the respective type of PMDs according to the nature of the Risk under allowed classes.

3.5 The event upon which amount would be payable shall be according to the terms and condition to be defined in the relevant PMDs including the exclusion of the event if any.

3.6 The amount payable shall be strictly determined under the laws, term and conditions agreed with Participants and according to the Shariah principles.

4. Operator's Obligations

(a) There shall be paid into the PTF all receipts of the Operator properly attributable to the business to which the PTF relates (including the income of the PTF), and the assets comprised in the PTF shall be applicable only to meet such part of the PTF's liabilities and expenses as is properly so attributable.

(b) The risk related component of contributions and Operator's fees shall be credited to the PTF and from which benefits shall be paid out.

(c) The Operator shall assess, classify, and determine risk prudently in accordance with sound Underwriting Guidelines and Shariah Principles.



Mufti Zeeshan Abdul Aziz
Shariah Advisor
Jubilee General Window Takaful Operations

- (d) The Operator shall be entitled to appoint intermediaries for soliciting subscribers or participants or members and to perform such functions necessary and incidental thereto.
- (e) The Operator shall perform all functions necessary for the operations of the PTF, including but not limited to:
- (i) Receiving contributions from the Participants;
 - (ii) Utilizing these contributions for the benefits of all the Participants;
 - (iii) Acting as Modarib or Wakeel in order to manage the funds in the best interest of the PTF;
 - (iv) The Operator shall define, design, implement, manage, administer, run, control, govern, modify Takaful Schemes for the benefits of all the Participants, whether existing or prospective, with the approval of Shariah Advisor;
- (f) The Takaful Operator shall be required to invest his available funds in the PTF in the modes and products that adhere to principles established by the Shariah and all such modes and products shall be approved by the Shariah Advisor of the Takaful Operator. The following guidelines shall be followed for investments of the funds in the PTF, namely:-
- (a) Investment in Shariah compliant Government securities.-Any Shariah compliant Government instrument such as Islamic bonds (Sukkuks) and securities.
 - (b) Investments in immovable property.-The Operator shall be allowed to invest in immovable property subject to the following conditions, namely:-
 - (i) the use and intended use of the property should be in compliance with the Islamic principles; and
 - (ii) return on rented property may be in the form of fixed rent but in case of delayed payments the late payment surcharge may be charged in the form of charity through charity clause in the agreement and that amount shall be transferred to the charity account with the approval of the Shariah Advisor.
 - (c) Investment in Joint Stock Companies.-The Operator may invest its funds in joint stock companies. However, investments in non-Shariah compliant preferred stocks, debentures and interest based redeemable capital securities are not allowed. For investments in the common stocks of joint stock companies, the following guidelines should be followed in consultation with the Shariah Advisor, namely:-
 - (i) The main business of the investee company must not violate Shariah. Therefore, it is not permissible to acquire the shares, debentures or certificates of the companies providing financial services like conventional banks or the companies involved in business prohibited by Shariah like alcohol production, gambling or night club activities, etc;-
 - (ii) The Shariah Advisor of the Operator shall take into consideration factors such as the proportion of income of the investee company from interest bearing accounts or non-Shariah based activities, the debt to equity ratio and cash or cash equivalents of the investee company; and
 - (iii) The investment decision shall be based on fundamental value of the companies instead of short-term speculations.
 - (d) Investments in redeemable capital.- The Operator may also make its portfolio investments through various mutual funds operating under the Shariah principles and approved by the Commission. Before making any investment therein, the Operator shall have the procedures and practices being followed by such funds scrutinized by its Shariah Advisor.



