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**Jubilee**  
GENERAL INSURANCE

# TECHNOLOGY INTEGRATED TIME

ANNUAL  
REPORT 2016

Jubilee General Insurance Company Limited







**B++**  
A.M. Best

**AA+**  
JCR-VIS

**AA+**  
PACRA

THE HIGHEST IFS\* RATED GENERAL INSURANCE  
COMPANY OF PAKISTAN BY LOCAL AND  
INTERNATIONAL RATING AGENCIES.


\*Insurer Financial Strength



# TECHNOLOGY INTEGRATED TIME

The world today is changing every millisecond. It's becoming fast, active and responsive with the hi-tech progress and innovation around us. With the evolving times, technology has taken over our lives and made it easier for us in many ways. It has made our performance fast and efficient in everything we do.

We, at Jubilee are equally equipped with fast and advanced technology which lets us perform efficiently and creates a well-knitted network for us to reach our customers with the best insurance solutions at all times.

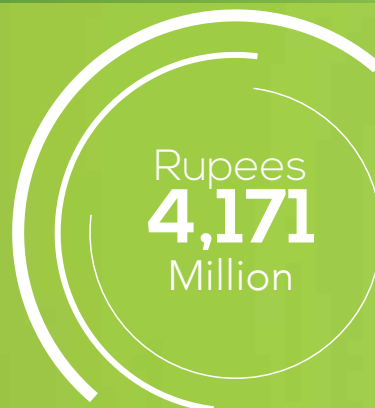


# Financial Highlights 2016

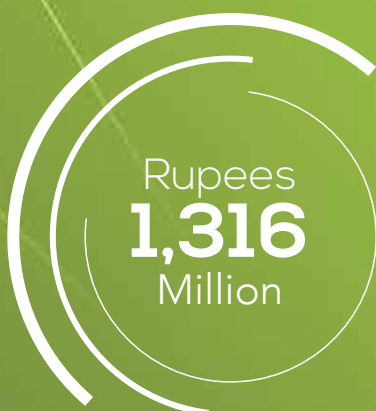
## Written Premium



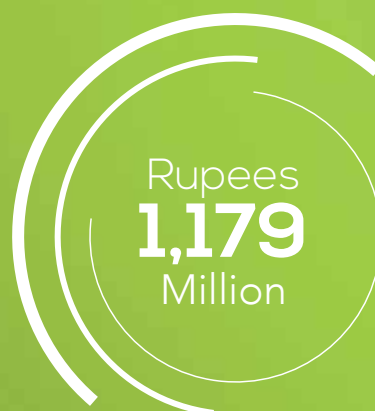
## Net Premium Revenue



## Investment Income



## Profit After Tax



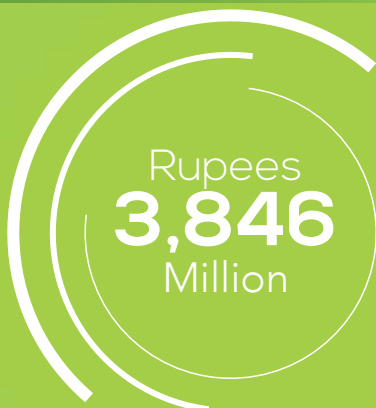
## Shareholders' Equity



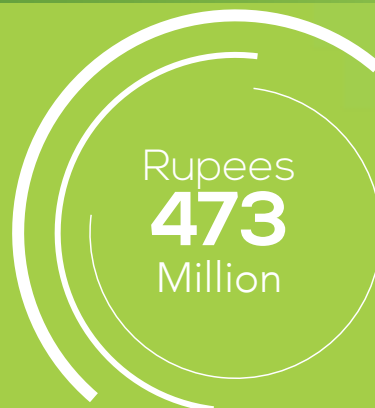
## Operating Cash Flows



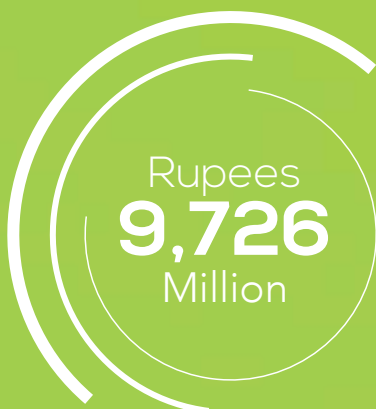
### Claims Paid



### Underwriting Profit



### Investments & Properties



### Total Assets



### Earnings Per Share



### Dividend Per Share







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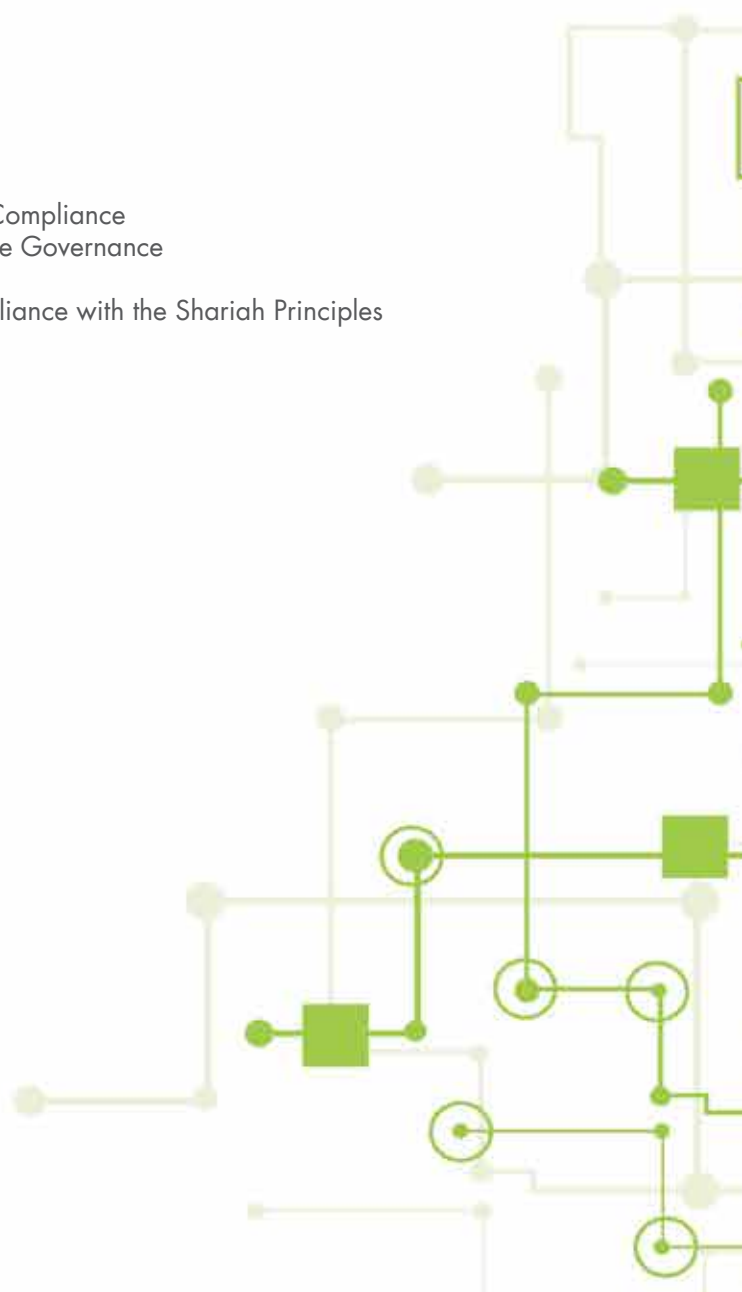
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# Company Information





Reaching out to the world of  
ease through just a window!



# Corporate Information

## Chairman of the Board of Directors

Towfiq H. Chinoy (Non-Executive Director)

## Directors

Sadrudin Hashwani (Non-Executive Director)

Akbarali Pesnani (Non-Executive Director)

John Joseph Metcalf (Non-Executive Director)

R. Zakir Mahmood (Non-Executive Director)

Aly Noormahomed Rattansey (Independent Director)

Amin A. Hashwani (Non-Executive Director)

Aamir Hasan Irshad (Non-Executive Director)

## Managing Director and Chief Executive

Tahir Ahmed (Executive Director)

## Chief Financial Officer

Nawaid Jamal

## Company Secretary

Fahad Alam

## Auditors

KPMG Taseer Hadi & Co.

## Shariah Advisor

Mufti Zeeshan Abdul Aziz

## Legal Advisor

Surridge & Beecheno

### Bankers

Habib Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited  
Soneri Bank Limited  
Bank Alfalah Limited

### Share Registrar

THK Associates (Pvt) Limited  
1st Floor, 40-C, Block-6, P.E.C.H.S.,  
Karachi.  
UAN: (92-21):111-000-322  
Tel: (92-21) 34168266-70

### Head Office / Registered Office

2nd Floor, Jubilee Insurance House  
I. I. Chundrigar Road, Karachi, Pakistan.

UAN: (92-21) 111 - 654 - 111  
Toll Free: 0800-03786  
Tel: (92-21) 32416022-26  
Fax: (92-21) 32416728 , 32438738

E-Mail: [info@jubileegeneral.com.pk](mailto:info@jubileegeneral.com.pk)  
Website: [www.jubileegeneral.com.pk](http://www.jubileegeneral.com.pk)

### National Tax Number

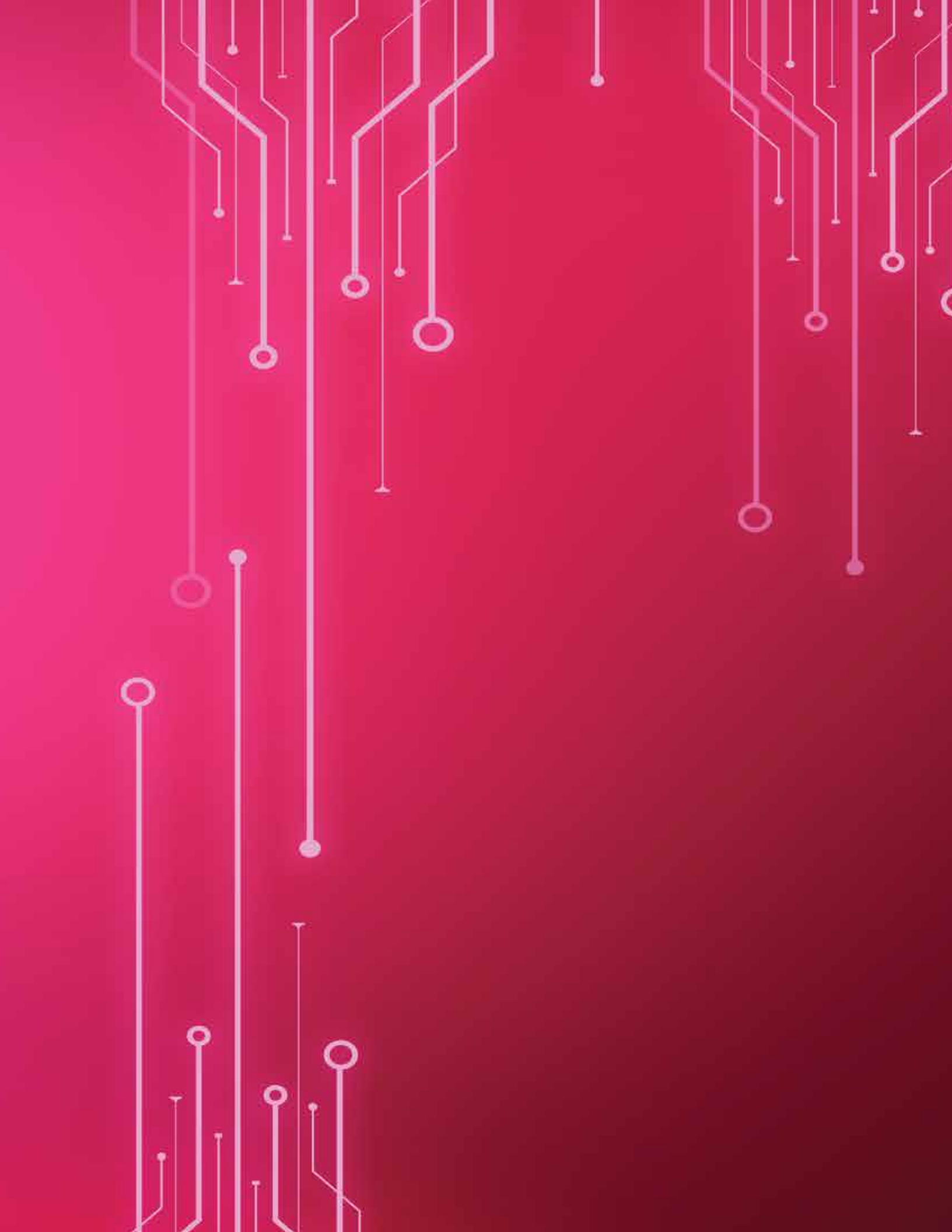
0711347-1

### Sales Tax Registration Number

1600980500182

# Board of Directors









## Towfiq H. Chinoy

Chairman

(Director since: August 27, 1997)

Mr. Towfiq Habib Chinoy is a seasoned entrepreneur and businessman. He is associated with Jubilee General Insurance Company Limited as Chairman since 1997. He is presently the Chairman of Packages Limited & HBL Asset Management Limited and director of Pakistan Business Council. He is also a Trustee of Mohatta Palace Gallery Trust and Habib University Foundation. Mr. Chinoy has served as a Member of the Engineering Development Board, Government of Pakistan, the Advisory Boards of Ports, Shipping Sector, Ministry of Communications, Director on the Board of Port Qasim Authority, National Refinery Limited, Linde Pakistan Limited and Jubilee Life Insurance Company Limited.

### **Other Corporate Directorships:**

- Packages Limited
- HBL AMC Limited
- International Steels Limited
- IGI Investment Bank Limited

## Role of the Chairman

The Chairman is responsible for leadership of the Board and act as a liaison between the management and the Board. He is elected from non-executive directors. The Chairman will:

- ensure effective and efficient manner of the Board proceedings in conformity with best Practices of the Code of Corporate Governance.
- encourage and foster an environment in which the Board as a whole is enabled to play a full and constructive part in the development and determination of the Company's strategy and overall business objectives.
- ensure that the Board members receive accurate, timely and sufficient information which enable them to form appropriate judgments.
- engage the Board in discussions to promote constructive session which results in effective decision making.
- ensure effective operations of the Board and its committees.
- engage into effective communication with shareholders, and other relevant stakeholders to ensure that the views of the relevant stakeholders are understood by the Board.



## Tahir Ahmed

Managing Director & Chief Executive

(Director since: July 9, 2005)

Mr. Tahir Ahmed is a Metallurgical Engineer, an MBA and an Associate of Chartered Insurance Institute (ACII), London. He has been associated with the insurance industry for the last 35 years, during which he has obtained extensive experience in all areas of general insurance business. He is Council Member of Pakistan Insurance Institute (PII) and was its Chairman in 2013-2014. He has held the office of Chairman of Insurance Association of Pakistan (IAP), four times. He was the Chairman of Insurance Reforms Sub-Committee of Securities & Exchange Commission of Pakistan (SECP).

### **Other Corporate Directorships:**

Jubilee Kyrgyzstan Insurance Company - CJSC

## Role of the Chief Executive

The Chief Executive is responsible for leadership of the management. He will:

- exercise all the powers delegated by the Board within the parameters provided in the Articles and Memorandum of the Company in managing day to day affairs of the Company.
- recommend corporate strategy to the Board and after its approval ensure its implementation accordingly.
- keep the Board updated on progress made against such agreed corporate strategy and overall business objectives.
- lead the management committees in an efficient manner.
- ensure that the management complies with all relevant legislations and regulations.
- develop and maintain an effective framework of internal controls including enterprise risk management system in relation to all business activities.
- ensure that the Company has a suitable system and policy for the timely and accurate disclosure of information in accordance with regulatory requirements.



**Sadruddin Hashwani**  
Director

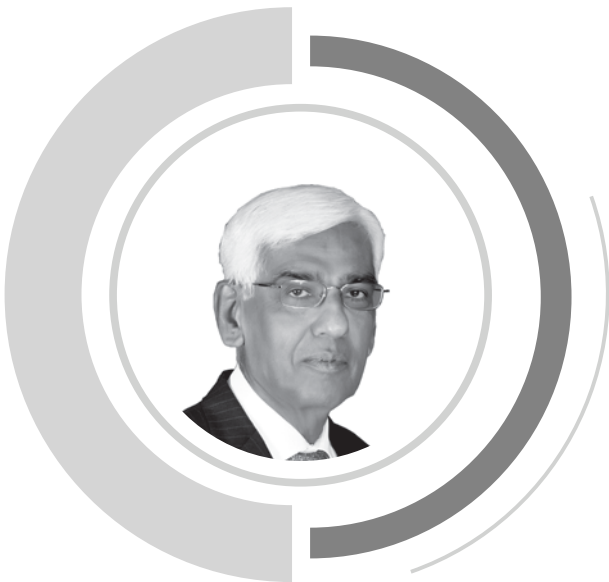
(Director since: November 17, 1979)

Mr. Sadruddin Hashwani is an accomplished businessman and belongs to an illustrious industrialist family of Karachi. He started his business career in 1960.

Mr. Hashwani has a diversified business portfolio, in which Hotel industry is the most prominent. Besides being on the Board of Jubilee General Insurance Company Limited he is also Director in different companies of Hashoo Group.

**Other Corporate Directorships:**

- Hashwani Hotels Limited
- Zaver Petroleum Corp. Limited
- Ocean Pakistan Limited
- Zaver Chemicals Limited
- Pearl Continental Hotels (Pvt) Limited
- Hashoo Holdings (Pvt) Limited
- Gelcaps (Pakistan) Limited
- Hassan Ali & Co. (Pvt) Limited
- Hassan Ali (Grains) (Pvt) Limited
- Hashoo International (Pvt) Limited
- Noor Properties (Pvt) Limited
- Zaver Mining Company (Pvt) Limited
- Pakistan Services Limited
- Trans Air Travels (Pvt) Limited
- Pearl Tours and Travels (Pvt) Limited
- Zaver Power (Pvt) Limited
- OPI Gas (Pvt) Limited
- Pakistan Services (Azad Kashmir) Limited



**Akbarali Pesnani**  
Director

(Director since: August 15, 2002)

Mr. Akbarali Pesnani is a Fellow Chartered Accountant (FCA), a Fellow Cost and Management Accountant (FCMA) and an MBA. He has a vast experience in Accounts and Finance. He serves on the Boards of various prestigious organisations. Mr. Pesnani has a long association with Aga Khan Development Network (AKDN), currently holds a senior level position in this organisation.

**Other Corporate Directorships:**

- Cherat Cement Company Limited
- Cherat Packaging Limited
- Air Asia Limited
- Air Safira Limited



**John Joseph Metcalf**  
Director

(Director since: February 28, 2007)

Mr. John Joseph Metcalf, is a Fellow of the Chartered Insurance Institute of UK, and a senior insurance professional with extensive international experience in managing insurance companies. He is responsible for the development of strategy for the insurance business of AKFED, including management oversight as director on the Board of all AKFED investments in the insurance sector spread in 5 countries in Africa and Pakistan.

**Other Corporate Directorships:**

Jubilee Life Insurance Company Limited  
Jubilee Holdings Limited Kenya  
Jubilee Insurance Co. of Kenya Limited  
The Jubilee Insurance Co. of Tanzania Limited  
The Jubilee Insurance Co. of Uganda Limited  
The Jubilee Insurance Co. of Mauritius Limited  
The Jubilee Insurance Co. Burundi Limited  
The Jubilee Investments Co. of Uganda Limited  
Jubilee Kyrgyzstan Insurance Company  
Jubilee Life Insurance Co. Uganda  
Jubilee Life Insurance Co. Tanzania



**R. Zakir Mahmood**  
Director

(Director since: June 25, 2008)

Mr. Zakir Mahmood has a vast banking experience. He had been President and CEO of Habib Bank Limited for 12 years. Mr. Mahmood is the Chairman of Kyrgyz Investment & Credit Bank. He is a trustee of Aga Khan University. He also serves as director of various other organisations.

**Other Corporate Directorships:**

Kyrgyz Investment and Credit Bank  
Jubilee Life Insurance Company Limited  
Diamond Trust Bank Kenya Limited



**Aly Noormahomed Rattansey**  
Director

(Director since: June 25, 2008)

Mr. A. Noormahomed Rattansey is a fellow member of the Institutes of Chartered Accountants of England & Wales and Pakistan. He was associated with A.F. Ferguson & Co. Chartered Accountants, a member firm of Pricewaterhouse Coopers, as a partner from 1984 to 2007. He has over 40 years of experience in the fields of audit, accounting, taxation and corporate consultancy. He is the Chairman of Aga Khan Rural Support Programme. Mr. Rattansey also serves on the Board of various other companies.

**Other Corporate Directorships:**

Jubilee Life Insurance Company Limited



**Amin A. Hashwani**  
Director

(Director since: March 24, 2014)

Mr. Amin A. Hashwani belongs to a well-known business family of Pakistan. In addition to business background he is also a well-respected philanthropist and media commentator. He has headed numerous business and non-business organizations, including, Pakistan India CEOs,, Business Forum, Young Presidents,, Organisation, The Network of Organisations Working for People with Disability and AIESEC, Pakistan. He is the recipient of several national and international awards for his work, including an Honorary Doctorate from USA.

**Other Corporate Directorships:**

Hassan Ali Rice Export Company Limited (Formerly Regent Textile Industries)  
Landmark Spinning Industries Limited  
Hassan Ali & Co. (Cotton) (Pvt) Limited  
Coronet Enterprises (Pvt) Limited  
Ittehad Cement Industries Limited  
Hashwani Construction Company (Pvt) Limited  
Beaumont Enterprise (Pvt) Limited  
Marvel Enterprises (Pvt) Limited  
Stonyx (Pvt) Limited  
Wholesome Foods (Pvt) Ltd (Formerly Periclase (Pvt) Limited)



**Aamir Hasan Irshad**  
Director

(Director since: July 16, 2014)

Mr. Aamir Hasan Irshad is an MBA from UK, and has done his graduation from USA. He has extensive experience of financial sector especially with banks, including Standard Chartered Bank, Faysal Bank Limited and Credit Agricole Indosuez. He is currently serving as head of Corporate Banking Division of Habib Bank Limited.

**Other Corporate Directorships:**

None



# Vision

To enable people overcome uncertainty

# Mission

Provide solutions to protect the future of our customers



**Assuring safety and security  
of every information!**





Bringing time efficient  
solutions to your hands!



# Values

Teamwork  
Integrity  
Excellence  
Passion

## Strategic Objective

To grow by excelling in service to our  
clients and quality of our security



# Company Overview

JUBILEE INSURANCE  
HOUSE





Jubilee  
GENERAL INSURANCE

## Company Overview

Jubilee General Insurance Company Limited has entered its sixty fifth year of Operation marking a legacy of over six decade of living by its core values, namely; Teamwork, Integrity, Excellence and Passion.

Since its establishment in 1953, Jubilee General has maintained its presence as the most prominent company launching innovative products and new initiatives in the insurance industry. It has established itself as one of the most reputed and brightest names of the sector. Sustained growth and evolution has secured Jubilee General as one of the "Big Three" insurers of Pakistan in terms of gross direct premium and financial base.

Jubilee General is listed on the Pakistan Stock Exchange. Its major shares are held by, Aga Khan Hospital and Medical College Foundation, Habib Bank Limited, Aga Khan Fund for Economic Development and Hashoo Group. Jubilee General, with its Head Office in Karachi, has an extensive and dynamic branch network in all major cities and towns of Pakistan that promises prompt service at the customers' doorstep. To ensure sustained long term existence, the Company is embarking on a journey to adopt Enterprise Risk Management (ERM) Framework.

Jubilee General is the highest rated general insurance company in Pakistan with an Insurer Financial Strength Rating of "AA +" with "Stable Outlook" assigned by the both credit rating agencies of Pakistan i.e JCR-VIS and PACRA. The "AA+" with "stable outlook" takes into account financial strength of the Company as demonstrated by its strong capitalisation and liquidity indicators. It also denotes a very strong capacity of the Company to meet policyholders' contract obligations.

Jubilee General is the only insurer in Pakistan to be accorded Financial Strength Rating of "B++" (good) and issuer credit rating of "BBB" by A. M. Best, which is the highest rating to be assigned by an International Rating Agency to any financial institution in Pakistan. According to A.M. Best the rating reflects Jubilee General's strong risk-adjusted capitalisation, solid business profile within Pakistan and good track record of operating performance. Furthermore, the Company has developed better procedures in assessing, measuring and mitigating the key risks associated with its business. A. M. Best is the world's oldest and most authoritative insurance rating and information source.

Over the last decade, Jubilee General has grown at double the industry average growth rate, more than doubling its market share and prides itself in its long-standing reinsurance relationships with internationally renowned reinsurers such as Swiss Re, SCOR Re, Lloyds, Hannover Re, Asia Capital Re and Korean Re. The Company is also supported by internationally acclaimed reinsurance brokers including AON Group, Willis, Marsh, Lockton, Howden, UIB and Crescent Global.

With a broad spectrum of services available, Jubilee General's client-base comprises prominent national and multinational corporations operating in Pharmaceutical, Power Generation and Distribution, Chemical, Textile, Cement, Services (Hospitals & Hotels), Oil & Energy, Manufacturing, FMCG, Engineering, Banking and Financial sectors.

At Jubilee General, diversity is maintained through underwriting all classes of general insurance including Fire, Marine, Motor, Engineering, Health and General Accident. Jubilee General not only offers wide risk coverage, but also provides related risk management services delivered by highly qualified and experienced risk managers. Consumer finance is growing in Pakistan and Jubilee General has developed innovative insurance solutions to meet the growing demand. From auto financing to personal loans, mortgages to plastic cards, and trade finance to capital investment finance, Jubilee General has the customised solutions to secure entire operations, product range and transactions of all financial institutions. With the stream of upcoming power, engineering and infrastructure development projects on the national level, our Engineering & Bonds Department, manned by the most experienced engineers in the industry, is geared to provide technical and quality security to this vital sector.

As pioneers in Group Health Insurance, Jubilee General continues to develop new, flexible and customised plans to suit the diverse needs of our many blue chip Pakistani companies and multinational clients. Jubilee General also has an array of personal health insurance products with wide coverage and scalable benefit limits.

The insurance industry world over is undergoing technological revolution. Jubilee General prides itself as innovator and distributor of technology driven service and delivery of products. Leveraging on its digital know-how, Jubilee General is making rapid progress in automation of processes for faster and improved controls to deliver better customer experience. Thus the Company became that first insurer in Pakistan to launch an online portal providing end-to-end solution complete with payment options. Jubilee General after pioneering the first ever Android Application for motor insurance, has also launched Android Applications for Bus Passenger's Personal Accident by the name of "Musafir" and a Health insurance application; and intends to introduce more applications using Android Mobile Technology to increase the insurance penetration in the retail segment.

In May 2015, Jubilee General launched its Window Takaful Operations setup. This endeavor helps us not only to cater to the requirements of our existing clientele but also to reach out to new market segments which had not hitherto been obtaining the benefits of General Insurance products. Our General Takaful products are designed under the supervision of a Certified Shari'ah Advisor.

Above all, at Jubilee General, we remain focused on meeting and exceeding customer expectations.



# Insurance / Takaful Products



## Property

- Fire & Allied Perils
- Burglary
- Business Interruption following:
  - Fire & Allied Perils
- Comprehensive Machinery (CMI)
- Civil Engineering Complete Risk (CECR)
- Erection All Risks
- Property All Risks
- Industrial All Risks
- Ship Breaking



## Marine

- Marine Cargo Import
- Marine Cargo Export
- Marine Cargo Inland Transit
- Marine Umbrella Liability
- Seller's Contingency
- Marine Hull
- Pleasure Craft Policy
- Sports Craft Policy
- Graveyard Policy
- Marine & Delay in Startup
- Containers
- Stevedores Liability



## Motor

- Private Car Comprehensive
- Commercial Vehicle Comprehensive
- Motorcycles Comprehensive
- Motor Third Party Liability
- Old Car Comprehensive
- 3T- Old Car
- Trade Plate



## Engineering

- Contractor's All Risk (CAR)
- Comprehensive Project
- Advance Loss of Profit following
  - Erection All Risks (EAR)
- Machinery Breakdown (MBD)
- Boiler & Pressure Vessels
- Business Interruption following MBD
- Computer & Electronic Equipment
- Contractor's Plant & Machinery



## Group Health

- Comprehensive Dread Disease
- Expenses Benefit
- Comprehensive Hospitalisation
- Expenses Benefit
- Maternity Expenses Benefit
- Out-Patient Expenses Benefit
- Managed Care Solution
- Micro Health



## Bonds

- Bid Bond
- Mobilisation Advance Bond
- Performance Bond
- Maintenance Bond
- Customs Bond
- Excise Bond
- Supply Bond
- Retention Money Bond
- Utility Bond
- Travel Agent Bond
- APTTA Custom Bond



## Specialised

Banker's Blanket Bond  
 Computer Crime  
 Plastic Card  
 Safe Deposit Box  
 Foreign Currency Exchange  
 Comprehensive Security Guard  
 Kidnap & Ransom  
 Terrorism  
 Crop  
 Hotel Owner's All Risks  
 Professional Indemnity  
 Directors' & Officers' Liability  
 Residual Value  
 Energy Risk  
 Protection & Indemnity  
 Prize Money  
 Event Cancellation  
 Network Operator's Policy  
 Submarine Cable Policy  
 Off Shore Construction Project  
 Control of Well Policy  
 Oil Liability  
 Livestock  
 Employment Practice Liability  
 Contractual Legal Liability  
 Package Policies  
 SFIP (Stock Brokers Policy)  
 AMV (Guard)  
 Delinquency  
 Loss of License  
 Export Credit Risk  
 Sovereign Gaurantee  
 Non-Honoring of legible Transaction



## Miscellaneous

Cash in Safe  
 Cash in Transit  
 Cash on Counter  
 Neon Sign  
 Plate Glass  
 Workmen's Compensation  
 General Public Liability  
 Product Liability  
 Employer's Residual  
 Fidelity Guarantee  
 Golfer's Policy  
 Aviation  
 All Risks  
 Commercial General Liability



## Care line (Retail Products)

SelfCare  
 SelfCare Plus  
 HomeCare structured Package  
 ShopCare  
 ShopCare Plus  
 EducationCare  
 AllCare  
 Travel ViaCare  
 Hajj & Umrah Travel ViaCare

Ziarat ViaCare  
 Students Travel ViaCare  
 Critical Illness  
 SehatCare  
 CellCare  
 Business Cover  
 Wallet Guard Pocket Secure  
 Pocket Secure Plus  
 Cash Guard  
 Medi Cash



## On-line (Retail Products)

SelfCare  
 HomeCare  
 Travel ViaCare  
 Hajj & Umrah Travel ViaCare  
 Students Travel ViaCare  
 Ziarat ViaCare  
 Domestic ViaCare  
 CriticalCare  
 Family HealthCare  
 Personal HealthCare



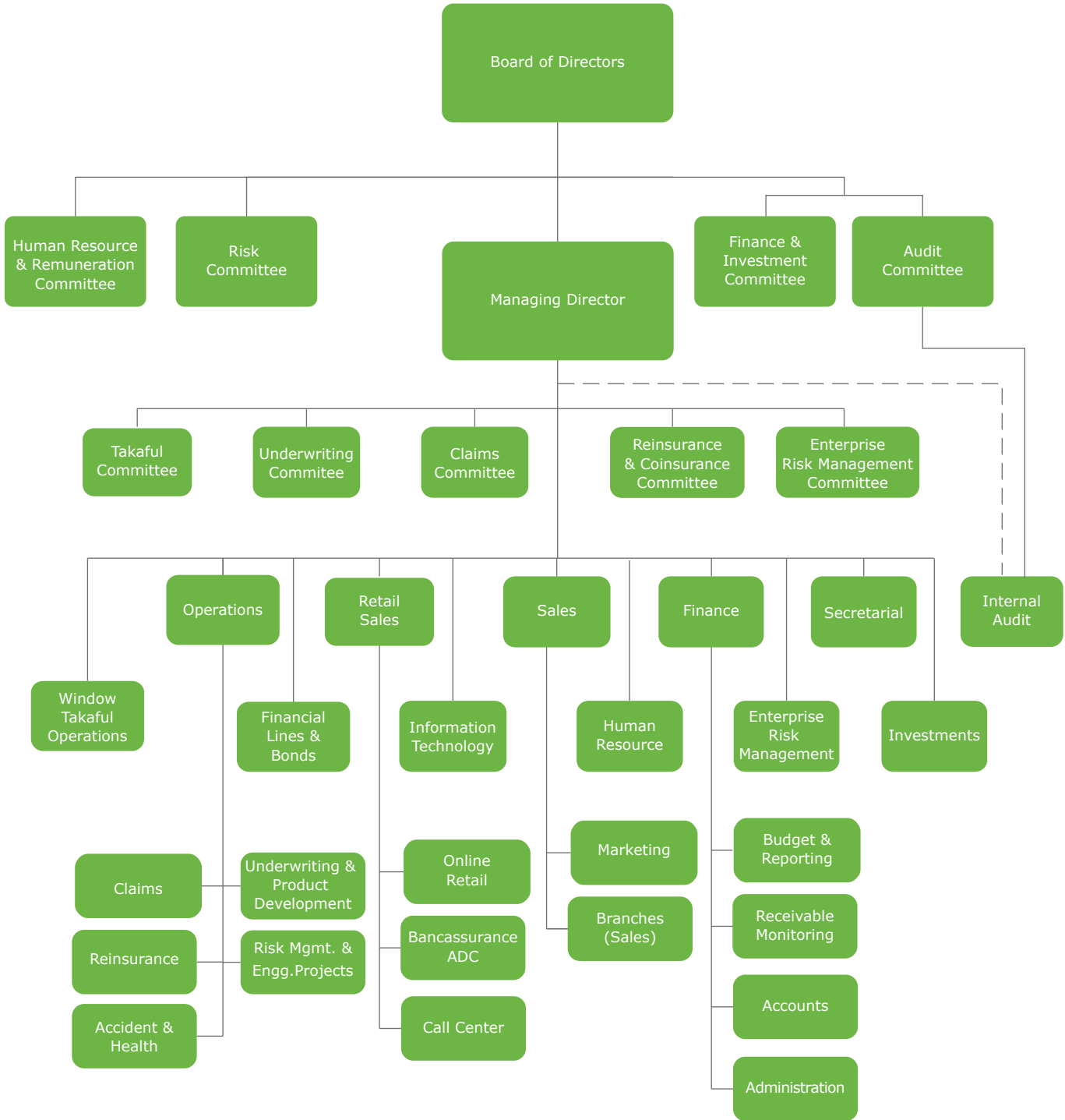
## Mobile Apps

Motor Android App  
 Health App  
 Musafir App

## Management Team

1	Tahir Ahmed	<b>Managing Director &amp; Chief Executive Executive Director</b>	
2	Atiq A Mahmudi		
3	Azfar Arshad	<b>Executive Vice President</b>	
4	Nawaid Jamal		
5	Mohammed Safdar		
6	Syed Ather Abbas		
7	M Uzair Mirza		
8	Syed Sohail Ahmed		
9	Syed Imran Rabbani		
10	Karim Merchant		
11	M Nadeem Irshad		
12	Kamran Arif		
13	Imran Mughal		
14	Fayyiaz Ahmad Khan		
15	Captain Mahmood Sultan		
16	M Saifuddin Shafi		
17	Zulfiqar Ali Abdullah		
18	Muhammad Adnan Junaid		
19	Syed Abid Waseem		<b>Joint Executive Vice President</b>
20	Zahoor A Shaheen		
21	Ejaz Mehmood		
22	Munir ul Haq		
23	Muhammad Razzak Chaudhary		
24	Syed Ovais Bin Alam		
25	Ghulam Shabbir Goraya	<b>Senior Vice President</b>	
26	Tauseef Hussain Shah		
27	Fahad Alam		
28	Safar Ali		
29	Waqas ur Rehman		
30	Asif Ali		
31	Syed Hamid Hussain Zaidi		
32	Tariq Zia		
33	Syed M Haroon A Bokhari		
34	Rizwan Ehsan Puri		
35	Ghulam Qadir		
36	Ahsan Ilyas		
37	Muhammad Arif		
38	Muhammad Amin Haroon		
39	Hashim M Shamim	<b>Senior Advisor Advisor</b>	
40	Saeed Jan Awan		
41	Syed M Tariq Ziauddin	<b>Joint Senior Vice President Joint Senior Vice President</b>	
42	Major(R) Khalid Quadeer		
43	Rai Zahoor Ali Khan	<b>Vice President Vice President Vice President Vice President</b>	
44	Bashir Ahmed Khan		
45	Syed Rafiq Ali		
46	Khalid Hameed		

# Organisation Structure



————— Functional Reporting  
 - - - - - Administrative Reporting



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## Code of Conduct

**Our Integrity guides our conduct towards our policyholders, colleagues, shareholders and the general public. This principle constitutes the foundation of our following code of conduct and ethics:**

- Compliance with law and the legal system is a fundamental principle for Jubilee. Every employee, agent and director shall obey the laws and regulations of the legal systems in letter and spirit within which he / she acts. Regardless of the sanctions foreseen by the law, any director, employee or an agent guilty of a violation will be liable to disciplinary consequences related to such violation.
- Respect for personal integrity, privacy and personal right of every individual is a fundamental principle. We work together with individuals of various backgrounds, ethnic types, different cultures, gender, religions, ages and disabilities.
- We compete fairly with the quality and the price of our innovative products and services, not by offering improper benefits to others. Employees are not permitted to use their jobs to solicit, to demand, accept, obtain or be promised advantages.
- Jubilee does not make political contributions (donations to politicians, political parties or political organisations). As a responsible member of society and a good corporate citizen, Jubilee makes donations for education, health, and social and humanitarian projects.
- It is Jubilee's objective to conduct business with reputable clients and business partners who are involved in lawful business activities. We do not facilitate money laundering.
- It is the duty of Jubilee employees to make business decisions in the best interest of Jubilee Insurance and not based on their personal interest.
- Jubilee employees are obligated to protect all assets of the Company, including intangible assets and software products, and use these properly only for the benefit of the Company.
- Open and effective communication requires accurate and truthful reporting. Jubilee is required to maintain sound processes and controls so that transactions are executed within approved authorization. Confidentiality is maintained with regard to Jubilee's proprietary information that has not been made known to public.
- Protecting the health and safety of employees in the workplace is a high priority for Jubilee. Jubilee promotes sound environment friendly business practices.

# Shareholders' and Investors' Information



**Connecting the best with  
alternate distribution channels!**



# Notice of Annual General Meeting

Notice is hereby given that the 64th Annual General Meeting of Jubilee General Insurance Company Limited will be held on Tuesday, April 25, 2017 at 09:00 a.m. at the registered office of the Company situated at Jubilee Insurance House, I.I. Chundrigar Road, Karachi to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the annual audited financial statements of the Company for the year ended December 31, 2016 together with the Auditors' and Directors' Report thereon.
2. To consider and approve the payment of final cash dividend of 35 % (Rs. 3.5 per ordinary share of Rs.10/- each) for the year ended December 31, 2016 as recommended by the Board of Directors of the Company.
3. To appoint Auditors of the Company for the year ending December 31, 2017 and fix their remuneration. The present auditors M/s. KPMG Taseer Hadi & Company, Chartered Accountants, being eligible, have offered themselves for reappointment.
4. To elect nine (9) Directors of the Company as fixed by the Board in the meeting held on February 14, 2017 in accordance with the provision of Section 178 of the Companies Ordinance, 1984, for a term of three years commencing from June 25, 2017. The names of retiring directors are:

- (1) Towfiq H. Chinoy
- (2) Sadruddin Hashwani
- (3) Akbarali Pesnani
- (4) R. Zakir Mahmood
- (5) Aly Noormahomed Rattansey
- (6) John Joseph Metcalf
- (7) Amin A. Hashwani
- (8) Aamir Hasan Irshad
- (9) Tahir Ahmed

## SPECIAL BUSINESS

5. To consider and if thought fit to capitalize a sum of Rs. 235,365,110 out of the unappropriated profits/reserves of the Company for the issuance of 23,536,511 bonus shares in the proportion of 15 Ordinary Shares for every 100 Ordinary Shares held by the Members of the Company as at the close of business on April 17, 2017.

Accordingly, it is proposed to consider and pass the following Resolutions as an Ordinary Resolution:

RESOLVED THAT:

- (i). A sum of Rs. 235,365,110 out of the unappropriated profits/reserves of the Company be capitalized and applied for the issue of 23,536,511 Ordinary Shares of Rs.10 each and that the said shares be allotted as fully paid Bonus Shares to those Members of the Company whose names appear in the Register of Members of the Company as at the close of business on April 17, 2017 in the proportion of 15 bonus shares for every 100 shares held by the entitled Members, and that such bonus shares shall rank pari passu as regards future dividends and in all other respects with the existing ordinary shares of the Company.
- (ii). In the event of any Member becoming entitled to a fraction of a share, the Directors be and are hereby authorized to consolidate all such fractions and sell the shares so constituted on the Stock market and to pay the net proceeds thereof to a charitable organization designated by the Directors.



- (iii). For the purpose of giving effect to the above resolutions, the Managing Director be and is hereby authorized to take all necessary actions and do all acts, deeds and things and to settle any question or difficulties that may arise in regard to the allotment and the distribution of the said bonus shares as he thinks fit.
6. To approve, as allowed under SRO 470(1)/2016 issued by Securities and Exchange Commission of Pakistan, transmission of the annual balance sheet, profit and loss account, auditors report, directors' report & ancillary statements/notes/documents ('Annual Audited Accounts') along with the notice of general meeting of the Company in electronic form to the shareholders through CD/DVD/USB at their registered addresses instead of transmitting the said Annual Audited Accounts in hard copy.

The information as required under section 160(1)(b) of the Companies Ordinance, 1984, setting out in detail the special business to be conducted in the Annual General Meeting is attached.

By Order of the Board



Fahad Alam

Company Secretary

Karachi: February 14, 2017

**NOTES:**

1. The Share Transfer Books of the Company will be closed for the purpose of determining the entitlement for the payment of final cash dividend from April 18, 2017 to April 25, 2017 (both days inclusive). Transfer received to the Company's Share Registrar at the close of business on April 17, 2017 will be treated in time for the purpose of Cash Dividend and Bonus Shares entitlement to the transferees.
2. A member entitled to attend and vote at the Meeting may appoint another member as his/her proxy to attend, speak and vote at the Meeting on his/her behalf. The proxy forms must be deposited at the Registered Office of the Company not later than 48 hours before the time of the Meeting.
3. For attending the Meeting and Appointing Proxies, CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).
4. Members are requested to immediately inform the Company of any change in their addresses.
5. SECP has directed to issue dividend warrant only crossed as "A/c Payee only" and should bear the computerized National Identity Card (CNIC) number of the registered members. All those shareholders possessing physical shares are requested to submit a photocopy of their valid CNIC along with the Folio Number at the earliest directly to Company's Share Registrar. In case of non-submission of CNIC copy, dividend warrants may be withheld. Corporate are also requested to submit their NTN to Company's Share Registrar.
6. Members are requested to submit declaration as per Zakat & Usher Ordinance, 1980 for zakat exemption to Company's Share Registrar.
7. As per SRO 787(I)/2014 dated September 8, 2014 issued by SECP, members have option to receive Annual audited Financial Statements and Notice of General Meeting through email. Members can give their consent in this regard on prescribed format to Company's Shares Registrar. Hard copy of Audited Financial Statements can be provided free of cost within seven days of receipt of such request.
8. As per Section 150 of the Income Tax Ordinance, 2001 withholding tax on dividend will be deducted for filers and non-filer of income tax returns at 12.5% and 20.0% respectively. According to FBR, withholding tax in case of joint accounts will be determined separately based on the filer and non-filer status of the principal and joint shareholder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal and joint shareholder(s) in respect of shares held by them to Company's Share Registrar in writing. In case required information is not provided, it will be assumed that the shares are held in equal proportion by the principal and joint shareholders.
9. We encourage our members to opt to receive their cash dividend directly into their Bank account, by sending bank mandate to Company's Share Registrar or in case of CDC account holder contacting their Participant / Broker / Investor account service department. Direct deposit make the process of dividend payment more efficient & convenient.
10. Any person who seeks to contest the election of Directors shall file with the Company at its registered office not later than fourteen days before the date of the said meeting notice of his / her intention to offer himself / herself for the election of the Directors in terms of Section 178(3) of the Companies Ordinance, 1984 together with:
  - a) Consent to act as director under Section 184 (I) of the Companies Ordinance, 1984. Along with a declaration required under Clause iv of the Code of Corporate Governance for Insurers, 2016 available on SECP website and can also be obtained from the Registered office of the Company.

- b) Information on Annexure A and affidavits on Annexure B & C required under Insurance Companies (Sound and Prudent Management) Regulation, 2012 available on SECP website and can also be obtained from the Registered office of the Company.
- c) The profile along with office address for placing on website of the Company seven days prior to the date of election in term of SRO 634(I)/2014 dated July 10, 2014.

Approval from SECP is required to become director of the Company. The qualification of a director shall be holding shares in the Company of the nominal value of Rs.21,000 in terms of Article 72 of the Article of Association.

**Address of Company's Share Registrar;**

THK Associates (Private) Limited  
1st Floor, 40-C, Block-6,  
PECHS  
Karachi -75400

**STATEMENT UNDER U/S 160(1)(B) OF THE COMPANIES ORDINANCE, 1984**

This statement sets out the material facts concerning "Special Business" to be transacted at the 64th Annual General Meeting of the Company to held on April 25, 2017.

**Capitalization out of the Company's unappropriated profit / reserves – Item # 5**

The Directors of the Company are of the view that the Company's financial position justifies the capitalization of a sum of Rs. 235,365,110 out of the Company's unappropriated profits/reserves enabling the issuance of 23,536,511 fully paid Bonus Shares of Rs.10 each. These Shares shall be issued to Members whose names appear in the Register of Members at the close of business on April 17, 2017. The Bonus Shares shall be issued in the proportion 15 Shares of every 100 Shares held by a Member. After the issuance of these Bonus Shares, the paid up capital of the Company would increase from Rs.1,569,100,730 to Rs.1,804,465,840.

The Directors of the Company are not directly or indirectly personally interested in this business except to the extent of their respective shareholding in the Company.

**Circulation of Annual Accounts in Electronic Form – Item # 6**

SECP vide S.R.O 470(1)/2016 dated May 31, 2016, has allowed companies to circulate their annual balance sheet, profit and loss account, auditor's report, directors' report and ancillary statements/notes/documents ("Annual Audited Accounts") along with notice of general meeting to its shareholders in electronic form through CD/DVD/USB at their registered address. This would result in cost effective and timely delivery of Annual Audited Accounts to the shareholders.

For the convenience of its shareholders, the Company will place on its website a standard request form along with postal and e-mail address of Company Secretary/Share Registrar, so that shareholders may request a hard copy of the Audited Annual Accounts. The Company will provide one hard copy free of cost to the requesting shareholder at their registered address within one week of receipt of request.

The Company is seeking shareholder approval to circulate the Annual Audited Accounts along with notice of general meeting in electronic form as aforesaid and pass the Resolution noted at Agenda item 6 with or without modification.

**Status of previous approval for investment in associated company**

As required under clause 4(2) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012, the status of investment in our associated Company Habib Bank Limited, against approval obtained through a special resolution by the Company in an Extraordinary General Meeting held on June 3, 2016 for three years is as under:

**a) Total investment approved:**

Rs. 500 million

**b) Amount of investment made till date:**

Rs. 145 million

**c) Reasons for not having made complete investment so far where resolution required it to be implemented in specified time:**

The period in which the investment is to be made as approved by the shareholders is up to June 2, 2019.

**d) Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.**

As per latest Annual Audited financial statements available the shareholders' equity of the investee company has increased to Rs.196 billion from Rs.183 billion due to increase in Reserves and un-appropriated profits of Rs.13 billion.