Mufti Zeeshan Abdul Aziz
Shariah Advisor
Jubilee General Window Takaful Operations


- (e) Investments in redeemable capital.-The Operator may invest their funds in Shariah compliant instruments like Musharika Certificates, Shariah Complaint Term Finance Certificates (TFCs), Participation Term Certificates (PTCs) etc. However, in case of investment in redeemable capital it shall be necessary that the certificates are issued in compliance with the Islamic injunctions and the scheme of their issue be examined by the Shariah Advisor of the Takaful Operator. The basic conditions as laid down earlier for investments in the common stock of joint stock companies should also be followed.
- (f) Placement of excess funds with banks and Islamic financial institutions.- The Operator may invest a portion of their funds in liquid or short notice deposits schemes of Islamic banks or Islamic branches of Conventional Banks or other Islamic financial institutions, placements in PLS saving accounts of Islamic banks and placement in current accounts of traditional banks without any return thereon.
- (g) Financing under Islamic modes through the Islamic banks and financial institutions.-The Operators may make arrangements with the Islamic banks or Islamic branches of Conventional Banks operating in Pakistan to directly finance under musharika, murabaha, ijara (lease), salam, istisna contracts approved by the Commission.
- (g) Takaful Operator shall appoint a Shariah Compliance Auditor who will conduct its audit for each accounting period, which shall be conducted before the close of accounts and annual audit to make the adjustments advised by the Shariah compliance auditor.
- (h) The Operator shall not accept any risk in respect of any general business unless and until the contribution payable is received by the Takaful operator or is guaranteed to be paid by such person.

Provided that, where the contribution payable, as aforesaid is received by any person, including a Takaful agent or a Takaful broker, on behalf of the Operator, such receipt shall be deemed to be receipt by the Takaful operator for the purposes aforesaid and the onus of proving that the contribution payable was received by a person, including a Takaful broker, who was not authorized to receive such contribution shall lie on the Operator.

Provided further that, any benefit, which may become due to a participant on account of the cancellation of a policy or alteration in its terms and conditions or for any other reason shall be paid by the Operator, from the PTF, directly to the participant and a proper receipt shall be obtained by the Operator from the participant and such payment shall under no circumstances be paid or credited to any other person, including a Takaful broker.

- (i) The Operator shall deduct Operator's fee as per defined ratio approved by Shariah Advisor out of the Participant Takaful Fund (PTF) contribution under this policy. Such fee shall be based on the Wakala principle since the Operator hereby acts as a Wakeel of the Fund. The Wakala Fees shall be credited to the Operators Fund and remaining portion shall be remained credited in the Participant Takaful Fund. The rate of Wakala Fees shall be approved by the Shariah Advisor based on the rating and risk management guidelines of the Window Takaful Operator for each type of Risk.
- (j) The Operator shall act as a Mudarib or Wakeel for the purpose of managing the investment of the Participant Takaful Fund (PTF). As such, the Operator stands entitled to a Mudarib share or Wakalatul Istismar fee in the investment income subject to approval by the Shariah Advisor.
- (k) Atleast at the end of each accounting year the Operator shall evaluate the assets and liabilities of the PTF and determine whether the operation for that particular period had produced a surplus for sharing amongst the participants.

The Takaful Operator would periodically perform surplus calculation for the PTF by the Operator/Accountant. Atleast at the end of each accounting year the Takaful Operator shall evaluate the assets and liabilities of the PTF and determine whether the operation for that particular period had produced a surplus for sharing amongst the participants.


 Mufti Zeeshan Abdul Aziz
 Shariah Advisor
 Jubilee General Window Takaful Operations

The surplus for each period would be calculated in the following manner:

Balance in Fund brought forward

Add: Takaful Contributions credited in the PTF

Add: Investment income earned by investment of the PTF itself

Add: Receipts from retakaful pools as their share of any claims paid out or as

Add: Shares of surplus earned on retakaful arrangements

Add: Reserves required by preceding year's valuation to be brought forward

Add: Any donation made by the Takaful Operator

Add: Salvages and recoveries

Add: Qard-e- Hasna received

Add: Commission from Retakaful Operators

Less: Incurred Claims

Less: Takaful Operator's Fees

Less: Any other amount payable to the participant as per the terms & conditions of PMDs

Less: Repayment of Qard-e-Hasna

Less: Any payment to third party directly associated with underwriting

Less: Takaful Operator's share in Investment income earned by investment of the PTF itself

Less: Amounts paid out to retakaful pools as retakaful contributions

Less: Any donation paid by the PTF on the advice of the Shariah Advisor

Less: Reserves required by valuation to be carried forward

In the case of Surplus within the PTF the Operator may hold a portion of the surplus for the following purpose.