## Calendar of Major Events

### Financial

#### Results

First quarter ended 31 March 2016	Announced on	28 April 2016
Half year ended 30 June 2016	Announced on	23 August 2016
Third quarter ended 30 September 2016	Announced on	25 October 2016
Year ended 31 December 2016	Announced on	14 February 2017

#### Dividends

Final Cash 2016 (35%)	Announced on	14 February 2017
	Entitlement date	18 April 2017
	Statutory limit upto which payable	24 May 2017
Stock Dividend 2016 (15%)	Announced on	14 February 2017
	Entitlement date	18 April 2017
Final Cash (2015) (30%)	Announced on	11 February 2016
	Paid on	20 May 2016

Issuance of Annual Report	03 April 2017
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64 <sup>th</sup> Annual General Meeting	25 April 2017
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### Operational

HealthCare Insurance Android Application	Launched on	03 February 2016
Annual Sales Conference	Held on	22 February 2016
Retail Portal - Magento Platform	Launched on	15 March 2016
Motor Android Application - Additional Coverage features	Added on	03 May 2016

## Access to Reports and Enquiries

### Financial Reports

Annual report 2016 and Quarterly reports may be downloaded from the Company's website: [www.jubileegeneral.com.pk](http://www.jubileegeneral.com.pk) or printed copies can be obtained by writing to the Company Secretary.

### Presentation on Company's performance

Video presentation on Company's financial position and performance in 2016 is available on Company's website: [www.jubileegeneral.com.pk](http://www.jubileegeneral.com.pk)

### Stock Exchange Listing

Jubilee General Insurance Company Limited shares are listed on Pakistan Stock Exchange. The symbol code for dealing in shares of the Company is **JGICL**.

## Investor's Grievances Policy

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

1. Investors are treated fairly at all times;
2. Complaints raised by Investors are dealt in a timely manner; and
3. Investors are informed of avenues to raise their queries and complaints.

M/s THK Associates (Pvt) Limited being the Registrar is primarily responsible to resolve the investor's grievances. Shareholders' enquiries about their shareholding, dividends or share certificates etc. can be directed to the Share Registrar at the following address:

**THK Associates (Pvt) Limited**  
**1st Floor, 40-C, Block-6, P.E.C.H.S.,**  
**Karachi - 75400**  
**UAN: (92-21):111-000-322**  
**Tel: (92-21) 34168266-70**

In case investor's grievances have not been addressed up to his/her satisfaction within reasonable time, the investors may also directly write to the Company at the following address:

**Company Secretary**  
**Jubilee General Insurance Company Limited**  
**2nd Floor, Jubilee Insurance House,**  
**I.I. Chundrigar Road,**  
**Karachi-74000, Pakistan.**

The investors can also send an email to designated email address: [info@jubileegeneral.com.pk](mailto:info@jubileegeneral.com.pk) for their queries/complaints, if any.

## Issues raised at the last Annual General Meeting

There was no special item in the agenda of the 63<sup>rd</sup> Annual General Meeting of the Company held on April 25, 2016 and only ordinary business was transacted in the meeting, during which no significant issues were raised by the members.

## Share Price Analysis

### Volume Analysis

JGI Share Price on the PSX in the year 2016

Month	Highest	Lowest	Per day Average Volume
	Rupees	Rupees	Number of Shares
January	107.70	100.00	17,500
February	112.00	102.10	13,050
March	119.99	109.50	2,773
April	119.00	113.99	3,500
May	120.00	116.00	70,000
June	116.00	100.00	2,182
July	102.00	97.50	10,056
August	105.00	100.00	16,230
September	103.00	97.56	4,847
October	104.39	100.00	3,326
November	103.00	99.00	5,095
December	108.50	99.87	6,490

### Sensitivity Analysis

The Company's share price is sensitive to the following factors:

- ⦿ Economic conditions;
- ⦿ Stock market sentiments;
- ⦿ Company's performance;
- ⦿ Dividend announcements;
- ⦿ Change in government policies and regulations relating to insurance business; and
- ⦿ Company's Financial Strength Rating.

The background is a solid teal color with a complex pattern of white, glowing geometric lines and dots. The lines form a network of squares and rectangles, some of which are interconnected. Several of these lines terminate in small, bright white circles that appear to be glowing or emitting light. The overall effect is that of a digital or technological network.

# Corporate Governance, Sustainability, Management Review & Representations and Financial Information

# The Directors' Report

For The Year Ended 31 December 2016

The Directors are pleased to present the Annual Report and the Audited Accounts for the year ended 31 December 2016.

## Country Review:

According to the IMF, Pakistan's economy has recovered over the last three years as is underscored by the improvements in fundamental indicators. The economy is expanding albeit at a slower pace but seems to have developed sufficient strength to absorb the shock of a potential surge in global oil prices. S&P too has raised Pakistan rating from 'B-' to 'B' with stable outlook. According to Economic Survey of Pakistan 2015 – 2016, GDP grew by 4.71% (against 4.4% last year), Per Capita Income reached USD 1,561 (USD 1,512 last year), total investments recorded a growth of 5.78% and national savings improved to 14.6% of GDP from 14.2%. Fiscal deficit improved to 4.3%. Looking forward, improvement in energy supply, a better security situation, low inflation and increasing focus on the China Pakistan Economic Corridor augurs well for the Pakistan economy in 2016-2017. The Asian Development Bank (ADB) has raised Pakistan's economic growth (GDP) from 4.8% to 5.2%. This growth is likely to be achieved on the performance of all three major sectors of economy i.e. agriculture, industry and services.

## Insurance Sector Review:

Gross Written Premium (GWP) in the Pakistan non-life insurance market grew by 11% in 2015 (13% in 2014) to PKR 61 billion. In 2016 industry growth is once again expected in the range of 9-11%, as the national economy continues to improve.

Robust growth is expected in Motor and Property portfolios while Marine will grow at a slower pace as commodity prices remain depressed. For the second year running the industry did not face any catastrophic or major losses in Property and the motor portfolio also continued to perform well. As a result market is expecting positive underwriting results. Premium rates across the board are increasingly under pressure.

## Company Performance:

During the year under review, your Company increased the written premium under fire, Marine, Motor and Health portfolios. However, underwriting measures were undertaken to consolidate Liability and Miscellaneous portfolios. As a result, the Company ended the year with written premium of Rs 7.85 billion (2015: Rs 7.97 billion) and increased net premium to Rs 4.17 billion (2015: Rs 4.15 billion). Company's underwriting profit improved to Rs 473 million against Rs 468 million in 2015.

The summarized results for the year under review are as follows:

	2016	2015
	(Rupees in '000)	
Gross Premium	<b>7,850,500</b>	7,978,750
Net Premium Revenue	<b>4,170,928</b>	4,150,808
Underwriting Result	<b>472,979</b>	467,724
Investment Income including		
Capital Gains and Rent	<b>1,315,975</b>	1,219,632
Profit Before Tax	<b>1,854,125</b>	1,711,292
Profit After Tax	<b>1,179,431</b>	1,352,650
Earnings Per Share of Rs 10 each	<b>7.52</b>	8.62

Change in tax laws pertaining to investment income and the Super Tax has resulted in effective tax rate of 36% (Rs 675 million) as compared to 21% (Rs 360 million) in 2015. Thus the Company has to provide for additional tax of Rs 286 million.

### Fire & Property

This portfolio grew by a healthy 24% and contributed 28% of total written premium.

Fire and Property portfolio is Company's largest and contributed Rs 54 million to its underwriting profit as compared to Rs 34 million in 2015. The management continues to streamline risk management procedures for better underwriting results.

### Marine, Aviation & Transport

This portfolio contributed 8% of the total written premium.

Due to low commodity prices and premium rate cutting, Marine portfolio remained flat. However, this class of business generated an underwriting profit of Rs 103 million against Rs 61 million in 2015.

### Motor

Motor portfolio contributed 17% of our total written premium and increased by 3%.

The motor portfolio once again posted a handsome underwriting profit of Rs 237 million as compared to Rs 197 million in 2015.

### Liability

The liability class of business constitutes 5% of the total written premium and contracted by 26% and yielded an underwriting profit of Rs 15 million (2015: Rs 21 million).



## Accident and Health

Accident & Health comprises 13% of our total written premium. This portfolio grew by 6% and continues to be an important line of business for the Company.

## Miscellaneous:

Miscellaneous portfolio (it includes a number of business lines including Construction, Bonding, Bankers' Blanket Bond, Machinery breakdown etc) has contracted by 19% and contributed 28% of Company's total written premium. This portfolio contributed Rs 220 million (Rs 275 million in 2015) to our underwriting profit.

## Takaful

The year under review was the first complete year for Takaful business and your Company was able to robustly grow gross written contribution to Rs 402 million (Rs 115 million for 8 completed months in 2015).

As General Window Takaful Operator, the management is positioning the Company as provider of new products through innovative distribution channels and hopes to increase this business profitably. We believe that there is a positive potential of growth in Takaful especially in SME (Small & Medium Enterprise) and Retail Sectors which can play a role in increasing the overall penetration of Takaful/Insurance in country's GDP.

There is a profit of Rs 14 million as against a loss of Rs 13 million in 2015 in Operator's Fund for the year ended 31 December 2016. However, there is a deficit of Rs 16 million (against a Surplus of Rs 9 million in 2015) in Participant Fund revenue account.

## Investment Income

The investment income of the Company realized from all sources, including dividend on shares, return on bank deposits, capital gains on securities and rental income from real estate, has crossed Rs 1.3 billion in 2016 as compared to Rs 1.2 billion in 2015, showing a growth of 8% from previous year. This is despite interest rates being at a historical low levels and decline in rental income.

Company's Investment portfolio comprises of unrealized gain of Rs 7.3 billion as on December 31, 2016 as compared to an unrealized gain of Rs 5.7 billion, witnessed a healthy growth of 28% from last year, attributable to appreciation in prices of stocks.

## Market Share

Over the last decade, the Company has doubled its market share and expects it to be over 13%.

## Reinsurance

International reinsurance market is beginning to shrug out of the "soft mould". However, Jubilee General continues to substantially enhance its reinsurance cover which enables us to keep pace with the growing needs of our clients and thus write higher volume of business. Our reinsurers including Swiss re, Hannover Re, SCOR, ACR & Lloyd's of London are all internationally acclaimed and represent highest security.

## Product Development

Jubilee General continues to develop innovative products and efficient delivery of service. We also continue to invest in on-line retail systems not only to improve efficiency but also integration with multi-brand retail platforms.

## Dividend & Appropriation of Profit:

The amount available for appropriation is:

	(Rupees in `000)
Amount brought forward from previous years	27,763
Total Comprehensive income for the year	1,167,398
Foreign Currency transaction difference	(1,845)
Amount available for appropriation	<u>1,193,316</u>

The Directors recommend that this amount be appropriated in the following manner:

Transfer to special reserves	100,000
Transfer to general reserve	300,000
Proposed Issue of Bonus Shares @ 15%	235,365
Proposed final cash dividend @ 35%	549,185
Carry forward to next year	8,766
	<u>1,193,316</u>

## Board of Directors

The Board of Directors consists of nine individuals having the knowledge, experience and skill required to provide oversight and the strategic guidelines to the Company. All the Directors of the Company are non-executive Directors including an independent Director, except the Chief Executive Officer. There was no change in the Board of Directors during the year.

## Board Meetings

During the year six (6) meetings of the Board of Directors were held, attendance details of which are as follows:

Name of Director	Meetings Attended
Towfiq H. Chinoy	06
Akbarali Pesnani	06
John Joseph Metcalf	05
R. Zakir Mahmood	06
Aly Noormahomed Rattansey	06
Amin A. Hashwani	05
Aamir Hasan Irshad	06
M. Akhtar Bawany (Alternative Director to Sadruddin Hashwani)	06
Tahir Ahmed	06

### **Board Committees:**

During the year four (4) meetings each of Board Audit Committee and Finance & Investment Committee, three (3) meetings of Board Risk Committee and three (3) meetings of the Board Human Resource & Remuneration Committee were held. The names of the members of the Board Committees and terms of reference are given in the annexure to this report. The Chairman of the Board Audit Committee is a non-executive independent Director.

### **Management Committees:**

The Company has five management committees, which cover the core areas of business. The Committees' names, number of meetings, names of members and terms of references are given in the annexure to this report.

### **Statement of Directors Responsibilities**

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

- ④ The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- ④ Proper books of accounts of the Company have been maintained.
- ④ Appropriate accounting policies have been consistently applied in preparation of Financial Statements and accounting estimates are based on reasonable and prudent judgment.
- ④ International Accounting Standards as applicable in Pakistan have been followed in the preparation of financial statements. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012. Any departure therefrom has been adequately disclosed.
- ④ There are no significant doubts upon the Company's ability to continue as a going concern.
- ④ There is no material departure from the best practices of corporate governance, as detailed in the listing regulations.

### **Pattern of Shareholding:**

The pattern of shareholding and the information regarding trading in the shares of the Company by its Directors and Executives are annexed to this report.

### **Board Performance Evaluation**

The Board has developed a mechanism to evaluate its own performance by adopting a self-evaluation methodology through a questionnaire, which covers core areas of the functioning of the Board. The primary purpose of this evaluation is to enable the Board to assess its own quality of governance, which enable the Board members to play more effective role in progress of the Company. Critical areas that the questionnaire covers includes but not limited to the following:

- Apprising the basic organization of the Board of Directors;
- The effectiveness and efficiency of the operation of the Board and its Committees;
- Assess the Board's overall scope of responsibilities;
- Evaluate and validate the information provided by the management; and
- Review the operations of the Company and suggest measures of improvements.

The evaluation exercise carried out each year. The said questionnaire is circulated to all directors. To enhance the transparency and confidentiality of the process, the responses are directly sent to the external auditors by the directors, for compilation of the cumulative result. The Board discusses the result in the subsequent meeting.

### **Chief Executive Officer (CEO) Performance Review**

The Board of Directors appoints the Chief Executive Officer for the tenure of three years. The Human Resource & Remuneration Committee of the Board sets operational, financial and strategic objectives to evaluate his performance. The same Committee reviews and monitors the CEO's performance on an annual basis.

### **Insurer Financial Strength (IFS) Rating:**

Jubilee General's IFS (Insurer Financial Strength) rating was once again affirmed as "AA+" with "Stable Outlook" by both rating agencies of Pakistan i.e. JCR-VIS and Pakistan Credit Rating Agency (PACRA).

According to JCR-VIS, Jubilee General's rating factors in its sound capitalization indicators, strong liquidity profile, improving operational indicators supported by sound underwriting policies. PACRA's rating recognizes Jubilee General's robust risk management framework facilitating the Company in sustaining sound underwriting performance.

A.M. Best has also affirmed Financial Strength Rating of "B++" (Good) and issuer credit rating of "BBB". A.M. Best's rating reflects Jubilee General's solid risk-adjusted capitalization, track record of good operating performance and well-established business profile in Pakistan.

### **Information Technology:**

Jubilee General is now established leader in the On-Line Retail market in Pakistan and the focus in 2016 shifted towards consolidation, stabilization, scalability and in parallel launching more complex applications delivery on the ubiquitous mobile channel.

In 2016, Retail Portal was launched on the globally recognized Magento platform giving us the scalability and reliability plus easy integration with trading partners and customers. Some of the products taken live on Magento are Affiliate onboarding and API level integration, On-Line Purchase Protection, Aggregator integration, Travel-To Pakistan insurance, Generic API for all B2B integration and Motor Quote for Takaful.

### **Auditors:**

Messrs KPMG Taseer Hadi & Co have audited the accounts for the year 2016, and have offered themselves for re-appointment. The Board Audit Committee recommends that they be re-appointed as the statutory auditors for a further term of one year, and the Board endorses this recommendation.

**Future Outlook:**

Pakistan's macroeconomic indicators are improving and private sector is finding it encouraging to invest in a low interest and low inflation environment. Jubilee General is leveraging on its high IFS (Insurer Financial Strength) rating, to investment in technology and experienced manpower and expand its market share profitably. Special areas of focus will remain infrastructure projects, retail and microinsurance. For Jubilee General, digitization of Customer Journey on the internet while extracting actionable data on customers for more sales will be the hall mark in 2017.

Going forward, however, we expect uptick in inflation in 2017 and interest rates are also expected to increase in later part of the year. For investment, the Company will adopt a balanced strategy to benefit from equity markets performance along with upward revision in interest rates. Optimism around induction of the Morgan Stanley Composite Index (MSCI) for emerging Markets, increased activity in China Pakistan Economic Corridor related projects and improved corporate earnings has set the stage for likely continuation of a strong momentum for the equity market.

**Acknowledgements:**

The loyalty of our patron clients has enabled us to maintain and improve our market share over a period of time. We are grateful to them for reposing their confidence in us. We acknowledge the support of our shareholders which allows us to improve our leading position in the market. Thanks are due to our reinsurance brokers for their professional assistance and reinsurers for their valued support. Our gratitude and appreciation is also due to SECP for their guidance and cooperation. We acknowledge the professionalism and hard work of our development officers, staff members and executives who helped the Company to achieve its goals.

On behalf of the Board



**Towfiq H. Chinoy**  
**Chairman**

Karachi: 14 February 2017

اپنے تجارتی پارٹنرز اور کسٹمرز سے رابطے کے مواقع حاصل ہوئے۔ کچھ مصنوعات میچجو پلٹ فارم پر لائی گئیں جو کہ آن بورڈنگ الحاق، اے پی آئی لیول کے انضمام، براہ راست آن لائن خریداری کے تحفظ، اور جامع انضمام کے ساتھ ہیں۔ ان میں ٹریول ٹو پاکستان انشورنس، اور بکافل کے لئے موٹر کی کوٹیشن شامل ہیں۔

آڈیٹر

سال 2016 میں میسرز کے پی ایم جی تاثیر ہادی اینڈ کو نے اکاؤنٹس کو آڈٹ کیا ہے۔ اور انہوں نے اپنے آپ کو دوبارہ تقری کے لئے بھی پیش کیا ہے۔ بورڈ آڈٹ کمیٹی نے سفارش کی ہے کہ ان کا مزید ایک سال کے لئے قانونی طور پر آڈیٹرز کے لئے دوبارہ تقرر کر لیا جائے، بورڈ نے اس سفارش کی توثیق کی ہے۔

### مستقبل کے خدو خال (فیوچر آؤٹ لک)

پاکستان میں مائیکرو انکناکس کے اشارے بہتر ہو رہے ہیں۔ اور نئی شعبہ میں سرمایہ کاری کو کم شرح سود اور افراط زر کی کم سطح سے فروغ مل رہا ہے۔ جو بلی جزل کے مالیاتی استحکام (آئی ایف ایس) ریٹنگ کے فائدے سے کمپنی ٹیکنالوجی اور تجربہ کار افرادی قوت میں سرمایہ کاری سے مارکیٹ شیئر منافع میں اضافہ کے لئے تیار ہے۔ ہماری خصوصی توجہ کا مرکز، انفراسٹرکچر پروجیکٹ ریٹیل اور مائیکرو انشورنس کے شعبہ ہیں گے۔ جو بلی جزل 2017 میں بڑے پیمانے پر انٹرنیٹ پر اپنے صارفین کو سہولت کی فراہمی کا سفر جاری رکھے گی۔

تاہم پیش رفت کرتے ہوئے ہمیں توقع ہے کہ 2017 میں افراط زر اور سال کے دوسرے حصے میں شرح سود میں اضافہ ہوگا۔ کمپنی سرمایہ کاری کے لئے ایک متوازن حکمت عملی پر عمل کرے گی، تاکہ ایکویٹی مارکیٹ اور شرح سود میں اضافے سے فائدہ اٹھاسکے۔ ابھرتی ہوئی مارکیٹ کے لئے مارگن ایشیٹل کمپوزٹ انڈیکس (ایم ایس سی آئی) کی شمولیت، چین پاکستان اقتصادی راہداری کے منصوبوں، اور کارپوریٹ آمدنی میں اضافے کی سرگرمیوں سے ایکویٹی مارکیٹ میں مستحکم رفتار تسلسل کا امکان ہے۔

اظہار تشکر

ہمارے مخلص سرپرست کلائینٹ نے ہمیں اس قابل کیا ہے کہ ہم وقت کے ساتھ ساتھ اپنے مارکیٹ شیئر میں اضافہ کر سکیں۔ ہم ان کے شکرگزار ہیں کہ انہوں نے ہم پر اعتماد کیا۔ ہم اپنے شیئر ہولڈرز کے بھی ممنون ہیں کہ ان کی بھرپور معاونت سے ہم اس قابل ہوئے کہ مارکیٹ میں اپنی قائدانہ پوزیشن کو برقرار رکھ سکیں۔ ہم اپنے ری انشورر کی قابل قدر معاونت اور ری انشورنس بروکرز کی پیشہ ورانہ مہارت پر بھی ان کے شکرگزار ہیں۔ ہم ایس ای سی پی (SECP) کے تعاون اور رہنمائی پر بھی ان کے بے حد مشکور ہیں۔ ہم اپنے ڈیولپمنٹ آفیسرز، اسٹاف ممبرز، اور ایگزیکٹو کی انتھک محنت اور پیشہ ورانہ کاوشوں کی بھی تعریف کرتے ہیں، جن کی مدد سے ہم اپنے اہداف مکمل کر سکے۔

بورڈ کی جانب سے



توفیق ایچ چنائے

چیئر مین

کراچی 14 فروری 2017

## پیٹرن آف شیئر ہولڈنگ

پیٹرن آف شیئر ہولڈنگ اور کمپنی میں اس کے ڈائریکٹرز اور ایگزیکٹوز کی طرف سے کمپنی کے حصص میں خرید و فروخت کی تفصیلات اس رپورٹ کے ضمیمہ میں ملاحظہ فرمائیں۔

## بورڈ کارکردگی کا جائزہ

بورڈ نے اپنی کارکردگی کا جائزہ لینے کے لئے ایک سوالنامے کے ذریعے ایک خودمختار میکیزم اختیار کیا ہوا ہے۔ جو بورڈ کے کام کرنے کے بنیادی حصوں کا احاطہ کرتا ہے۔ اس جائزے کا بنیادی مقصد بورڈ کو اپنا معیار اور اپنی صلاحیتوں کا اندازہ کرنا ہے، جس سے بورڈ کے ارکان کمپنی کی ترقی میں اور زیادہ موثر کردار ادا کر سکیں۔ سوالنامے میں جن اہم حصوں کو شامل کیا گیا ہے، وہ مندرجہ ذیل تک محدود نہیں ہیں۔

- بورڈ آف ڈائریکٹرز کی بنیادی تنظیم سے آگاہی۔

- بورڈ اور اس کی کمیٹیوں کے آپریشن، کارکردگی، اور ان کے موثر ہونے کی صلاحیت۔

- بورڈ کی ذمہ داریوں اور اس کے دائرہ کار کا تعین۔

- انتظامیہ کی جانب سے بورڈ کو پیش کی جانے والی معلومات کی جانچ پڑتال۔

- کمپنی آپریشن کا جائزہ اور بہتری کی تجویز۔

جائزہ کا یہ عمل ہر سال کیا جاتا ہے۔ مذکورہ سوالنامے کا گشتی مراسلہ تمام ڈائریکٹرز کو بھیجا جاتا ہے۔ اس عمل کی شفافیت اور رازداری کے مد نظر اس سوالنامے کے نتائج کو مرتب کرنے کے لئے جو بات کو ڈائریکٹرز کی جانب سے بیرونی آڈیٹرز کو براہ راست بھیجا جاتا ہے۔ بورڈ ان نتائج کو اپنے آئندہ اجلاس میں زیر بحث لاتا ہے۔

## چیف ایگزیکٹو آفیسر (سی ای او) کارکردگی کا جائزہ

بورڈ آف ڈائریکٹرز تین سال کی مدت کے لئے چیف ایگزیکٹو آفیسر مقرر کرتا ہے۔ بورڈ کی (ہیومن ریسورس اینڈ ریویو نیریشن کمیٹی) اس کی کارکردگی کا اندازہ لگانے کے آپریشن مالیاتی اور اسٹریٹجک مقاصد متعین کرتی ہے۔ اور یہی کمیٹی سالانہ بنیاد پر سی ای او کی کارکردگی کی نگرانی اور جائزہ لیتی ہے۔

## کمپنی کی مالیاتی (IFS) درجہ بندی (انشورنس فنانشل اسٹرنٹھ)

جوہلی جنرل کے مالیاتی استحکام کی ریٹنگ پاکستان کی دونوں ریٹنگ ایجنسیوں جے سی آر۔ وی آئی ایس (JCR-VIS) اور پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کی جانب سے ایک بار پھر "AA" مستحکم آؤٹ لک کے ساتھ تصدیق کی گئی ہے۔

جے سی آر۔ وی سی آر (JCR-VIS) کے مطابق جوہلی جنرل کے ریٹنگ کے اشارے، اس کی مستحکم کیپٹیل ریزیشن، مضبوط لیکوڈیٹی پروفائیل، بہتر آپریشنل اشارے جن کو مستحکم انڈر رائیٹنگ کی حمایت حاصل ہے شامل ہیں۔ پاکرا ریٹنگ جوہلی جنرل کی مضبوط رسک منیجمنٹ فریم ورک اور اس کی انڈر رائیٹنگ کی مستحکم پالیسی کا اظہار یہ ہے۔

اے ایم بیسٹ (A.M.BEST) نے بھی جوہلی جنرل کی بہتر مالی استحکام کی ریٹنگ (GOOD) "B++" اور کریڈٹ ریٹنگ "BBB" جاری کی ہے۔ اے ایم بیسٹ (A.M.BEST) کی ریٹنگ اس بات کا اظہار ہے کہ جوہلی جنرل خطرہ سے نمٹنے کی مضبوط بنیاد، ٹریک ریکارڈ میں اچھی آپریشنل کارکردگی اور پاکستان میں اچھی ساکھ رکھتی ہے۔

## انفارمیشن ٹیکنالوجی

جوہلی جنرل پاکستان میں آن لائن ریٹیل مارکیٹ میں ایک مستند لیڈر مانی جاتی ہے۔ 2016 میں ہماری توجہ کا مرکز استحکام، پائیداری، توسیع اور متوازی سطح پر ہر جگہ موجودہ موبائل چینل پر جامع اپلیکیشنز کی فراہمی ہے۔ 2016 میں ریٹیل پورٹیل کی شروعات عالمی طور پر مستند جینیو پلیٹ فارم سے کی گئی، جس سے ہمیں بڑے پیمانے پر مستحکم انداز میں

## بورڈ کے اجلاس:

دوران سال بورڈ آف ڈائریکٹرز کے چھ (6) اجلاس منعقد کیے گئے۔ جن میں حاضری کی تفصیلات مندرجہ ذیل ہیں:

اجلاس میں شرکت	ڈائریکٹرز کے نام
06	توفیق ایچ چنائے
06	اکبر علی پستانی
05	جان جوزف مہٹکاف
06	آر ڈاکٹر محمود
06	آل نور محمد رتن سے
05	ایمن اے ہاشوانی
06	عامر حسن ارشاد
06	ایم اختر باوانی (صدر الدین ہاشوانی کے لیے متبادل ڈائریکٹر)
06	طاہر احمد

## بورڈ کمیٹیوں کے اجلاس

سال کے دوران بورڈ آڈٹ کمیٹی اور فنانس اینڈ انویسٹمنٹ کمیٹی، ہر ایک کے چار (04) اجلاس، بورڈ رسک کمیٹی کے تین (3) اجلاس، اور بورڈ ہیومن ریسورس کمیٹی کے تین (3) اجلاس منعقد ہوئے۔ بورڈ کمیٹیوں کے ارکان کے نام اور ضابطہ کار اس رپورٹ کے ضمیمہ میں دیئے گئے ہیں۔ بورڈ آڈٹ کمیٹی کے چیئرمین ایک نان ایگزیکٹو اور خود مختار ڈائریکٹر ہیں۔

## بینجمنٹ کمیٹی:

کمپنی کی پانچ بینجمنٹ کمیٹیاں ہیں، جو کاروبار کے اہم حصوں کا احاطہ کرتی ہیں۔ کمیٹی ارکان کے نام، اجلاسوں کی تعداد، ارکان اور ان کمیٹیوں کے ضابطہ کار کی تفصیل اس رپورٹ کے ضمیمہ میں دی گئی ہیں۔

## ڈائریکٹرز کی ذمہ داریوں کا اظہار یہ

- کوڈ آف کارپوریٹ گورننس فریم ورک کے مطابق مالیاتی رپورٹ کے ضمن میں ڈائریکٹر مندرجہ ذیل امور کی تصدیق کرتے ہیں۔
- کمپنی کی انتظامیہ کی طرف سے تیار مالیاتی گوشوارہ، کاروباری معاملات، آپریشنز کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلی کی صحیح صورتحال کی عکاسی کرتے ہیں۔
- کمپنی کے اکاؤنٹس باقاعدہ طور پر مرتب کیئے گئے ہیں۔
- مالیاتی گوشوارے ترتیب دیتے ہوئے، مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ملحوظ خاطر رکھا گیا ہے، اور مالیاتی گوشوارے اور اکاؤنٹنگ تخمینے مناسب اور محتاط فیصلوں پر مبنی ہیں۔
- پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ کے معیارات کی مالیاتی گوشواروں کی تیاری میں بیرونی کی گئی ہے۔ بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) جو کمپنیز آرڈیننس، 1984 کے تحت انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ بورڈ کی جانب سے مشہور اور کمپنیز آرڈیننس، 1984 کے ذریعے مطلع کیے گئے ہیں اور اس کے علاوہ، انشورنس آرڈیننس، 2000، ایس ای سی (انشورنس) رولز 2002 اور نکال رولز کے تحت جاری کردہ ہدایات، دفعات 2012، اور کوئی تبدیلی یا کسی قابل ذکر انحصار کا مناسب اظہار کیا گیا ہے۔
- کاروبار کو جاری رکھنے کے بارے میں کمپنی کی صلاحیت شکوک و شبہات سے بالاتر ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں، جن کا لسٹنگ کے ضابطوں میں تفصیلی ذکر موجود ہے، کوئی کوتاہی نہیں ہوئی۔



## مارکیٹ شیئر:

گزشتہ دہائی کے دوران، کمپنی کا مارکیٹ شیئر دگنا ہو گیا ہے اور اس میں 13 فیصد اضافہ متوقع ہے۔

## ری انشورنس

بین الاقوامی ری انشورنس مارکیٹ ساف مالڈ سے باہر نکلنے کی کوشش کر رہی ہے۔ تاہم، جوہلی جنرل انشورنس مسلسل اپنی ری انشورنس کی گنجائش میں اضافہ کر رہی ہے، جو کمپنی کو کافی حد تک گاہکوں کی بڑھتی ہوئی ضروریات کو پورا کرنے اور بڑے حجم کی انڈر رائٹنگ کے قابل بناتا ہے۔ ہماری ری انشورنس کمپنیوں میں سوئس ری (swiss re)، ہینڈور ری (Hannover re) سیکور، (SCOR)، اے سی آر (ACR) لائیڈز آف لندن (Lloyed's of London) شامل ہیں، جو بین الاقوامی سطح پر سراہی جاتی ہیں اور اعلیٰ تحفظ کی نمائندگی کرتی ہیں۔

## پروڈکٹ ڈولپمنٹ:

جوہلی جنرل جدید مصنوعات اور سروس کے موثر ترسیل کے لئے کوشاں ہے۔ ہم آن لائن ریٹیل سسٹم میں مسلسل سرمایہ کاری نہ صرف کارکردگی بڑھانے کے لیے بلکہ اس سے ملٹی برانڈ ریٹیل پلیٹ فارم میں ضم کرنے کے لئے بھی کر رہے ہیں۔

## منافع اور فوائد کا مختص کرنا

روپے '000
27,763
1,167,398
(1,845)
1,193,316
100,000
300,000
235,365
549,185
8,766
1,193,316

گزشتہ سال سے لائی گئی رقم  
اس سال کی مجموعی آمدنی  
غیر ملکی کرنسی کے لین دین کا فرق  
مختص کرنے کے لئے موجود رقم

ڈائریکٹرز کی جانب سے سفارش کی جاتی ہے کہ اس رقم کو مندرجہ ذیل طریقے سے مختص کیا جائے۔

خصوصی ذخائر کو منتقلی  
عمومی ذخائر کو منتقلی  
بونس شیئرز کا 15 فیصد کی بنیاد پر اجراء  
مجوزہ حتمی نقد منافع 35 فیصد  
اگلے سال کے حساب میں منتقلی

## بورڈ آف ڈائریکٹرز:

کمپنی کی دور رس رہنمائی، اور حکمت عملی مرتب کرنے کے لئے علم، تجربہ، مہارت اور ادراک کے حامل نوا افراد پر مشتمل بورڈ آف ڈائریکٹرز موجود ہے۔ سوائے چیف ایگزیکٹو آفیسر کے، ایک آزاد ڈائریکٹر سمیت کمپنی کے تمام ڈائریکٹرز نان ایگزیکٹوز ہیں۔ سال کے دوران بورڈ آف ڈائریکٹرز میں کوئی تبدیلی نہیں آئی۔

## ذمہ داری (لائبیلیٹی)

لائبیلیٹی (ذمہ داری) پورٹ فولیو کا مجموعی پریمیم میں 5 فیصد کا حصہ ہے، اور اس کا مجموعی پریمیم 26 فیصد سے سکڑ گیا ہے۔ اور اس سال اس شعبے سے انڈر رائٹنگ کی آمدنی 2015 کے 21 ملین روپے کے مقابلے میں 15 ملین روپے ہوئی۔

## حادثے اور صحت (ایکسیڈنٹ اینڈ ہیلتھ)

حادثے اور صحت کے شعبے کا ہمارے مجموعی پریمیم میں 13 فیصد حصہ ہے۔ اس پورٹ فولیو میں 6 فیصد اضافہ ہوا ہے، اور یہ کمپنی کیلئے ایک اہم کاروباری شعبہ ہے۔

## متفرق:

اس سال متفرق پورٹ فولیو (اس میں مختلف کاروباری شعبے جیسے تعمیرات، بونڈنگ، بینکرز بلینٹیٹ بانڈ، اور مشینری کی خرابی وغیرہ شامل ہیں) میں 19 فیصد کمی ہوئی اور کمپنی کے مجموعی پریمیم میں اس کا حصہ 28 فیصد رہا ہے۔ اس پورٹ فولیو نے کمپنی کے انڈر رائٹنگ منافع میں گزشتہ سال 2015 کے 275 ملین روپے کے مقابلے میں 220 ملین روپے کا اضافہ کیا ہے۔

## تکافل:

زیر جائزہ سال تکافل کے کاروبار کے لئے پہلا مکمل سال تھا اور آپ کی کمپنی نے استحکام کے ساتھ اس شعبے میں (2015 میں 8 ماہ کے دوران 115 ملین روپے) 402 ملین روپے کا مجموعی پریمیم حاصل کیا۔ جنرل ونڈ و تکافل آپریٹرز کی حیثیت سے کمپنی جدید ڈسٹری بیوشن چینلز کے ذریعے نئی پروڈکٹ کی فراہمی کے لئے کام کر رہی ہے اور توقع ہے کہ اس کاروبار میں منافع بخش طور پر اضافہ ہوگا۔ ہم اس بات پر یقین رکھتے ہیں کہ تکافل کاروبار میں مثبت اضافہ کے مواقع ہیں خاص طور پر ایس ایم ای (چھوٹے اور درمیانی درجے کے کاروبار) اور خورد فروش شعبے میں، جو تکافل کاروبار انشورنس کے ملکی مجموعی پیداوار میں حصے کو بڑھانے میں اہم کردار ادا کر سکتے ہیں۔ 31 دسمبر 2016 کو اختتام پذیر سال میں تکافل ونڈ و آپریشن سے آپریٹرز فنڈز میں سال 2015 کے 13 ملین کے نقصان کے مقابلے میں 14 ملین روپے کا منافع ہوا، تاہم پارٹیسپیشن فنڈز میں سال 2015 کے 9 ملین روپے کے اضافے کے مقابلے میں 16 ملین روپے کا خسارہ ہوا۔

## سرمایہ کاری کی آمدنی:

کمپنی کی سرمایہ کاری کی آمدنی، بشمول حصص کے منافع، بینک میں جمع رقم سے آمدنی، سیکورٹیز پر کیپیٹل گین، اور ریل اسٹیٹ سے کرایہ آمدنی سمیت تمام ذرائع سے حاصل ہونے والی آمدنی 2015 میں ہونے والی آمدنی 1.2 ملین روپے سے بڑھ کر 2016 میں 1.3 ملین سے تجاوز کر چکی ہے۔ اس میں گزشتہ سال کے مقابلے میں 8 فی صد کا اضافہ ہوا ہے۔ باوجود اس کے کہ شرح سود تاریخ کی سب سے کم سطح پر رہے اور کرایہ آمدنی میں کمی دیکھی گئی۔

اس سال کمپنی کی سرمایہ پورٹ فولیو میں غیر حاصل شدہ منافع گزشتہ سال کے غیر حاصل شدہ منافع 5.7 بلین روپے کے مقابلے میں 7.3 بلین روپے ہے۔ جو گزشتہ سال کے مقابلے میں 28 فیصد صحت مند اضافے کی نشاندہی کرتا ہے۔ یہ اضافہ حصص کی قیمتوں کے اضافے کے سبب ہے۔

زیر جائزہ سال کے مختصر نتائج درج ذیل ہیں۔

2015	2016
روپے میں، 000	
7,978,750	<b>7,850,500</b>
4,150,808	<b>4,170,928</b>
467,724	<b>472,979</b>
1,219,632	<b>1,315,975</b>
1,711,292	<b>1,854,125</b>
1,352,650	<b>1,179,431</b>
8.62	<b>7.52</b>

مجموعی پربیمیم  
خالص پربیمیم آمدنی  
انڈر رائٹنگ نتائج

سرمایہ کاری سے آمدنی (بشمول کرایہ آمدنی اور کیپیٹل گین) قبل از ٹیکس منافع  
بعد از ٹیکس منافع  
فی شیئر آمدنی دس روپے کے شیئر پر (روپے میں)

سرمایہ کاری سے آمدنی کے ٹیکس قوانین میں تبدیلی اور سپر ٹیکس کے لاگو ہو جانے سے 2016 میں ٹیکس کی شرح 2015 کے 21 فیصد (360 ملین روپے) کے مقابلے میں 36 فیصد (675 ملین روپے) ہو گئی ہے، چنانچہ کمپنی کو 286 ملین روپے کا اضافی ٹیکس ادا کرنا پڑا۔

### آتشزدگی اور جائیداد (فائر اینڈ پراپرٹی)

اس شعبہ میں 24 فیصد کا صحت مندا اضافہ دیکھنے میں آیا، کمپنی کے مجموعی پربیمیم میں اس شعبے کا حصہ 28 فیصد ہے۔ آتشزدگی اور جائیداد کمپنی کا ایک بڑا پورٹ فولیو ہے۔ جس نے انڈر رائٹنگ منافع میں سال 2015 کے 34 ملین روپے کے مقابلے میں اس سال 54 ملین روپے کا حصہ ڈالا ہے، مینجمنٹ بہتر نتائج کے لئے رسک مینجمنٹ طریقہ کار کو مزید کارگر بنانے کے لئے کوشاں ہے۔

### میرین، ہوا بازی اور ٹرانسپورٹ

اس شعبہ کا مجموعی پربیمیم میں 8 فیصد حصہ ہے۔ اجناس کی قیمتوں میں کمی، اور شرح پربیمیم کم ہونے سے، میرین پورٹ فولیو گذشتہ سال کی سطح پر رہا ہے۔ تاہم، اس کاروباری شعبے نے 2015 کے 61 ملین روپے کے مقابلے میں اس سال 103 ملین روپے کا انڈر رائٹنگ منافع حاصل کیا ہے۔

موٹر:

موٹر پورٹ فولیو کمپنی کے مجموعی پربیمیم کا 17 فیصد ہے اور اس میں اس سال 3 فیصد کا اضافہ ہوا ہے۔ موٹر پورٹ فولیو نے 2015 کے 197 ملین روپے کے انڈر رائٹنگ منافع کے مقابلے میں ایک بار پھر 237 ملین روپے کا شاندار انڈر رائٹنگ منافع دیا ہے۔

# ڈائریکٹرز رپورٹ

منتخبہ سال 31 دسمبر 2016

ڈائریکٹرز 31 دسمبر کو اختتام پذیر ہونے والے سال 2016 کی سالانہ رپورٹ اور آڈیٹڈ اکاؤنٹس پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

## ملکی صورتحال کا جائزہ

آئی ایم ایف کے مطابق، پاکستان کی معیشت گزشتہ تین سال کے دوران بنیادی اشاروں میں بہتری کی طرف گامزن ہوئی ہے۔ سست رفتاری سے پھیلنے والی یہ معیشت عالمی سطح پر تیل کی قیمتوں میں ممکنہ اضافے کے دباؤ کو برداشت کرنے کے لئے کافی مستحکم نظر آتی ہے۔ S&P نے بھی پاکستان کی ریٹنگ 'B-' سے بڑھا کر مستحکم آؤٹ لک کے ساتھ 'B' کر دی ہے۔ پاکستان 2015-2016 کے اقتصادی سروے کے مطابق مجموعی قومی پیداوار کی شرح (گزشتہ سال کی 4.4 فیصد) سے بڑھ کر 4.71 فیصد، اور فی کس آمدنی (سال گذشتہ کی 1,512 امریکی ڈالر) سے بڑھ کر 1,561 امریکی ڈالر ہو گئی ہے۔ جبکہ مجموعی سرمایہ کاری میں 5.78 فی صد کا اضافہ اور قومی بچت، مجموعی قومی پیداوار کی 14.2 فیصد سے بڑھ کر 14.6 فیصد ہو گئی ہے۔ مالیاتی خسارہ میں 4.3 فیصد کی بہتری آئی ہے۔ اسی طرح توانائی کی فراہمی، سیکورٹی کی بہتر صورت حال، افراط زر میں کمی اور چین پاکستان اقتصادی راہداری پر بڑھتی توجہ 2016-2017 میں پاکستان کی معیشت کے لئے اچھی علامت قرار دی جاسکتی ہیں۔ ایشیائی ترقیاتی بینک (اے ڈی بی) نے پاکستان کی اقتصادی ترقی (جی ڈی پی) کو 4.8 فیصد سے بڑھا کر 5.2 فیصد کر دیا ہے۔ معیشت میں یہ نمواس کے تین اہم شعبوں یعنی زراعت، صنعت اور خدمات کی کارکردگی کا نتیجہ ہے۔

## انشورنس سیکٹر کا جائزہ

پاکستان میں سال 2015 میں جنرل انشورنس مارکیٹ کا کل مجموعی پرییمیم (GWP) 11 فیصد کے اضافے سے 61 بلین روپے تک پہنچ گیا (2014 میں یہ اضافہ 13 فیصد تھا) 2016 میں ملک کی معیشت کی مسلسل بہتری سے اس بات کی توقع ہے کہ انشورنس سیکٹر میں یہ اضافہ 9-11 فیصد کے لگ بھگ رہے گا۔ توقع ہے کہ موثر انشورنس اور پراپرٹی (جائیداد) میں مستحکم اضافہ ہوگا۔ اجناس کی قیمتوں میں کمی کے سبب میرین کے شعبے میں سست رفتار ترقی ہوگی، یہ دو سال سے کہ انشورنس انڈسٹری کو کسی بڑی تباہی یا جائیداد کے کاروبار میں بڑے نقصانات کا سامنا نہیں کرنا پڑا۔ جبکہ موٹر انشورنس کے شعبہ میں بھی بہتر کارکردگی سامنے آئی۔ اس کے نتیجے میں مارکیٹ کو مثبت انڈر رائٹنگ نتائج کی توقع ہے۔ مجموعی طور پر پرییمیم کی شرح پر بڑھتا ہوا دباؤ ہے۔

## کمپنی کی کارکردگی:

زیر جائزہ سال کے دوران آپ کی کمپنی کے فار، میرین، موٹر اور ہیلتھ کے شعبوں میں مجموعی پرییمیم (written Premium) میں اضافہ ہوا ہے۔ تاہم لائیکلیٹی (واجبات) اور متفرقات (Miscellaneous) کے شعبوں کو مستحکم کرنے کے لئے انڈر رائٹنگ کے اقدامات کیے گئے، جس کے نتیجے میں سال کے اختتام پر آپ کی کمپنی کا مجموعی پرییمیم 7.85 بلین روپے (2015: 7.97 بلین روپے) تک پہنچ گیا اور خالص پرییمیم 4.17 بلین روپے (2015: 4.15 بلین روپے) تک بڑھا۔ کمپنی کے انڈر رائٹنگ منافع میں اضافہ ہوا اور کمپنی کا انڈر رائٹنگ منافع اس سال، گزشتہ سال 2015 کے 468 ملین روپے سے بڑھ کر سال کے اختتام پر 473 ملین روپے تک پہنچ گیا۔

# Corporate Governance

## Board Committees

The Company has four committees at the board level. These committees meet on quarterly basis to review the Company's performance, which strengthens its governance framework. The terms of reference and composition of these committees are given below:

### Audit Committee

The terms of reference of this committee includes the following:

- ① Determination of appropriate measures to safeguard the Company's assets.
- ① Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
  - Major judgmental areas.
  - Significant adjustments resulting from the audit.
  - Any changes in accounting policies and practices.
  - Compliance with applicable accounting standards.
  - Compliance with listing regulations and other statutory or regulatory requirements.
- ① Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may want to highlight (in the absence of management, where necessary).
- ① Review of management letter issued by external auditors and management's response thereto.
- ① Ensuring coordination between the internal and external auditors of the Company.
- ① Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- ① Consideration of major findings of internal investigations and management's response thereto.
- ① Review of related party transactions prior to their approval from the Board of Directors.
- ① Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
- ① Review of the Company's statement of internal control system prior to endorsement by the board of directors.
- ① Determination of compliance with relevant statutory requirements.
- ① Monitoring and compliance with the best practices of corporate governance and identification of any significant violations thereof; and
- ① Consideration of any other issue or matter as may be assigned by the Board of Directors.

The Committee comprises of four members, including the Chairman who is an independent director. All other members are non-executive directors. During the year 2016, four meetings of this Committee were held and the attendance of meetings is as follows:

Name of Members	Meetings Attended
Aly Noormahomed Rattansey - Chairman	04
Akbarali Pesnani	04
John Joseph Metcalf	03
Amin A. Hashwani	02

### Finance & Investment Committee

The terms of reference of this Committee includes the following:

#### Planning & Budgeting:

- Review the annual operating & capital expenditures budgets and recommending the same to the Board.
- Review and approve the long term plan and recommend three years budget of the Company.
- Review and approve proposals for opening of Branch Offices inside and outside Pakistan.

#### Operating Review:

- Review the operational performance of the Company to analyse the variances between planned and actual results.
- Review and monitor the capital expenditures incurred in accordance with the budget.

#### Investments:

- Define the strategic objectives of the Investment Policy.
- Allocate funds for investment in the different sectors and sub-sectors.
- Establish the basic parameters governing the investment in the various sectors.
- Review and approve the annual investment plan and budget.
- Review each quarter, the overall investment portfolio with particular reference to purchase and sale of investments made during the quarter, the income accruing from each sector vis-à-vis the budget, and to consider the reasons for variances.
- Review the economic, political and law & order outlook for the foreseeable future and to issue guidance for further investment / disinvestment activity, sectoral reallocation of investment portfolio etc.
- Establish the benchmarks against which the performance of the overall investment portfolio and its sectors are to be assessed.

The Committee comprises of four members, including the Chairman of this Committee, out of which three are non-executive directors and one executive director. During the year four meetings of this Committee were held and the attendance of the meetings is as follows:

Name of Members	Meetings Attended
Akbarali Pesnani - Chairman	04
John Joseph Metcalf	03
R. Zakir Mahmood	04
Tahir Ahmed	04

## Board Risk Committee

The terms of reference of this Committee includes the following:

To brief the board and make recommendation;

- ⦿ regarding the design and implementation of risk management, measurement strategies, the procedures for monitoring the adequacy and effectiveness of the same.
- ⦿ about the Company's risk profile relative to current and future Company Strategy, Company risk appetite and identify any risk trends, concentrations or exposures and any requirement for policy change.
- ⦿ with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy.
- ⦿ about the risk reports with potential actions for improvement; and
- ⦿ about identifying and assessing future potential risks which, by virtue of their, unfamiliarity, uncertainty and deemed low probability, may not have been factored adequately by the Company's management.