- As a contingency reserve (over and above the technical provisions)
- For meeting solvency level under the Insurance Ordinance, 2000 and Takaful Rules, 2012

The basis of this would be defined and reviewed by the Operator/Accountant each year in consultation with the Shariah Advisor. The rest of the surplus would be called the 'Distributable Surplus'.

The Distributable Surplus shall be expressed as a single rate (being referred to as the 'Distributable Surplus rate') being computed as the total Distributable Surplus generated in the PTF during the period per unit total net contributions credited during the same period in accordance with the approved Surplus Distribution Mechanism and Policy approved by the Shariah Advisor.

For this purpose the Commission is also empowered to develop and issue the Surplus Distribution Mechanism for the General Takaful Operator which shall be complied by the Operator in supersession of the Takaful Operator's Surplus Distribution Mechanism.

The net contribution for each Participant would be calculated as follows:

Takaful Contributions credited in the PTF

Less: Change in Technical Reserves

Less: Earned portion of Takaful Operator's fee

Less: Incurred Claims

In case the net contribution for the Participant is negative, no surplus would be paid to that Participant in this Scheme. The losses on any Scheme in one Scheme year shall not be carried forward or adjusted against profit of other schemes in the same scheme year.

Mufti Zeeshan Abdul Aziz
Shariah Advisor
Jubilee General Window Takaful Operator

shall be repaid from the future surpluses generated in the PTF without any excess on the actual amount given to the PTF.

- (l) Takaful operator may require such technical reserves to be setup in the PTF, as may be deemed appropriate, that is to say:-
- (i) Unearned contributions reserves;
 - (ii) Incurred but not reported claims' reserve;
 - (iii) Deficiency reserve;
 - (iv) Reserve for Qard-e-Hasna to be returned in future; and
 - (v) Surplus equalization reserve.

5. Dissolution

In the event of winding up, the following procedure would be followed:

5.1 The Valuation would be carried out as at the date of the winding up of business for the PTF. The Valuation would be carried out as per the basis which is deemed appropriate for this purpose.

(a) If after discharging the entire Participant's liability there is a surplus, it would first be used to repay any remaining payment of Qard-e-Hasna. If the surplus is not sufficient to repay the entire Qard-e-Hasna, it would be repaid to the extent that there is a surplus in the PTF. If there is a surplus even after paying the liabilities and Qard-e-Hasna, it would either be distributed to the Participants or given to the charity as advised by the Shariah Advisor.

(b) However, in the above clause, if the Operator has created sub-funds, the surplus (before Qard-e-Hasna) in any sub-fund would first be used to offset deficit in any other sub-fund, if any.

(c) If the Valuation shows that the PTF is not sufficient to pay the Participants' liabilities, the deficit would be funded by the Operator from the deposit made by the Operator under Rule 20 of the Takaful Rules. In case the deficit is still there, the remaining amount would be funded by the Takaful Operator from the Operator's Fund.

5.2 The seed amount would be transferred, with the approval of the Shariah Advisor, to another PTF, formed for similar or any other purpose. However, the shareholders of the Operator shall not be entitled to any of the aforesaid amounts.

5.3 The Jubilee General Window Takaful Operator shall comply with the requirement that may be prescribed by the Commission for the purpose of dissolution of the PTF.

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Jubilee General Window Takaful Operations



6. General

- 6.1 These PTF policies shall be governed by the laws in Pakistan applicable from time to time on the Operator and PTF / Waqf Fund.
- 6.2 The Operator shall have the right to modify, change, add, subtract these as may be deemed necessary with due consultation of Shariah Advisor.

IN WITNESS HEREOF these PTF policies are executed hereunto on _____ day of _____.

For and on behalf of

Jubilee General Window Takaful Operations(the Operator)

Syed Sohail Ahmed

Head of General Window Takaful Operations

Witness 1: Name & Address:

Signature: _____

Witness 2: Name & Address:

Signature: _____



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