The Committee comprises of five members, including the Chairman of this Committee, out of which four are non-executive directors and one executive director. During the year three meetings of this Committee were held and the attendance of the meetings is as follows:

Name of Members	Meetings Attended
Towfiq H. Chinoy - Chairman	03
R. Zakir Mahmood	03
John Joseph Metcalf	02
Aamir Hasan Irshad	02
Tahir Ahmed	03

## Human Resource & Remuneration Committee

The terms of reference of this Committee includes the following:

- ⦿ Review the HR policies and make appropriate amendments if needed.
- ⦿ Review and approve manpower development plan and budget.
- ⦿ Review and recommend annual appraisal and salary revision of senior executives of the Company.
- ⦿ Review and approve any changes required in perquisites and benefits of senior executives and employees.
- ⦿ Approve terminations and acceptance of resignations for senior executives.

The Committee comprises of four members, including the Chairman of this Committee, out of which three are non-executive directors and one executive director. During the year three meetings of this Committee were held and the attendance of the meetings is as follows:

Name of Members	Meetings Attended
Towfiq H. Chinoy - Chairman	03
John Joseph Metcalf	03
Amin A. Hashwani	02
Tahir Ahmed	03

## Management Committees

The Company has five management committees, which cover the core areas of business. These Committees meet on regular basis and are headed by the Chief Executive Officer. The functions and composition of these committees are given below:

### Underwriting Committee

The underwriting committee's function is to formulate the underwriting policy of the Company and to set out the criteria for assessing various types of insurance risks and determines the premium of different insurance covers. The Committee shall regularly review the underwriting and premium policies with due regard to relevant factors such as business portfolio and the market development.

During the year 2016, four meetings of this Committee were held. The following are the members of this Committee:

Name of Members
Tahir Ahmed - Chairman
Azfar Arshad
Syed Imran Rabbani
Mohammad Safdar

### Claims Settlement Committee

The function of this Committee is to devise the claim settling policy of the Company. The Committee oversees the claim position of the Company and ensures that adequate claims reserves are made. The Committee pays a particular attention to significant claims cases or events, which will give rise to a series of claims. The Committee also determines the circumstances under which the claim disputes shall be brought to its attention, and decides how to deal with such claims disputes. It shall also oversee the implementation of the measures for combating fraudulent claims cases.

Claims Settlement Committee shall oversee the activities of "Grievance Function" of the Company. The Grievance Function shall be responsible for the resolution of complaints and grievances of the existing policyholders and prospective policyholders.

During the year 2016, four meetings of this Committee were held. The following are the members of this Committee:

Name of Members
Tahir Ahmed - Chairman
Nawaid Jamal
Uzair Mirza
Kamran Arif

### Re- Insurance & Co- Insurance Committee

This Committee ensures that adequate reinsurance arrangements are made for the Company. The Committee pursues the proposed reinsurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers makes and appropriate adjustments to these arrangements in the light of the market development. The committee will also assess the effectiveness of the reinsurance program for the future reference.



During the year 2016, four meetings of this Committee were held. The following are the members of this Committee:

Name of Members
Tahir Ahmed - Chairman
Karim Merchant
Mohammad Safdar
Mohammad Nadeem Irshad

### Enterprise Risk Management (ERM) Committee

This Committee shall be primarily responsible for the management of risk, development and implementation of Enterprise Risk Management System and integrate risk management into overall management system. The Committee shall develop and monitor ERM framework and its continual improvement. It will monitor and review risk management process through effective communication, establishing the context, reviewing current risk exposures of the Company and performing risk assessment and risk treatment.

During the year 2016, thirty one meetings of this Committee were held. The following are the members of this Committee:

Name of Members	Name of Members
Tahir Ahmed - Chairman	Mohammad Nadeem Irshad
Azfar Arshad	Saifuddin Shafi
Nawaid Jamal	Syed Abid Waseem
Mohammad Safdar	Imran Mughal
Uzair Mirza	

### Takaful Committee

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

During the year 2016, four meetings of this Committee were held. The following are the members of this Committee:

Name of Members
Tahir Ahmed - Chairman
Atiq Anwar Mahmudi
Azfar Arshad
Nawaid Jamal
Syed Sohail Ahmed
Saifuddin Shafi

## Human Resource Development

The fast-paced daunting and constantly evolving business environment requires employees of any good organization to demonstrate high level of performance. Jubilee General is committed to burnish the knowledge, skills and abilities of its employees to gain competitive edge which is crucial for long term sustainability of the organization.

At Jubilee General Insurance, Training & Development programs both in-house and external cater the needs of employees working at various levels, hence enabling them to perform their current jobs effectively and also prepare them for future assignments to take up more responsibilities of higher level.

The Company also assists its employees financially in acquiring Post-Graduate Diploma in insurance from Karachi University (managed by Pakistan Insurance Institute), besides globally recognised insurance qualification, Advanced Diploma – ACII, from the Chartered Insurance Institute, UK.

## Succession Planning

Jubilee General Insurance has a succession planning process in place which is regularly reviewed. Key positions of the Company and their successors are identified. The successors are encouraged to nurture themselves by assuming different assignments, added responsibilities besides training exposure which address both the career progression and professional development of the successors.

## Value of Investments in Provident & Gratuity Funds

The values of investments in employees retirement funds based on audited accounts for the year ended December 31, 2015 are as follows:

	(Rupees in `000)
Staff Provident Fund	357,507
Employees' Gratuity Fund	149,000

## Actual and Perceived Conflicts of Interest

The Board of Directors of the Company subscribes to the highest standards of corporate governance. All Directors of the Company have a duty to avoid conflicts of interest, and a responsibility to identify and disclose actual, potential or perceived conflicts between their personal, family, pecuniary or business interests along with their professional responsibilities to the Company.

Every director of the Company who is in any way interested in any contract or arrangement to be entered by the Company is required to disclose the nature of his concern or interest to the Board and shall not take part in the discussion or vote on the matter.

A general statement is given by each director annually disclosing the names of the companies, firms and businesses to which they are associated.

## Whistle Blowing Mechanism

JGI's Code of Conduct addresses the concerns pertaining to whistle blowing and its protection. Duties and responsibilities of every employee have been defined. Whenever employees become aware of any such situation(s) that are non-compliant with the Code of Conduct or/and the assigned duties and responsibilities then the designated competent authority is informed such matters immediately by the employees.

## IT Governance Policy

The Company maintains a proper documented IT policy which is also approved by the Board. The policy is aimed to implement integrated framework to achieve the Company's strategic objectives. The policy mainly covers following areas:

- ⦿ Internal Organisation and responsibility of IT assets;
- ⦿ IT Operational Procedures;
- ⦿ System planning, acceptance and data security;
- ⦿ Backups and Media handling;
- ⦿ E-Commerce;
- ⦿ System monitoring procedures; and
- ⦿ Disaster Recovery Plan (DRP).

## Safety of Records of the Company

The Company ensures maintenance of records as per the requirement of Companies Ordinance, 1984. For the safe custody of physical documents and files, record rooms having appropriate space and proper filing system are located at Head office and respective Zonal Offices. The safety and maintenance of soft data also governed with a comprehensive IT backup policy. The Company also maintains data at DRP sites to ensure its availability at all the time.

## Engagement with Stakeholders

Jubilee General has wide range of stakeholders particularly shareholders and investors, customers, suppliers and service providers including reinsurers and reinsurance brokers, financial institutions, media, regulatory bodies and analysts. The Company believes in effective communication with all stakeholders and generally adopts following communication procedures:

### Shareholders and Investors

The Company convenes annual and extra ordinary general meetings in accordance with the requirement of Companies Ordinance, 1984. The Company's interim results and reports are placed on Company's website and are also notified to the Stock Exchange for shareholders' information. Any other price sensitive information including dates of Board of Directors' meeting is also communicated to the Stock Exchange on timely basis. The Company's website also has an investor relations section which contains all relevant information for the use of investors.

## Customers

The Company's philosophy can be summed up as customer protection, their satisfaction and trust. The Company has proper sales team which meets with corporate clients on regular basis to obtain their feedback, which helps significantly in improvement of level of services provided to them. Recently, the Company has set up a call center with toll free number to provide better services to all its clients mainly focusing on retail segment of the market. The Company has strong presence on social media to engage with customers and visitors in an efficient manner. The Company's website also has "Complaint Form" for the customers to register complains (if any) which are addressed appropriately.

## Suppliers and Service providers

The Company corresponds with its major suppliers and services providers particularly reinsurers and reinsurance brokers on a regular basis and provides them relevant feedback and updates.

## Financial Institutions

The Company works with major Banks and other financial institutions in partnership to provide better services to the customers and to increase Company's financial strength. The Company interacts with all partner institutions continuously to explore avenues of growth and investments. The collaboration with the banks is also focused on improvement in banking and insurance services provided by both counter parties.

## Media

The Company stimulates its business events by having strong presence in media. The Company engages with the media as per the Media Policy and Guidelines. The purpose of the Media Policy and Guidelines is to assure that information disclosed by the Company is timely, accurate, comprehensive, authoritative and relevant to all aspects of Jubilee General. It also ensures media presence at launch of its products and services, signing of major agreements with business partners and other organized promotional and social activities.

## Regulatory bodies

The Company ensures compliance of all regulatory requirements and submits periodic reports to the regulators. The Company also interacts with various regulators through platform of the Insurance Association of Pakistan.

## Analysts

The Company communicates with the both local credit rating agencies on regular basis to secure IFS rating as required by law. Jubilee General also interacts with one of the oldest and most authoritative rating agency A. M Best for its international rating.

The Company also encourages business schools and research houses to conduct research on insurance sector and disseminate their analysis through various publications.

## Internal Control Framework

An internal control system comprises the whole network of systems established to provide reasonable assurance that organisational objectives will be achieved.

The management of Jubilee General Insurance Company (JGI) always keen in establishing and strengthening the system of control in order to safeguard the interest of all the stakeholders. The effectiveness of internal control rooted in the design of the system itself for which profound thinking is done covering all the necessary exposures to find any related risk. The Board of Directors and management are responsible to establish and maintain an adequate and effective system of internal controls and procedures. The main objectives of internal control are as follows:

1. Orderly, effective and efficient conduct of business;
2. Safeguard the assets and resources;
3. Completeness, reliability and accuracy of accounting records and financial information;
4. Timely preparation and reporting of financial information;
5. Compliance with the applicable laws and regulations; and
6. Adherence to the Company's policies and plans.

During the year, in order to further strengthen the internal control framework, following mechanisms have been implemented:

1. Establishment of Risk Management function;
2. Strong monitoring conducted particularly with reference to the compliance with regulations/rules relevant to conventional business and Window Takaful Operations; and
3. Strengthening the Internal Audit Department.

### Role of Compliance

Compliance function within the Company is an integrated tool of internal control without which the Company cannot obtain the resistant against risks and threats, particularly with respect to regulatory compliance as it is an important aspect for the smooth running of the operations. In JGI, Chief Compliance Officer (CCO) is responsible for the Compliance function. The CCO takes steps to improve the control environment connected to compliance of various applicable laws and regulations. The CCO also works in closed liaison with the other departments and ensures the compliances of regulatory requirements, internal policies and procedures with specific emphasis on SECP's regulations. He reviews system and procedures in order to streamline the same and to prevent and rectify controls, if any compliance related lapses are identified in the Company. The CCO is also responsible for promoting compliance culture in the Company.

### Role of Risk Management

The Company faces a wide range of uncertain internal and external factors that may affect achievement of its objectives whether they are strategic, operational, or financial. Risk management focuses on identifying threats and opportunities, while assisting Internal Control function to counter threats and take advantage of opportunities.

Enterprise Risk Management (ERM) is the process of planning, organizing, leading, and controlling the activities of an organization in order to minimize the effects of risk on an organisation's capital and earnings. In JGI, It is an integral part of Internal Control Framework. The Chief Risk Officer (CRO) is responsible for the ERM in the Company which directly reports to the Chief Executive Officer of the Company under the supervision of the Board Risk Committee.

In JGI, the role of CRO in the internal control framework is very effective. His function strengthens the framework by identifying the critical areas where effective controls should be implemented in order to get maximum results. During the year, the risks were identified and controls were evaluated for their effectiveness. Risk control cycle – risk governance process were implemented, moreover risk monitoring, analysis, measuring and reporting mechanism as per the framework were also implemented.

### **Role of Internal Audit**

Role of Internal Audit Department of the Company is imperative to evaluate the Internal Control Framework and ensuring its effectiveness. All significant and material findings of the internal audit reviews are directly reported to the Board Audit Committee. The Board Audit Committee actively monitors implementation of control framework to ensure that identified risks are mitigated to safeguard the interest of the Company. In that manner, the Internal Audit Department performs an important part in the continuous effectiveness of the internal control framework.

**Above all**, the Company is more focused on its internal control framework and allied environment in order to safeguard its assets and resources and to provide accurate financial reporting, strong documentary compliance and system assurance for the internal and external stakeholders.

# Sustainability

## Corporate Social Responsibility

Jubilee General places great emphasis on education, health and community service, donating generously as part of its Corporate Social Responsibility. During the year under review, Jubilee General donated Rs 32.07 Million to an array of institutions in the education, health and community service sectors. Our efforts were acknowledged by the prestigious 'Insurance Journal' and our Company was awarded the "Highest Donation Contribution Award (2013-2015)" in 2<sup>nd</sup> Insurance Journal Performance Awards 2016.

Besides cash donations, Jubilee General encourages its employees to participate actively in community service by donating their personal time and money. Thus we became the latest venue for the Indus Hospital Blood Donation Drive at our Head Office. Numerous voluntary donors donated the blood and so did our tenants located in Jubilee Insurance House. It was indeed an honor for us to organize this activity.

Jubilee General has a long-term commitment with NOWPDP (an organisation for well-being of special students). Our employees executed a "Wall Painting Activity" with NOWPDP special students. The purpose of this mutual activity was to encourage the underprivileged special students and build their confidence that they are not different. Our employees struck relationship with 'Sirat ul Jannah' a charity home for orphans and under privileged children. The children were asked to make a wish for Eid gifts which were all fulfilled.

## Sports Activities

The Company is also committed towards the development of sports activities and the employees are highly encouraged to engage themselves in organizing and participating both in In-house and Inter-Company sporting competitions.

Jubilee General Insurance is playing a vital role in promoting sports activity with the objective of holding championships to encourage and find new talent from grass root level and promoting the game further among junior snooker players in Pakistan and supporting the finalists qualified to represent our country internationally. The PBSA (Pakistan Billiard & Snooker Association) acknowledges Jubilee General's contribution in supporting and introducing the 1st National Junior (U-18) Snooker Championship for the very first time in Pakistan, besides (U-21) Snooker Championship held under its umbrella.

The Company sponsored following major sports events in 2016:

- ☉ 8<sup>th</sup> National Junior (U-21) Snooker Championship;
- ☉ 41<sup>st</sup> National Snooker Championship;
- ☉ 3<sup>rd</sup> Ranking Snooker Championship;
- ☉ Inter School Sports Festival;
- ☉ AKYSBP Table Tennis Event;and
- ☉ 18<sup>th</sup> Sindh Golf Championship.

## **Energy Conservation**

The Company is well aware with its responsibility towards the energy conservation. The Company has installed movement and light sensors along with energy savers in the office premises. The Company also ensures minimum utilization of electricity during lunch breaks and after office hours besides making full use of natural day light.

## **Environment protection measures**

In order to protect the environment which is a global cause, the Company follows the principle of Save Paper – Save Trees – Save Environment. All emails sent from Company carries the same message. The Company strongly discourages un-necessary use of the paper and encourages re-cycling of paper for internal office use.

## **Consumer protection measures**

The Company understands its primary objective to protect the due interest of its policyholders. The Company officials working in the field as well as dealing with the customers in the office are easily approachable by the policyholders in order to resolve their grievances if any, on priority basis. The grievances if any, can also be lodged on Company's website and with the call centre.

In order to protect consumer as well as to comply with the regulatory requirement, the Company has fixed at prominent place the "awareness message" as prescribed by the regulator at its all business locations. The "awareness message" containing all the details of the persons/authorities as designated to be contacted by the policyholders for complaints if any. The same "awareness message" is also available on the Company's website.

## **Procedure adopted for quality assurance of products**

Jubilee General Insurance Company is an innovative company, and in order to keep itself on this track the Company is always eager to serve the society in better ways through its innovative insurance products. All insurance products are designed after going through brain storming sessions wherein all the aspects with respect to customers' need and satisfaction are analysed thoroughly. Complete features of the products are properly documented.

All the products related to online retail sales and web portal of the Company such as Customized Android Applications and multiple option payment facilities are checked through various User Acceptance Testing (UAT) protocols. After complete satisfactory reports these applications and facilities are made available online for our valued customers.

## **Industrial Relations**

The Company is fully aware with its responsibilities with respect to industrial relations. The Human Resource Department of the Company is responsible to adhere and implement all the applicable laws, regulations, and conventions in order to keep the work place at its higher professional standards.








## **Employment of special persons**

Jubilee General Insurance is an equal opportunity employer. The Company complies with the legal requirement relating to appointment of special persons as employees.



## Occupational Safety and Health

Company keeps foremost the Safety and Health of its employees. It ensures Safety and Health of its employees as well as their families through the following steps:

-  All permanent employees are covered under Health insurance, Group life and personal accident.
-  Fire extinguishers along with smoke alarms installed at various points within the office premises.
-  All the employees are provided mineral drinking water at the work place.
-  High level of hygiene standard is maintained while serving tea, coffee to the employees and business guests.
-  All offices are equipped with adequate security measures.
-  In-house facility of a doctor is available at Company's head office to take care of employees and their families' health matters and also to advise on preventive health care.
-  In-house exercise room for male and female employees of the Company is maintained at Company's head office building.

## Business Ethics and Anti-corruption measures

The Company has developed a proper code of conduct which requires to be followed by each employee. The employees are abide by the Code of Conduct to keep his/her integrity intact while dealing with colleagues, potential customers, policyholders, suppliers and peer group. The Company will always strive to maintain high standards of Business Ethics and anti-corruption measures.

## Rural Development Programme

The Company is proud to be a business partner of the Microfinance institutions and Rural Support Network Programme for providing insurance facilities to individuals and families of our people living just above or below the poverty line in rural areas of the country.

## Community Investment and Welfare Schemes

JGI seeks to demonstrate a firm commitment towards the community by being vigilant towards identifying and supporting causes that will facilitate the upliftment and betterment of the society. Furthermore, not only the company but the employees of JGI are also actively participate in community services of different nature by donating their time and money. The arrangement of Blood Donation Drive at the Head Office of the Company for Indus Hospital, Wall Painting Activity with NOWPDP special students and fulfilling the wishes of orphans and under privileged childrens of 'Sirat ul Jannah' are the memorable community services performed during the year.

## Financial Contribution to the National Exchequer

The Company has contributed Rs.1,594 million (2015: Rs.1,529 million) to the National Exchequer during the year in the form of direct and indirect taxes and other mandatory contributions.

# Awards

## **MAP Corporate Excellence Award**

The Corporate Excellence Award instituted by Management Association of Pakistan (MAP) in 1982 with the sole aim to recognise and honor companies showing outstanding performance and demonstrating progress and enlightened management practices.

The Company has secured top position in Financial Category of 32nd MAP Corporate Excellence Award. The Financial Category includes commercial banks, insurance companies, financial services entities i.e. investment banks, leasing, modarba and asset management companies. The achievement of this prestigious award clearly demonstrates excellent performance and best management practices of the Company in all areas of business.

## **Best Corporate Report Award from ICAP/ICMAP**

The Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost & Management Accountants of Pakistan (ICMAP) initiated this esteemed Award with the aim to encourage local companies to follow transparency in preparing their annual reports. This award also promotes excellence in annual corporate reporting accountability through publication of timely information in a factual and user friendly manner.

The Company has a continuous aim to achieve this award every year and first time in its history achieved 5th position in Best Corporate Report Award in 2008 in the category of NBFIs sector. Afterwards, The Company with its spirited efforts achieved 1st position in three consecutive years i.e. 2009, 2010 and 2011. The 3rd position and Merit Certificate were also received in the year 2012 and 2013 respectively. In 2016, JGI has secured 3rd position for its 2015 Annual Report.

## **SAFA "CERTIFICATE OF MERIT AWARD"**

South Asian Federation of Accountant (SAFA) is an apex Body of SAARC countries. Every year, SAFA gives awards to different categories to corporate entities on the basis of evaluation of the published annual reports of companies within the SAARC countries.

In past, JGI has achieved five (5) Certificate of Merit Awards on its Annual Reports for the years 2008 to 2012. In this year, JGI again secured Merit Certificate Award from SAFA for the Best Presented Annual Report for the year 2015 in the category of 'Insurance Sector'.

## **The Best Performance in CSR Award**

This year, JGI has been presented "Highest Donation Contribution Award (2013-2015)" by the Insurance Journal of Pakistan. This award reflects JGI'S commitment towards the Community Welfare and Corporate Social Responsibility.

# Management Review and Representations

## Management Objectives and Strategies

Following are the management objectives with strategies and the relationship between Jubilee General Insurance Company Limited (JGI) results with defined objectives. These objectives work as guiding principles to achieve the overall mission of the Company. There has been no change in these objectives comparing with prior year:

Management Objectives	Strategies to meet the Objectives	Relationship between JGI Results and Objectives
Maintaining growth levels particularly in Gross Written Premium (GWP).	In order to maintain GWP growth, efforts will be made to generate qualitative and quantitative business through various channels of distribution, Window Takaful operations and Retail Sales.	Gross Written Premium contracted by 1.6%.
Maintaining profitability of the business.	The operations of the Company will be run more efficiently and effectively by taking qualitative underwriting measures and for better returns, investments opportunities will be utilised properly.	Underwriting profit has been increase by 1% and Profit before tax has recorded 8% increase over the last year.
Maintaining healthy Investment returns with limited exposure to the uncertainties of the stock and money markets.	Opportunities in stock market and money market whenever available will be tapped effectively and efficiently to optimize the return keeping the stock market exposure within the tolerable limits.	Investment income has increased by 8% over the last year.
Maintaining Insurer Financial Strength Rating with the local and International rating agencies.	Valuable suggestions and requirements will be implemented to get more financial strength as per the local and international standards of IFS Rating.	IFS Rating of AA+ from both local rating agencies and B++ rating from an international rating agency were maintained.
Increasing premium retention.	The operations of the Company will be run more efficiently and effectively along with the implementation of qualitative underwriting tools.	Net premium has increased over the last year despite of decrease in gross premium.
Increasing shareholders' wealth.	The management will make strenuous efforts to increase the profitability and financial strength of the Company.	Healthy cash dividend of 35% and stock dividend of 15% for the year has declared by the Board of Directors.
Meeting and exceeding customer expectations.	Advance tools of IT and high quality resource will be utilised for product development and product innovation.	During the year 2016, a number of new innovative products/services were introduced which include Health Application, Motor Android Application etc. Furthermore, various improvements have also been made in the existing products/services offered to the customers.
Retaining and attracting best employees.	The management will make best efforts for development of Human Resource by adding more professionals and competent staff in the team and also by arranging extensive training programme for the existing staff along with appropriate compensation for their work.	JGI is counted as one of the most reputable employers in Insurance sector of Pakistan.

## Organisational Resources

The Company uses different resources to accomplish its strategic objectives, targets and goals. The major resources used by the Company are as under:

1. Human Resources
2. Financial Resources
3. Physical Assets
4. Information Resources

### 1. Human Resources

In the Company, there is a team of technical, trained and professional staff in related respective fields to run day-to-day operations of the Company. The management is keen in the development of Human Resource and continuously arranging extensive trainings for the existing staff. The Human Balance Sheet has been well built to cater the need of human resources for the thriving future and continuous growth of the Company.

### 2. Financial Resources

All the financial resources of the Company are utilised effectively and efficiently under the guidelines of the Board of Directors by adhering the approved budgets and related limits. Following are the brief description of management of the major financial resources of the Company:

#### a) Cash and Liquidity Management

Management of adequate liquidity in order to trade-off in between avoidance of the liquidity risk and maximizing the fruitful investments is always been a challenge for an organisation.

In the Company, cash and liquidity management is the responsibility of Finance Department wherein experienced and trained staff is responsible to monitor and manage the liquidity on a regular basis under the supervision of professional supervisors and guidance of the Chief Financial Officer.

The Company actively manages liquidity risk to ensure adequacy of cash flows to meet the policyholders' obligations and to pay healthy dividends to the shareholders. During the year an amount of Rs. 229 million (2015: 937 million) has been generated from operating activities which are utilised in investment activities and payment of cash dividend to the shareholders. Currently, the Company has maintained liquid ratio at 1.05 and 65% of the total assets are liquid as at 31 December 2016.

#### b) Investments Management

Effective and efficient investment management is always been a challenges in the economic environment of Pakistan. In the Company, there is a separate function for investment management where highly experienced staff manages the investments keeping up-to-date with the changes in the stock and money markets of the country. The Head of Investments is responsible for the investment function and reports to the Managing Director. The investment performance is reviewed regularly by the Finance and Investment Committee of the Board.

### 3. Physical Resources

All the Assets of the Company including intangibles are under the safe custody and adequately covered from the internal and external threats. The physical assets of the Company are utilised effectively and efficiently for business purpose of the Company.

### 4. Information Resources

All the information and data available within the Company and/or acquired by the Company is utilised for business purpose only and to achieve the strategic objectives of the Company. The staff, holding information, is bound to keep it confidential under the code of conduct of the Company. Information and data is gathered and arranged through the modern IT techniques to make it more useful, effective and valuable for meeting the requirements of the relevant departments.

### Capital Structure

The Capital Structure of the Company is fully based on shareholders' equity and comprised as under:

	(Rupees in `000)
Paid-up Share Capital	1,569,100
Capital Reserve	9,384
Revenue Reserves	5,021,373
	6,599,857

The net assets of the Company are significantly higher than the applicable regulatory solvency requirements for an insurance Company in Pakistan. However, the management is determined to make it more robust to support the future growth of the Company. The financial strength of Company's is reflecting from the confidence of the stock market where price of the Company's share has increased more than 100% over the last six years.

### Significant Changes

The Company's performance comparison is available in the Directors' Report. The other significant changes for the purpose of the comparison from the last year are as follows:

- 15% growth in book value of total assets
- 18% growth in market value of total assets
- 12% growth in net assets
- 11% growth in Technical Reserve
- 26% growth in cash and bank deposits

### Liquidity Management Strategy

Having strong equity base and positive operating cash flows, the Company is not supposed to be exposed to any liquidity shortfall. However, the Company has maintained adequate liquid investments and deposits which make the Company more robust and weighty in order to coup-up with any kind of liquidity requirement in short term as well as long term time span.

### Critical Performance Indicators

The Company Limited has demonstrated unwavering performance within the general insurance sector in most Key Performance Indicators. Following are the management objectives, Critical Performance Indicators (CPIs) which also help to measure its performance and setting the targets ahead:

Management Objectives	CPI
Maintaining growth levels particularly in Gross Written Premium (GWP) above the market.	Growth.
Maintaining profitability of the business.	Profitability.
Maintaining healthy Investment return with vigilantly monitored exposure to uncertainties of stock and money markets.	Investment income/return.
Maintaining Insurer Financial Strength Rating with the local and International rating agencies.	Financial Strength Ratings.
Increasing premium retention.	Net premium earned.
Increasing shareholders' wealth.	Healthy profit distribution and robust capital structure.
Meeting and exceeding customers expectations.	Product development and innovation.
Retaining and attracting best employees.	Human Balance Sheet.

The management is fully determined to meet its objectives all the times as all the above mentioned CPIs shall remain relevant in future as well.

## Business Continuity Plan (BCP)

The BCP is the creation of a strategy, through the recognition of threats and risks facing by an organisation, to ensure that the resource of the Company are protected and the Company would be able to functioned in the event of any disaster properly. BCP also provides the means of the recovery of technologies in the event of any loss, damage or failure of facilities which is named as Disaster Recovery Plan (DRP). DRP is a documented process of the procedures to recover and protect an organisation's IT infrastructure in the event of a disaster. DRP is a part of the overall BCP of any organisation.

The Company, being a contemporary and progressive organisation, is one step ahead in the implementation of BCP including DRP as compared to its peer group. The Company's BCP covers all the critical operational processes and procedures and it has been setup in accordance with the Company's need.

The Company, with the implementation of BCP, has developed the capabilities to continue its usual operations without any undue delay by activating its allocated Disaster Recovery Sites in case of any disaster or calamity. DRP of the Company is integrated to a large extent with BCP and designated key members are familiar with the specific action they will need to take in the event of any disaster.

The assigned department of the Company does the mock exercise at the allocated DR site to ensure Business Continuity Test. Simulation Drills are also conducted in an effective and timely manner. Results/outcomes of these activities are properly document for the determination of corrective

measures in the overall BCP of the Company as well as for reporting and review of the Board of Directors.

During the year, four BCP drills along with activation of DR Sites and one complete evacuation drill were carried out in the Company. Results of these drills were found satisfactory.

## Forward Looking Statement

Pakistan's macroeconomic indicators are improving and private sector is finding it encouraging investing in a low interest and low inflation environment. The economic outlook of Pakistan is positive as CPEC started taking shape and a possible end to the power crisis is visible. Major gains are already being seen by the service industry, construction sector and the auto industry with global players also entering the Pakistani market.

We believe the Company is well positioned to avail the upcoming business opportunities in the market. Jubilee General is leveraging on its high IFS rating, investment in technology and experienced manpower to expand its market share and well as profitably. Spending to obtain excellent IT technologies and utilisation of the modern e-business methodology and infrastructure would have a long lasting productive impact on the ability of the Company to generate more business from the market. Special areas of focus will remain infrastructure projects, retail and micro insurance in 2017.

Keeping positive view on the economy of Pakistan, the Company is looking forward to give an exemplary performance in the following manner in 2017:

**Growth** in Gross Written Premium, Underwriting result and overall profitability of the Company.

**Healthy** Investment return with vigilantly monitored exposure to uncertainties of the stock and money markets.

**Robust** financial strength duly affirmed by both local and International rating agencies through their standard rating procedures.

**Increase** in shareholders' wealth by making handful dividend payments and constructing more sound and balanced capital structure of the Company.

**Innovation** in the products and services for meeting and exceeding customers expectations.

**Best** employer for the competent professionals and hardworking personnel.

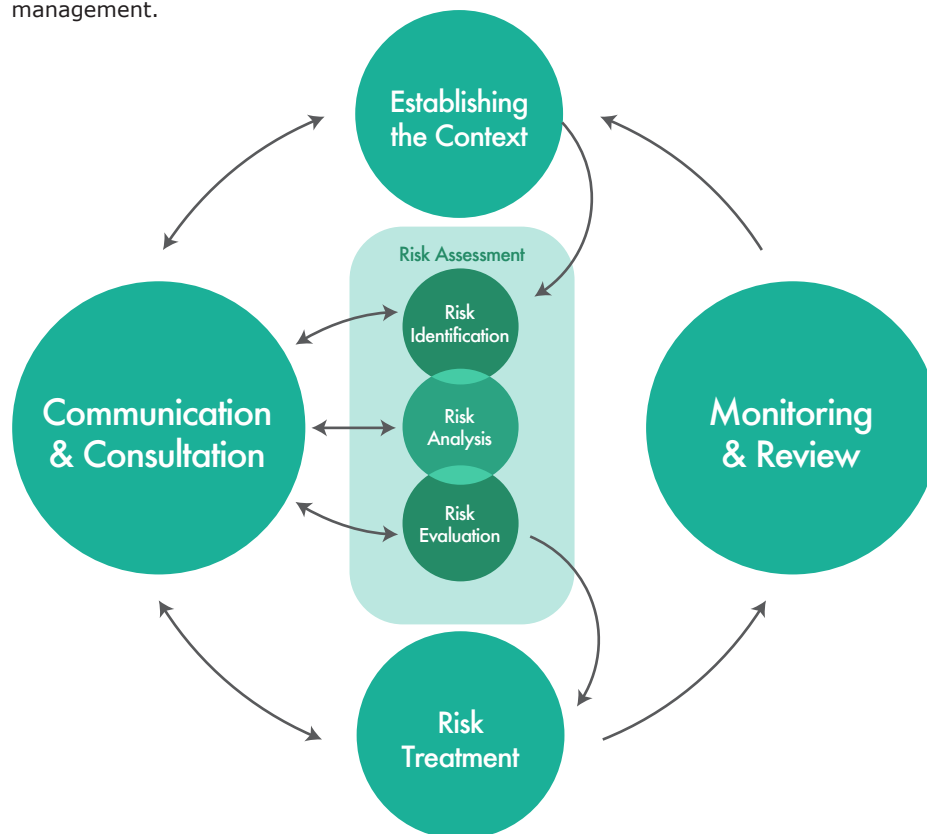
# Risk and Opportunity Report

## Enterprise Risk Management - ERM

The Company has a formally established ERM program and Board has the ultimate responsibility to monitor the risk management. The ERM program is based on a framework which is designed on compilation of Company's traditional risk management practices and latest techniques. The framework offers the necessary foundation and organisational arrangements for managing risk across JGI. The Framework also ensures that the Company manages its risks and opportunities effectively and efficiently. Risk management process enables the identification and quantification of risks and opportunities; set risk tolerances based on our overall corporate objectives and take necessary actions to manage risk to achieve our strategic objective. This ERM program is another evidence of JGI's commitment to continue and further strengthen strong risk-management practices, integrate it into our core operating processes, and effectively execute its business plan in an increasingly dynamic operating environment.

The Company's risk management main functions are outlined as follows:

- ⦿ **Establishing the context:** To understand the organizational objectives, internal & external environment and understanding the need of stakeholders.
- ⦿ **Identification:** To identify and describe risks, to find and document sources, events, causes and consequences.
- ⦿ **Analyse:** Comprehend the nature of risk and determine the level of a risk and its potential severity.
- ⦿ **Evaluation:** Compare the results of risk analysis with risk criteria to determine whether the risk is acceptable.
- ⦿ **Response:** Modify the risk by mitigating, avoiding, transferring, or accepting the risk.
- ⦿ **Monitoring:** Continually check the status of a risk to identify change from the performance level required or expected.
- ⦿ **Reporting:** Inform and engage in dialogue with stakeholders regarding the current state of risks and their management.





The following are the major risks faced by the Company and strategies for mitigating them:

Risks	Mitigating factors
<p><b>Economic and Political Risk</b> Difficult business conditions resulting from economic and political instability may prove to be an impediment in the plans of Company to achieve its business objectives.</p>	<p>The Company has cautious approach to deal with such risks and develops niche products to maintain and increase its market share without compromising its profitability</p>
<p><b>Strategic Risk</b> The uncertainties and untapped opportunities are challenge for the Company, such as increased competition from existing players and new entrants including Takaful companies in insurance market.</p>	<p>The Company relies on its personalised service and customized products to retain its customer base and increase its market share. Strategic Risk Management process performed by the management to manage risks and scenarios that could impede the organisational ability to achieve its strategy and strategic objectives.</p>
<p><b>Insurance Risk</b> The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally most insurance contracts carry the insurance risks for a period of one year.</p>	<p>The Company's exposure is mitigated by employing a comprehensive framework to evaluate, manage and monitor risk. This framework includes implementation of underwriting strategies which aims to ensure that the underwritten risks are well diversified in terms of type and amount of the risk to achieve a balanced mix and adherence to underwriting guidelines. Adequate reinsurance is arranged to mitigate the effects of the potential loss to the Company from individual to large or catastrophic insured events.</p>
<p><b>Reinsurance Risk</b> Reinsurance ceded does not relieve the Company from its obligation to insured and as a result the Company remains liable for the portion of claim reinsured in case of inability of the reinsurance to discharge its obligation.</p>	<p>To minimise its exposure to losses from reinsurer insolvencies, the Company obtains reinsurance from a number of reinsurers, representing first class security and spread over several geographical regions. The Company also ensures that 80% of all reinsurance treaties are backed by at least "A" rated reinsurers including Pakistan Reinsurance Company Limited.</p>
<p><b>Capital Adequacy Risk</b> The risk of not meeting the regulatory requirements for Capital, Solvency, underwrite large risks and/or discharge Company's obligations.</p>	<p>The Company maintains its Capital adequately to meet the regulatory requirements with well margins. The Company also ensures to maintain Solvency Margin over and above the regulator's requirement.</p>
<p><b>Credit Risk</b> The possibility that the counter party/insured may fail to discharge its obligation for payment and cause the Company to incur a financial loss.</p>	<p>The Company attempts to control credit risk by monitoring credit exposures, by undertaking transaction with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.</p>
<p><b>Investment Risk</b> The changes in stock market variables and interest rates may affect future cash flows of financial instruments.</p>	<p>The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity, money market fund and term finance certificates (TFCs) markets. In addition, the Company actively monitors the key factors that affect stock, money market and TFCs market.</p>

Risks	Mitigating factors
<p><b>Reserve Risk</b> The Risk of inadequate reserve to meet future insurance obligation.</p>	<p>The Company has developed a policy to monitor and enhance reserves periodically to control this risk.</p>
<p><b>Liquidity Risk</b> The Company may encounter difficulty in meeting financial obligations associated with insurance and reinsurance.</p>	<p>The Company manages its liquidity by maintaining healthy cash and cash equivalents and other liquid assets balances. The maturity profile of financial assets and liabilities are also closely monitored for this purpose.</p>
<p><b>IT Risk</b> The development in Information Technology and its emerging challenges may affect the Company’s operational process.</p>	<p>The Company continuously upgrades its IT systems which are managed by able officers and regulated by a formal policy with Disaster Management System.</p>
<p><b>Regulatory Risk</b> The Company operates in an industry that is highly regulated. Therefore, failure to meet regulatory compliance may expose the Company to fines, other penalties and reputational risks.</p>	<p>The Company’s management is fully aware of applicable laws and regulations and assures their compliance. Changes in applicable laws are monitored and reported to the Board. The Company engages with regulators through Insurance Association of Pakistan to ensure that industry views are represented.</p>

### Opportunity Report

Since Pakistan has one of the lowest penetration ratio as a percentage of the Gross Domestic Product in South Asia, there is a huge potential of growth in non-life insurance sector in Pakistan.

The Company is capable of availing all arising opportunities, and focused to digitize its operations by automating it to take the advantage of latest technology. The Automation will not only facilitate in swift decision making process but also support to interact with the customers and provide them the freedom to choose and buy insurance solutions while on the go.

A large section of retail market is virtually untapped, which we believe have great potential for insurance. The Company has confidence in providing innovative insurance solutions to the customers by providing them risk transfer solutions. The Company is leveraging on its high IFS rating, IT system, product innovation and experienced manpower to expand its market share by B2B & B2C associations for increasing penetration in the retail sector.

The increased activity in China Pakistan Economic Corridor related projects and improved corporate earnings has set the stage for likely continuation of a strong momentum for the equity market. The Company is also focused on infrastructure project and to maximize its return on earning assets.

## Materiality Approach

In order to perform effective communication as well as reporting to the stakeholders, the management has adopted the materiality approach. All the related information which may significantly affect the performance and profitability of the Company is considered by the management to be communicated to its shareholders in an effective manner.

## Key Sources of Uncertainty

The preparation of financial statements requires the management to make certain estimates and judgments and the Board is required to authorise the financial statements based on these estimates and judgments. These estimates and judgments affect reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingencies. These estimates are based on experience and various other assumptions. Therefore, it is necessary that management and the Board consider that the assumptions are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The key areas of estimating uncertainty, which may have a significant effect on the amounts recognised in the financial statements, are discussed below:

### **Provision for unearned premium**

The provision for unearned portion of premiums is calculated by applying twenty fourths' method, except Accident and Health Insurance for which unearned premium is calculated by applying 365 days as prescribed by SEC (Insurance) Rules, 2002.

### **Provision for outstanding claims including Incurred but Not Reported (IBNR)**

A liability for outstanding claims is recognized in respect of all claims incurred as at the reporting date which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments.

Provision for IBNR is made for the cost of settling claims incurred but not reported at the reporting date, by the actuarial valuation carried out by the actuary as per the guidelines issued by SECP for determination of IBNR.

### **Premium deficiency reserve**

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium. The liability of premium deficiency in relation to accident and health insurance is calculated in accordance with the advice of the actuary.

### **Employees' retirement benefits – defined benefit plan**

The Company operates an approved and funded gratuity scheme for its eligible employees. The Company takes advice from actuary for the determination of the liability/asset as well as actuarial gains/losses and return on plan assets.

**Useful lives of fixed assets**

Reasonable assumptions have been made while estimating useful lives and residual values of different categories of assets including intangibles. Depreciation methods, useful lives and residual values that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

**Provision for receivables related to insurance contract**

All receivables related to insurance contract are assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired.

**Expenses of management**

Expenses of management are allocated to various classes of business as deemed equitable by the management.

**Deferred tax**

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

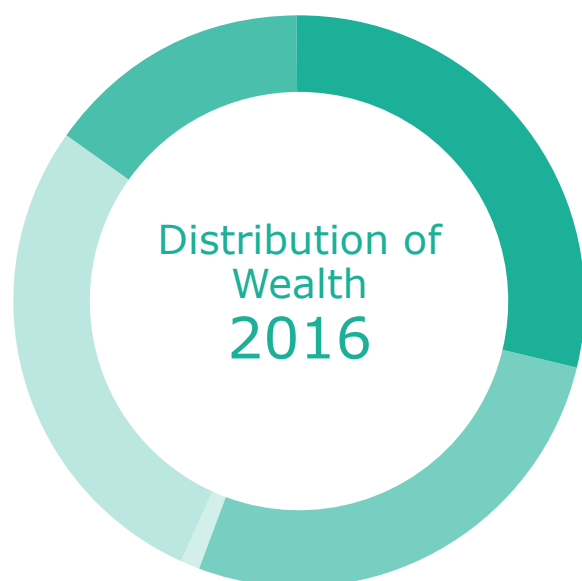
**Impairment**

The carrying amount of financial asset is reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Impairment losses are recognised in profit and loss account.

With respect to Investments, impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments.

# Statement of Value Added

	2016	2015
	--(Rupees in '000')--	
<b>Wealth Generated</b>		
Net premium revenue	4,170,928	4,150,808
Commission from reinsurers	323,281	365,367
Investment income	1,364,000	1,249,972
Rental income	121,491	125,954
Other income	17,290	6,335
	5,996,990	5,898,436
<b>Less :</b>		
Claims, Commission and Expenses (excluding employees remuneration, depreciation, and other taxes)	3,156,108	3,323,485
<b>Net Wealth Generated</b>	<b>2,840,882</b>	<b>2,574,951</b>
<b>Wealth Distribution</b>		
Employees remuneration	835,640	713,688
Government taxes (includes income tax, WWF, and other taxes)	757,115	435,373
Contribution to society	30,077	33,913
Dividend to shareholders		
- Cash	549,185	706,095
- Stock	235,365	-
	784,550	706,095
Retained in business		
- Depreciation and Amortisation	50,652	42,233
- Earnings	382,848	643,649
	433,500	685,882
	<b>2,840,882</b>	<b>2,574,951</b>



■	Employees Remuneration	<b>29%</b>
■	Government Taxes	<b>27%</b>
■	Contribution to Society	<b>1%</b>
■	Dividend to Shareholders	<b>28%</b>
■	Retained in Business	<b>15%</b>

# Pattern of Shareholding

As at 31 December 2016

Number of Shareholders	Shareholding(s)		Number of Shares held	Percentage
	From	To		
448	1	100	9,796	0.0062
208	101	500	55,996	0.0357
133	501	1,000	105,244	0.0671
320	1,001	5,000	774,022	0.4933
103	5,001	10,000	767,566	0.4892
39	10,001	15,000	477,265	0.3042
35	15,001	20,000	624,244	0.3978
15	20,001	25,000	338,323	0.2155
3	25,001	30,000	81,257	0.0518
7	30,001	35,000	230,777	0.1471
15	35,001	40,000	565,493	0.3604
2	40,001	45,000	87,713	0.0558
5	45,001	50,000	243,088	0.1549
5	50,001	55,000	256,675	0.1636
5	55,001	60,000	285,180	0.1817
1	65,001	70,000	68,735	0.0438
2	70,001	75,000	146,412	0.0933
3	75,001	80,000	234,650	0.1495
3	80,001	85,000	246,317	0.1570
2	85,001	90,000	177,616	0.1132
1	90,001	95,000	93,342	0.0595
1	95,001	100,000	96,485	0.0615
1	105,001	110,000	105,948	0.0675
2	115,001	120,000	236,076	0.1505
1	125,001	130,000	128,749	0.0821
2	135,001	140,000	274,685	0.1751
2	145,001	150,000	298,377	0.1902
1	160,001	165,000	160,051	0.1020
1	165,001	170,000	168,526	0.1074
1	170,001	175,000	172,500	0.1099
1	185,001	190,000	186,738	0.1190
2	190,001	195,000	384,859	0.2453
2	195,001	200,000	393,908	0.2510
1	200,001	205,000	200,094	0.1275
1	205,001	210,000	207,000	0.1319
1	215,001	220,000	219,675	0.1400
1	220,001	225,000	222,285	0.1417



# Pattern of Shareholding Additional Information

As at 31 December 2016

Categories of Shareholders	Number of Shareholders	No. of Shares held	Percentage
<b>Associated Companies, Undertakings and Related Parties:</b>	9	<b>110,922,512</b>	70.69
Hassanali & Company (Pvt.) Ltd		489,327	
Hashoo Holdings (Pvt.) Ltd		290,453	
Hashwani Hotels Limited		8,625,401	
Habib Bank Limited		28,736,532	
Aga Khan Fund for Economic Development		22,042,073	
Aga Khan Hospital and Medical College Foundation		32,317,686	
Jubilee Life Insurance Company Limited		745,883	
Aga Khan University Foundation		5,772,657	
Pakistan Services Limited		11,902,500	
<b>NIT and ICP</b>			
Investment Corporation of Pakistan	1	<b>36</b>	-
<b>Directors, CEO &amp; their Spouse and Minor Children</b>	9	<b>3,311,866</b>	2.11
Towfiq H. Chinoy		35,342	
Sadrudin Hashwani		681,388	
Akbarali Pesnani		89,663	
R. Zakir Mahmood		238	
Aly Noormahomed Rattansey		2,238	
Amin A. Hashwani		2,259,768	
Tahir Ahmed		219,675	
Aamir Hasan Irshad		500	
Sakina Pesnani w/o Akbarali Pesnani		23,054	
<b>Executives</b>	4	<b>237,403</b>	0.15
Atiq Anwar Mahmudi		80,853	
Azfar Arshad Inam		30,906	
Syed Sohail Ahmed		116,644	
Karim Merchant		9,000	
<b>Public Sector Companies and Corporations</b>		-	
<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and ICP Mutual Funds</b>	10	<b>721,732</b>	0.46
<b>Individuals</b>	1,353	<b>37,983,346</b>	24.21
<b>Others</b>	23	<b>3,733,178</b>	2.38
Total	<b>1,409</b>	<b>156,910,073</b>	<b>100.00</b>

No. of Shares held	Percentage
--------------------	------------

**Shareholders holding 10 percent or more share in the Company**

- Aga Khan Hospital and Medical College Foundation	32,317,686	20.60
- Habib Bank Limited	28,736,532	18.31
- Aga Khan Fund for Economic Development	22,042,073	14.05

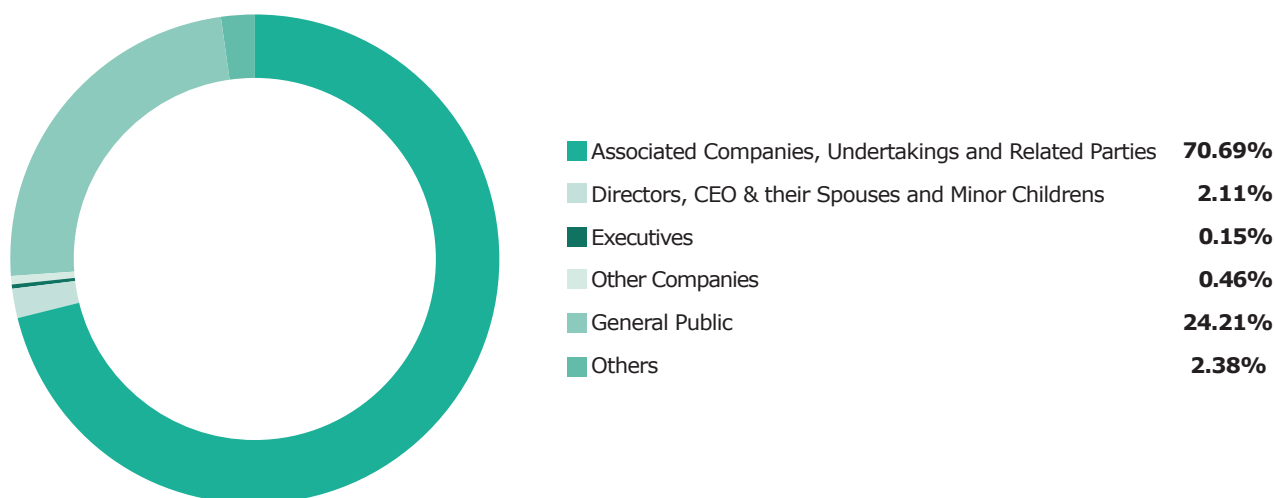


### Trading in shares by Directors, CEO, CFO, Company Secretary & their spouses and minor children during the year 2016

Name	Designation	Transaction	No. of Shares
Tahir Ahmed	Chief Executive Officer	Acquired	10,000

Categories of Shareholders	No. of Shareholders	Shares held	Percentage of total
Individuals	1,344	28,064,100	17.88
Insurance Companies	4	1,080,883	0.69
Joint Stock Companies	20	21,700,197	13.83
Financial Institutions	7	29,114,998	18.56
Modarabas & Mutual Funds	2	8,302	0.01
Non Resident Shareholders	24	35,535,588	22.65
Others - see below	8	41,406,005	26.38
	<b>1,409</b>	<b>156,910,073</b>	<b>100.00</b>

- I. The Aga Khan Hospital & Medical College Foundation
- II. Aga Khan Foundation
- III. The Aga Khan University Foundation
- IV. Trustees Pak Services Ltd, Employees Provident Fund
- V. Trustees Hashwani Hotels Ltd, Employees Provident Fund
- VI. Trustees Artal Restaurants Int`l Employees Provident Fund
- VII. Trustees Saeeda Amin Wakf
- VIII. Trustees Muhammad Amin Wakf Estate



# Key Financial Data

## (Six Years)

	2016	2015	2014	2013	2012	2011
	----- (Rs. in million) -----					
<b>FINANCIAL DATA</b>						
Paid-up Capital	1,569	1,569	1,569	1,364	1,186	989
General & Capital Reserves	5,031	4,337	3,854	3,395	2,887	2,554
Equity	6,600	5,906	5,423	4,759	4,073	3,543
Total Liabilities	10,811	9,282	8,116	8,052	6,686	5,432
Investments - at Cost	9,084	8,467	7,777	7,303	5,927	4,937
Investment Properties- (at book value)	665	672	678	156	149	145
Cash and Bank Deposits	2,250	1,757	1,021	1,010	1,260	967
Other Assets - Current	5,210	4,094	3,900	4,171	3,254	2,788
Other Assets - Non-Current	202	193	163	172	169	138
Total Assets (Book value)	17,411	15,188	13,539	12,812	10,759	8,975
Total Assets (Market value)	24,612	20,866	18,989	16,185	13,010	10,900
<b>OPERATING DATA</b>						
Gross Premium Revenue	7,851	7,979	6,961	6,569	6,008	5,180
Net Premium Revenue	4,171	4,151	3,645	3,526	3,085	2,764
Net Claims	2,030	2,174	2,083	2,156	1,910	1,699
Management Expenses	1,257	1,085	957	837	734	652
Underwriting Results	473	468	275	223	154	154
Investment Income	1,316	1,220	966	979	783	748
Profit Before Taxation	1,854	1,713	1,270	1,220	946	893
Taxation - Net	(675)	(361)	(191)	(175)	(119)	(96)
Profit After Taxation	1,179	1,352	1,079	1,045	827	797
<b>CASH FLOW SUMMARY</b>						
Operating Activities	229	926	405	465	849	599
Investing Activities	758	459	4	(369)	(332)	(451)
Financing Activities	(462)	(844)	(401)	(349)	(291)	(155)
Cash & Cash Equivalents at the year end	2,014	1,490	948	940	1,193	967

		2016	2015	2014	2013	2012	2011
<b>FINANCIAL RATIOS</b>							
<b>Profitability</b>							
Profit Before Tax / Gross Premium	%	23.61	21.47	18.24	18.57	15.75	17.24
Profit Before Tax / Net Premium	%	44.45	41.27	34.84	34.60	30.66	32.31
Profit After Tax / Gross Premium	%	15.02	16.94	15.50	15.91	13.76	15.39
Profit After Tax / Net Premium	%	28.27	32.57	29.60	29.64	26.81	28.84
Underwriting Result / Gross Premium	%	6.02	5.87	3.95	3.39	2.56	2.97
Underwriting Result / Net Premium	%	11.34	11.27	7.54	6.32	4.99	5.57
Profit Before Tax / Total Income	%	33.79	31.89	27.54	27.08	24.46	25.43
Profit After Tax / Total Income	%	21.49	25.17	23.40	23.20	21.38	22.69
Combined ratio	%	88.66	88.73	92.46	93.68	95.01	94.43
Net Claims / Net Premium	%	48.67	52.37	57.15	61.15	61.91	61.47
Management Expenses / Net Premium	%	30.14	26.14	26.26	23.74	23.79	23.59
<b>Return to Shareholders</b>							
Return on Equity - (after tax)	%	17.86	22.89	19.90	21.96	20.30	22.50
Earnings Per Share (pre tax)	Rs.	11.82	10.92	8.09	7.78	6.03	5.69
Earnings Per Share (after tax)	Rs.	7.52	8.62	6.88	6.66	5.27	5.08
Earning growth	%	(12.80)	25.30	3.25	26.36	3.76	77.11
Price Earning Ratio - PAT	Times	14.44	11.95	14.83	10.51	12.73	10.49
Breakup value per share	Rs.	42.07	37.64	34.56	34.89	34.34	35.82
Return on Assets (Book value)	%	6.77	8.90	7.97	8.16	7.69	8.88
Return on Assets (Market value)	%	4.79	6.48	5.68	6.46	6.36	7.31
<b>Market Data</b>							
Face Value (Per share)	Rs.	10.00	10.00	10.00	10.00	10.00	10.00
Market Price per share at the end of the year	Rs.	108.50	103.00	102.00	70.00	67.11	53.31
Market Price per share - Highest during the year	Rs.	120.00	127.98	122.37	72.90	73.18	74.90
Market Price per share - Lowest during the year	Rs.	95.30	76.00	71.01	52.70	50.10	51.00
Pakistan Stock Exchange (PSX) Index	Points	47,807	32,816	32,131	25,261	16,905	11,348
Market Capitalization	(Rs. M)	17,024	16,161	16,004	9,548	7,959	5,272
Cash Dividend Per Share	Rs.	3.50	4.50	4.00	3.00	3.00	3.00
Cash Dividend	%	35.00	45.00	40.00	30.00	30.00	30.00
Stock Dividend Per Share	Rs.	1.50	-	-	1.50	1.50	2.00
Stock Dividend	%	15.00	-	-	15.00	15.00	20.00
Dividend Yield	%	3.23	4.37	3.92	4.29	4.47	5.63
Dividend Pay out	%	46.58	52.22	58.16	45.04	56.92	59.06
Dividend Cover	Times	2.15	1.91	1.72	2.22	1.76	1.69
<b>Performance / Liquidity</b>							
Current Ratio	Times	1.53	1.54	1.56	1.55	1.56	1.60
Liquid Ratio	Times	1.05	1.10	1.08	1.03	1.08	1.09
Cash / Current Liabilities	%	20.81	18.93	12.58	12.54	18.85	17.80
Total Assets Turnover	Times	0.45	0.53	0.51	0.51	0.56	0.58
Fixed Assets Turnover	Times	9.30	9.66	12.52	22.51	23.65	21.20
Total Liabilities / Equity	Times	1.64	1.57	1.50	1.69	1.64	1.53
Return on Capital Employed (RoCE)	%	29.65	30.24	24.95	27.63	24.84	27.70
Liquid Assets / Total Assets	%	65.10	67.32	64.98	64.88	66.80	65.78
Paid-up Capital / Total Assets	%	9.01	10.33	11.59	10.65	11.02	11.02
Earning assets / Total Assets	%	68.92	71.74	69.99	66.10	68.18	67.40
Equity / Total Assets	%	37.91	38.89	40.05	37.14	37.86	39.48

# Financial Statements Analysis

(Six Years)

## Vertical

### Balance Sheet

	2016		2015	
	(Rupees in '000)	%	(Rupees in '000)	%
Cash and bank deposits	2,167,371	12.45	1,716,842	11.30
Loans to employees	203	0.00	401	0.00
Investments	9,060,592	52.04	8,431,735	55.52
Investment properties	665,263	3.82	671,653	4.42
Deferred taxation	-	-	12,937	0.09
Other assets	5,145,656	29.55	4,072,332	26.81
Fixed assets - Tangible and Intangible	187,010	1.07	164,627	1.08
Total Assets of Window Takaful Operations-Operator's Fund	17,411,166	100.00	15,187,869	100.00
<b>Total Assets</b>	<b>17,411,166</b>	<b>100.00</b>	<b>15,187,869</b>	<b>100.00</b>
Total Equity	6,599,857	37.91	5,906,404	38.89
Underwriting provisions	6,289,692	36.12	5,653,766	37.23
Staff retirement benefits	-	-	-	-
Deferred taxation	64,676	0.37	-	-
Creditors and accruals	2,606,543	14.97	2,026,176	13.34
Other Liabilities	1,766,189	10.14	1,571,173	10.34
Total Liabilities of Window Takaful Operations-Operator's Fund	84,209	0.48	30,350	0.20
<b>Total Shareholders' Equity &amp; Liabilities</b>	<b>17,411,166</b>	<b>100.00</b>	<b>15,187,869</b>	<b>100.00</b>

### Profit & Loss Account

	2016	2015	2016	2015
<b>Net premium revenue</b>	<b>4,170,928</b>	<b>100.00</b>	<b>4,150,808</b>	<b>100.00</b>
Net claims	2,030,292	48.68	2,174,381	52.38
Expenses	1,256,675	30.13	1,084,952	26.14
Net commission	410,982	9.85	423,751	10.21
Investment income including rental & bank deposits returns	1,315,975	31.55	1,219,632	29.38
Other income including share in profit of associates	125,048	3.00	118,510	2.86
General and administration expenses	76,064	1.82	79,575	1.92
Impairment in value of available for sale securities	-	-	-	-
Profit / (loss) from Window Takaful Operations	16,187	0.39	(14,999)	(0.36)
Profit before tax	1,854,125	44.45	1,711,292	41.23
Taxation - net	(674,694)	(16.18)	(358,642)	(8.64)
Profit after tax	1,179,431	28.28	1,352,650	32.59

## Horizontal

### Balance Sheet

	2016	2015	2014	2013
	(Rupees in ' 000)			
Cash and bank deposits	2,167,371	1,716,842	1,021,045	1,010,385
Loans to employees	203	401	577	519
Investments	9,060,592	8,431,735	7,777,591	7,302,557
Investment properties	665,263	671,653	678,043	156,427
Deferred taxation	-	12,937	22,498	31,545
Other Assets	5,145,656	4,072,332	3,900,746	4,171,113
Fixed assets - Tangible and Intangible	187,010	164,627	138,281	139,406
Total Assets of Window Takaful Operations-Operator's Fund	17,411,166	15,187,869	13,538,781	12,811,952
<b>Total Assets</b>	<b>17,411,166</b>	<b>15,187,869</b>	<b>13,538,781</b>	<b>12,811,952</b>
Total Equity	6,599,857	5,906,404	5,422,877	4,759,795
Underwriting Provisions	6,289,692	5,653,766	5,237,385	5,579,012
Staff retirement benefits	-	-	53	336
Deferred taxation	64,676	-	-	-
Creditors and accruals	2,606,543	2,026,176	1,592,293	1,370,911
Other Liabilities	1,766,189	1,571,173	1,286,173	1,101,898
Total Liabilities of Window Takaful Operations-Operator's Fund	84,209	30,350	-	-
<b>Total Shareholders' Equity &amp; Liabilities</b>	<b>17,411,166</b>	<b>15,187,869</b>	<b>13,538,781</b>	<b>12,811,952</b>

### Profit & Loss Account

	2016	2015	2014	2013
<b>Net premium revenue</b>	<b>4,170,928</b>	<b>4,150,808</b>	<b>3,644,630</b>	<b>3,525,777</b>
Net claims	2,030,292	2,174,381	2,082,704	2,154,726
Expenses	1,256,675	1,084,952	957,122	836,998
Net commission	410,982	423,751	329,657	310,778
Investment income including rental & bank deposits returns	1,315,975	1,219,632	966,192	980,036
Other income including share in profit of associates	125,048	118,510	79,568	61,416
General and administration expenses	76,064	79,575	51,085	44,525
Impairment in value of available for sale securities	-	-	-	-
Profit / (loss) from Window Takaful Operations	16,187	(14,999)	-	-
Profit before tax	1,854,125	1,711,292	1,269,822	1,220,202
Taxation - net	(674,694)	(358,642)	(190,703)	(174,887)
Profit after tax	1,179,431	1,352,650	1,079,119	1,045,315

2014		2013		2012		2011	
(Rupees in'000)	%	(Rupees in'000)	%	(Rupees in'000)	%	(Rupees in'000)	%
1,021,045	7.54	1,010,385	7.89	1,259,538	11.71	967,361	10.78
577	0.00	519	0.00	757	0.01	849	0.01
7,777,591	57.45	7,302,557	57.00	5,927,293	55.09	4,937,313	55.01
678,043	5.01	156,427	1.22	149,017	1.38	144,765	1.61
22,498	0.17	31,545	0.25	31,207	0.29	36,233	0.40
3,900,746	28.81	4,171,113	32.56	3,252,936	30.23	2,788,390	31.07
138,281	1.02	139,406	1.09	138,633	1.29	99,924	1.11
-	-	-	-	-	-	-	-
<b>13,538,781</b>	<b>100.00</b>	<b>12,811,952</b>	<b>100.00</b>	<b>10,759,381</b>	<b>100.00</b>	<b>8,974,835</b>	<b>100.00</b>
5,422,877	40.05	4,759,795	37.15	4,074,836	37.87	3,542,869	39.48
5,237,385	38.68	5,579,012	43.55	4,603,868	42.79	3,732,626	41.59
53	0.00	336	0.00	619	0.01	900	0.01
-	-	-	-	-	-	-	-
1,592,293	11.76	1,370,911	10.70	1,196,159	11.12	1,102,684	12.29
1,286,173	9.50	1,101,898	8.60	883,899	8.22	595,756	6.64
-	-	-	-	-	-	-	-
<b>13,538,781</b>	<b>100.00</b>	<b>12,811,952</b>	<b>100.00</b>	<b>10,759,381</b>	<b>100.00</b>	<b>8,974,835</b>	<b>100.00</b>
<b>3,644,630</b>	<b>100.00</b>	<b>3,525,777</b>	<b>100.00</b>	<b>3,084,738</b>	<b>100.00</b>	<b>2,764,204</b>	<b>100.00</b>
2,082,704	57.14	2,154,726	61.11	1,910,326	61.93	1,699,094	61.47
957,122	26.26	836,998	23.74	733,625	23.78	652,483	23.60
329,657	9.05	310,778	8.81	286,437	9.29	258,871	9.37
966,192	26.51	980,036	27.80	788,880	25.57	731,438	26.46
79,568	2.18	61,416	1.74	42,996	1.39	21,584	0.78
51,085	1.40	44,525	1.26	34,356	1.11	30,747	1.11
-	-	-	-	5,869	0.19	16,880	0.61
-	-	-	-	-	-	-	-
1,269,822	34.84	1,220,202	34.61	946,001	30.67	859,151	31.08
(190,703)	(5.23)	(174,887)	(4.96)	(119,503)	(3.87)	(95,722)	(3.46)
1,079,119	29.61	1,045,315	29.65	826,498	26.79	763,429	27.62

2012	2011	2016	2015	2014	2013	2012	2011
----- (Rupees' in 000) -----		% increase / (decrease) over preceeding year					
1,259,538	967,361	26.24	68.15	1.06	(19.78)	30.20	(0.76)
757	849	(49.38)	(30.50)	11.18	(31.44)	(10.84)	7.33
5,927,293	4,937,313	7.46	8.41	6.51	23.20	20.05	33.11
149,017	144,765	(0.95)	(0.94)	333.46	4.97	2.94	(1.15)
31,207	36,233	(100.00)	(42.50)	(28.68)	1.08	(13.87)	(0.41)
3,252,936	2,788,390	26.36	4.40	(6.48)	28.23	16.66	1.88
138,633	99,924	13.60	19.05	(0.81)	0.56	38.74	2.47
-	-	57.72	-	-	-	-	-
<b>10,759,381</b>	<b>8,974,835</b>	<b>14.64</b>	<b>12.18</b>	<b>5.67</b>	<b>19.08</b>	<b>19.88</b>	<b>16.53</b>
4,074,836	3,542,869	11.74	8.92	13.93	16.81	15.02	22.00
4,603,868	3,732,626	11.25	7.95	(6.12)	21.18	23.34	8.01
619	900	-	(100.00)	(84.23)	(45.72)	(31.22)	(34.35)
-	-	-	-	-	-	-	-
1,196,159	1,102,684	28.64	27.25	16.15	14.61	8.48	19.65
883,899	595,756	12.41	22.16	16.72	24.66	48.37	42.02
-	-	177.46	-	-	-	-	-
<b>10,759,381</b>	<b>8,974,835</b>	<b>14.64</b>	<b>12.18</b>	<b>5.67</b>	<b>19.08</b>	<b>19.88</b>	<b>16.53</b>
<b>3,084,738</b>	<b>2,764,204</b>	<b>0.48</b>	<b>13.89</b>	<b>3.37</b>	<b>14.30</b>	<b>11.60</b>	<b>12.77</b>
1,910,326	1,699,094	(6.63)	4.40	(3.34)	12.79	12.43	1.28
733,625	652,483	15.83	13.36	14.35	14.09	12.44	3.08
286,437	258,871	(3.01)	28.54	6.07	8.50	10.65	26.44
788,880	765,198	7.90	26.23	(1.41)	24.23	3.09	30.42
42,996	21,584	5.52	48.94	29.56	42.84	99.20	(50.02)
34,356	30,747	(4.41)	55.77	14.73	29.60	11.74	60.67
5,869	16,880	-	-	-	-	(65.23)	-
-	-	(207.92)	-	-	-	-	-
946,001	892,911	8.35	34.77	4.07	28.99	5.95	63.33
(119,503)	(95,722)	88.12	88.06	9.04	46.35	24.84	(0.84)
826,498	797,189	(12.81)	25.35	3.23	26.48	3.68	77.09

# Comments on Key Financial Data

## Performance Ratios

- The Combined and Claims ratios have declined from 94% to 88% and 61% to 48% respectively over the six years reflecting strength in the underwriting profitability of the Company.
- The Company is able to maintain its expense ratio in between 23% to 24% till the year 2013. However, the expense ratios for the years 2014 and 2015 have increased to 26% and in 2016 is 30% due to lower growth in the gross premium in all three years.
- The return on equity in 2016 has contracted by 5% as compared to last year mainly due to the changes in tax laws pertaining to investment income and extension of super tax which resulted increase in effective rate of tax by 15% and suppression of after tax profit of the Company by Rs. 286 million. In prior years, the Company has managed healthy return on equity i.e. in the range of 20% to 23% despite difficult economic conditions.
- The Pre tax earnings per share have improved to Rs. 11.82 per share in 2016 from Rs. 9.03 in 2011. The after tax earnings per share have slightly decreased as compared to last year mainly due to increase in incidence of tax on the investment income of the Company in 2016.
- Cash Dividend per share to the shareholders ranges from 30% to 45% from the years 2011 to 2015 reflecting a healthy dividend payout ratio over these years. In current year, 35% cash dividend and 15% stock dividend reflects a remarkable growth in the profit distribution history of the Company.
- Mostly all profitability ratios have improved from the years 2011 to 2016 reflecting the Company's better underwriting results and enhanced investment income on year to year basis.

## Balance sheet

- The Company's assets have increased by 94% to Rs. 17.41 billion at the end of 2016 from Rs. 8.97 billion at the end of 2011.
- The book value of total investments has increased to Rs. 11.99 billion as at 31 December 2016 in comparison to Rs. 6.05 billion as at 31 December 2011.
- The total equity and technical reserves stood at Rs. 12.89 billion as at 31 December 2016 in comparison to Rs. 7.28 billion as at 31 December 31, 2011 which reflects increase of 77% in last six years.

- A continuous improvement in the size of investments out of total assets has been witnessed over the years. Investments were 69% of total assets of the Company in the year 2016 comparison of 67% in the year 2011. The improvement reflects prudent as well as efficient management of investment portfolio.
- Total assets of the Company in terms of market value have grown to 24.6 billion depicting 126% growth over the year 2011.

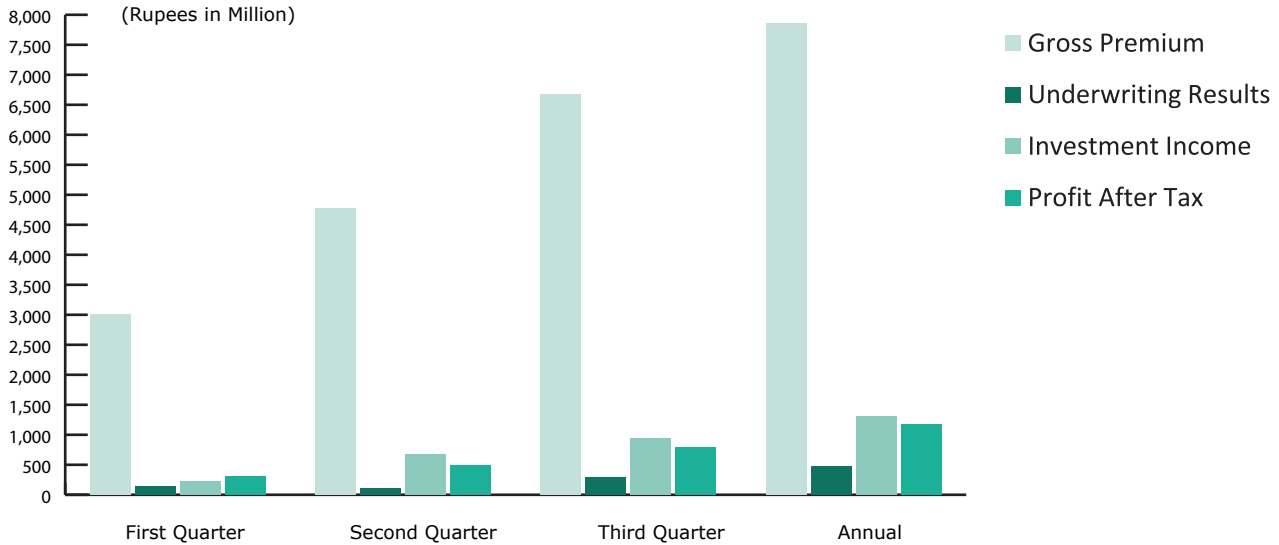
### **Profit and loss Account**

- The gross and net premium has increased by 52% and 51% respectively over the period of six years.
- The underwriting profit has increased by 207% as compared to the year 2011. The amount of underwriting profit of 2016 is noteworthy.
- The investment income has increased by 75% over the last six years. This reflects better utilisation of the Company's earning assets.
- The profit before tax reached to Rs. 1.85 billion for the year ended 31 December 2016 in comparison to Rs. 893 million at the end of the year 2011, which reflects 107% increase over the period of six years.
- The Company has been achieving more than Rs. 1 billion of profit after tax(PAT) since 2013 including the current year wherein the Company has achieved PAT of Rs. 1.18 billion and maintained the glowing history of high profit earnings.

### **Cash Flows**

- The positive trend of the cash inflow from operating activities of the Company over the 6 years is a sound foundation for the Company's thriving future.
- Due to consistent policy of paying handsome dividends to the shareholders, the cash outflow of financing activities has also gone up significantly over the years.

# Quarterly Analysis - 2016



## Gross Premium

The major amount of premium is underwritten in first and third quarter of the year. The contribution to total premium at the end of each quarter in terms of percentage is remained consistent to past trend; however, a notable increase has been witnessed in the third quarter’s gross written premium is due to underwriting of infrastructure projects related to CPEC.

## Underwriting Results

Major improvement witnessed in third and fourth quarters of the year where underwriting results have grown considerably. The Company closed the year by posting underwriting profit of Rs. 473 million with healthy combined ratio of 88% on overall basis.

## Investment Income

A remarkable increase in investment income in the second and fourth quarter of the year due to realization of Capital Gains and Dividend Income which contributed significantly in achieving total annual investment income of Rs. 1,316 million. This level of investment income reflects better utilisation of investment opportunities available in the stock market in 2016.

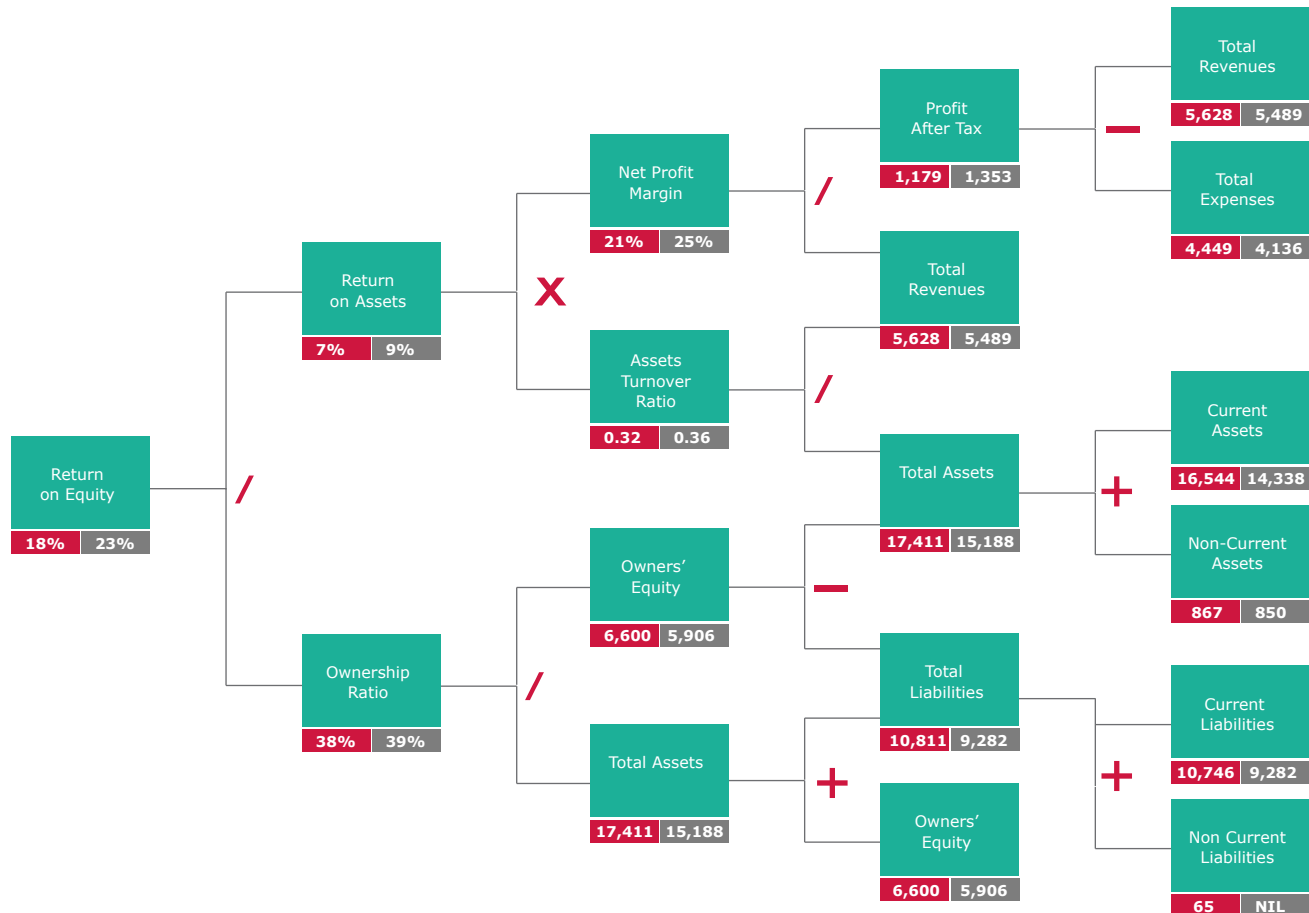
## Profit after tax

The profit after tax has grown steadily in each quarter whereas major contribution has been witnessed in the second and fourth quarter of the year due to increase in investment income. The healthy underwriting profit combined with higher investment income, supported the profit after tax of the Company to cross Rs. 1.0 billion mark in the fourth consecutive year.



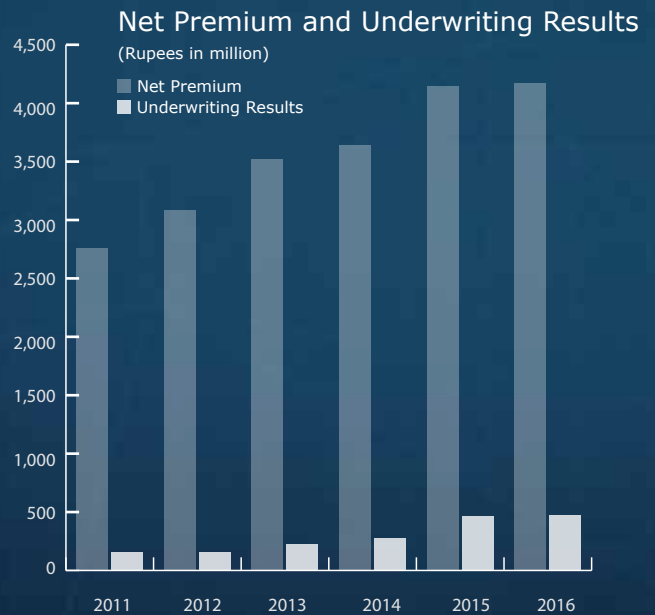
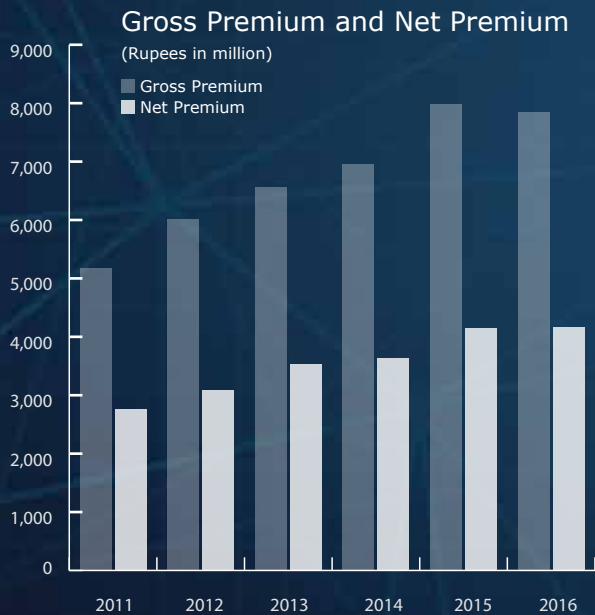
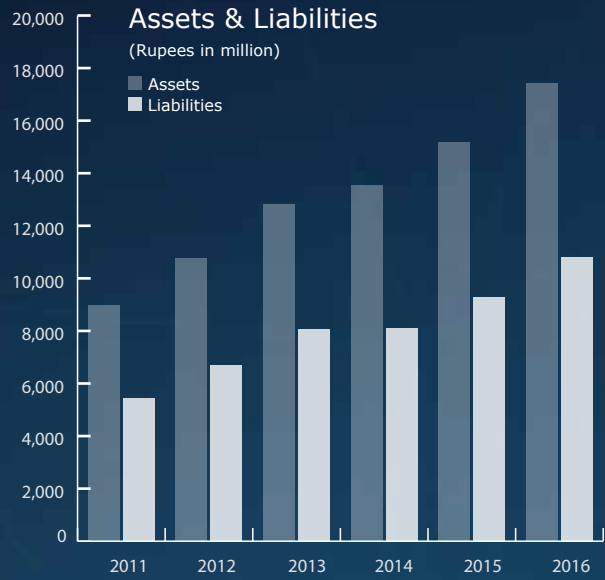
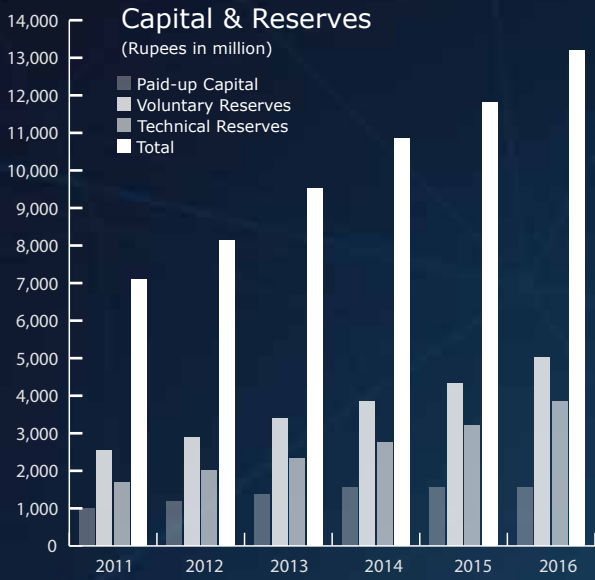
# DuPONT Analysis

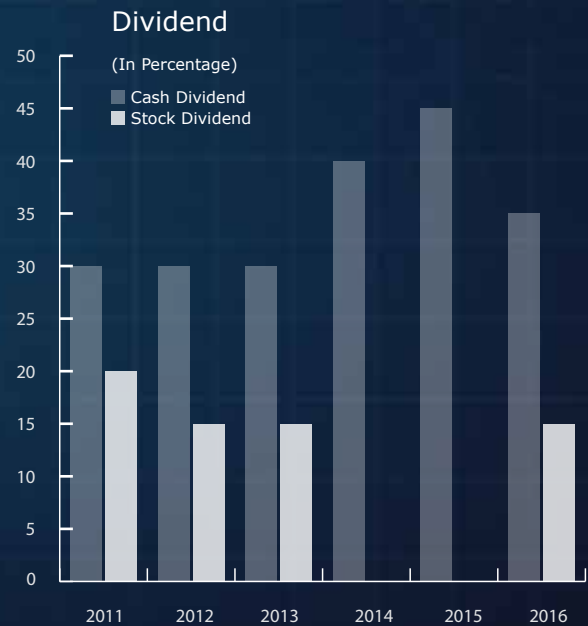
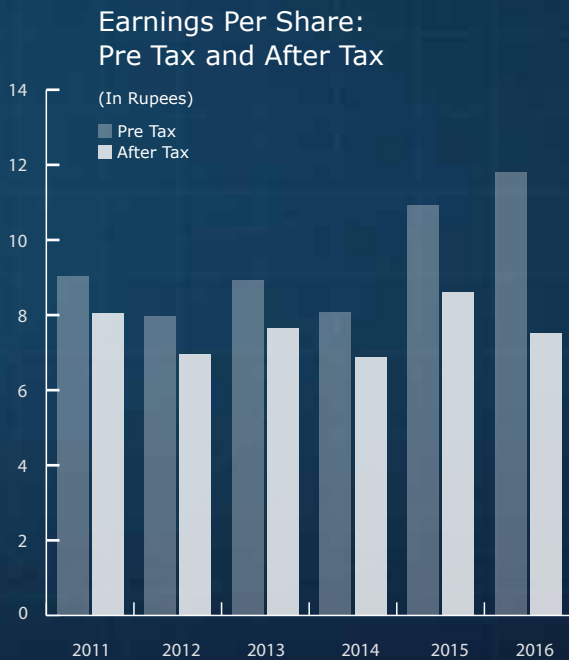
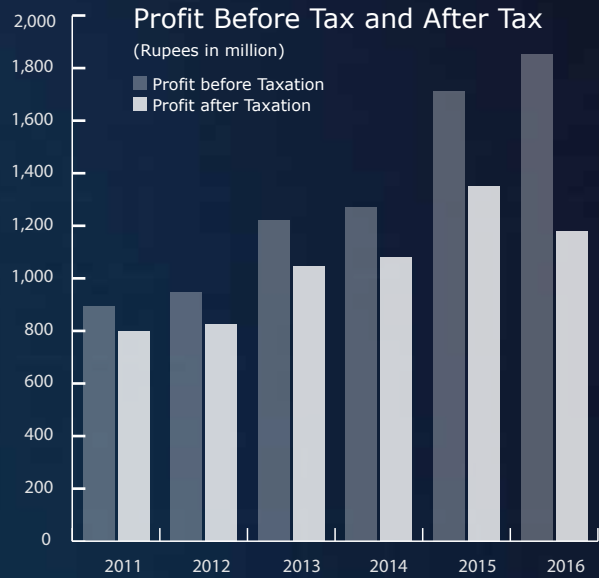
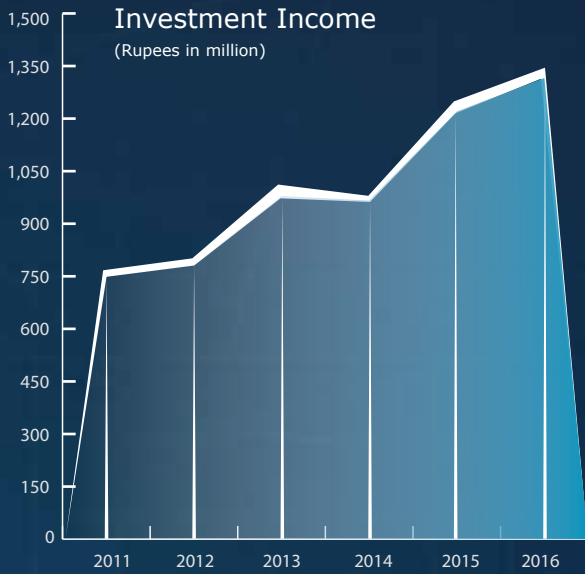
## 2016 and 2015



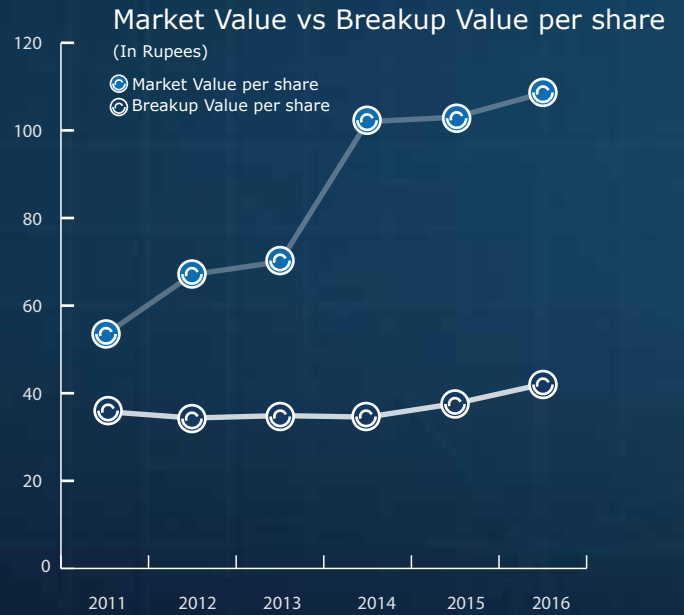
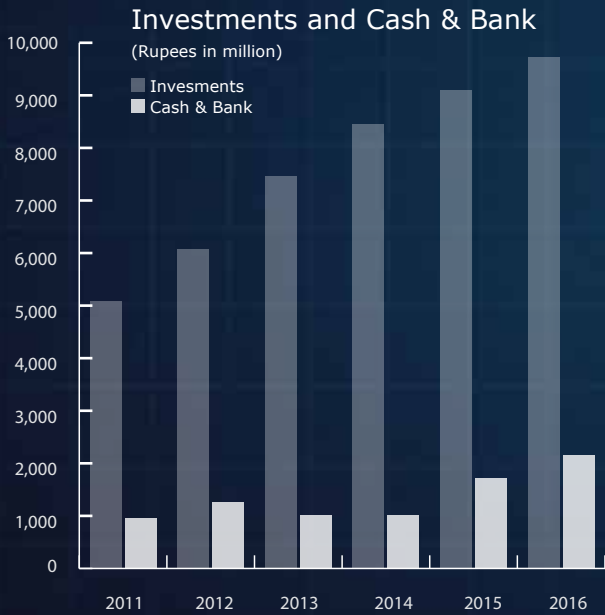
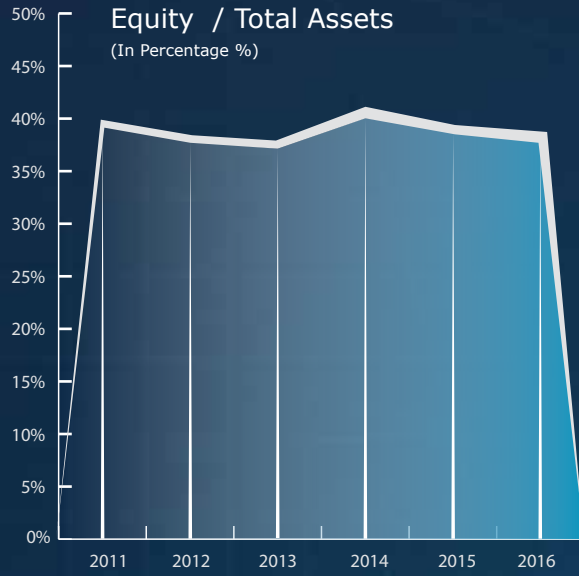
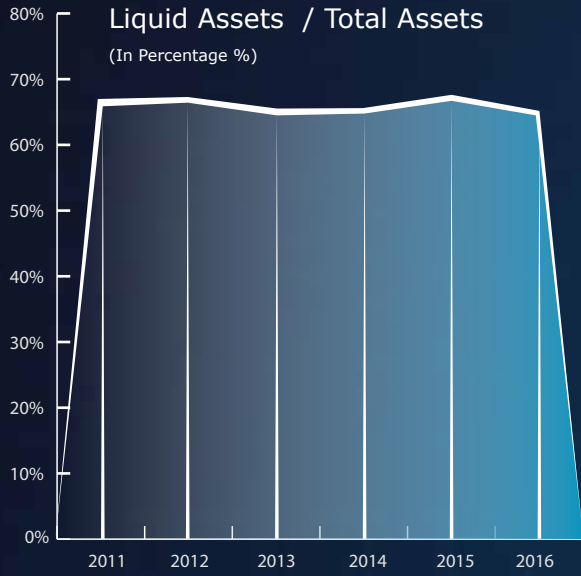
- The Company's Return on Equity for the year 2016 is 18%, contracted by 5% from the last year's ROE mainly due to changes in tax laws pertaining to investment income and extension of super tax resulted in increased incidence of tax on profit of the Company by 15% as compared to last year. However, the return on asset depicts better utilisation of assets.
- The ownership ratio has slightly decreased by 1% from the last year due to handful distribution of profit to the shareholders in the year 2015.

# Performance at a Glance - Six years



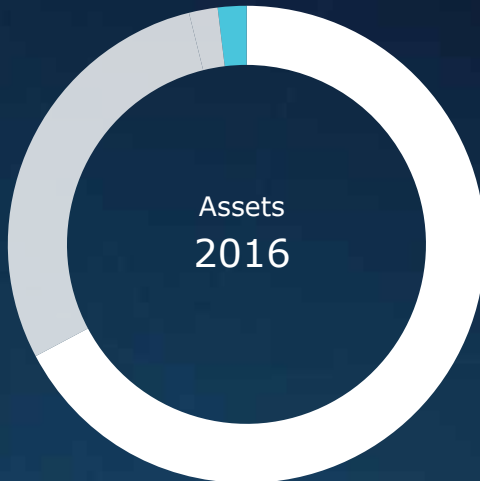


# Performance at a Glance - Six years

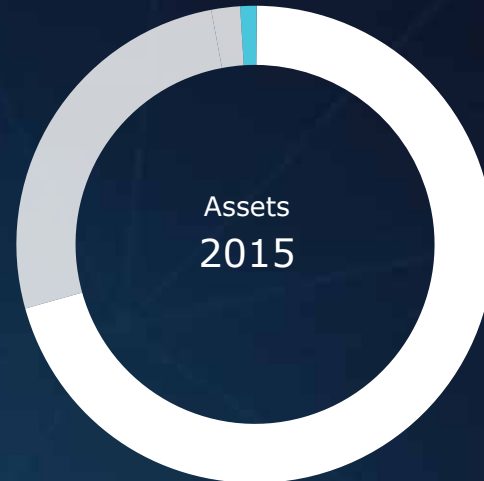


# Graphical Composition of Financial Statements

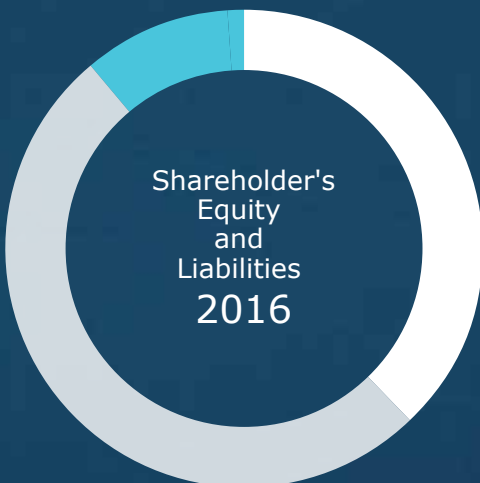
## Balance Sheet



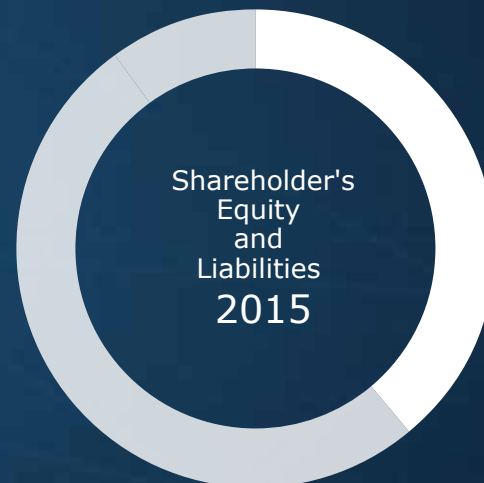
■ Earning Assets	<b>68%</b>
■ Current Assets - others	<b>31%</b>
■ Fixed Assets	<b>01%</b>



■ Earning Assets	<b>71%</b>
■ Current Assets - others	<b>28%</b>
■ Fixed Assets	<b>01%</b>



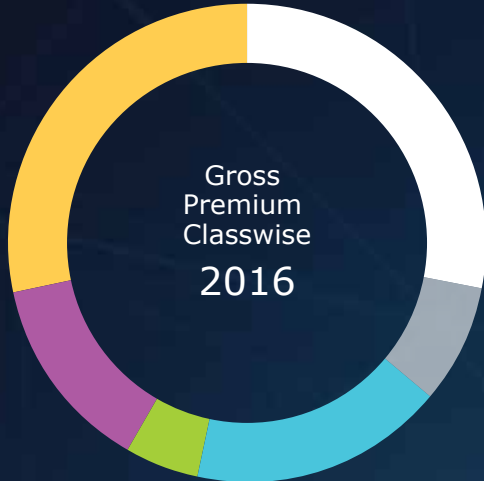
■ Share Capital & Reserves	<b>38%</b>
■ Current Liabilities	<b>51%</b>
■ Non Current Liabilities	<b>11%</b>



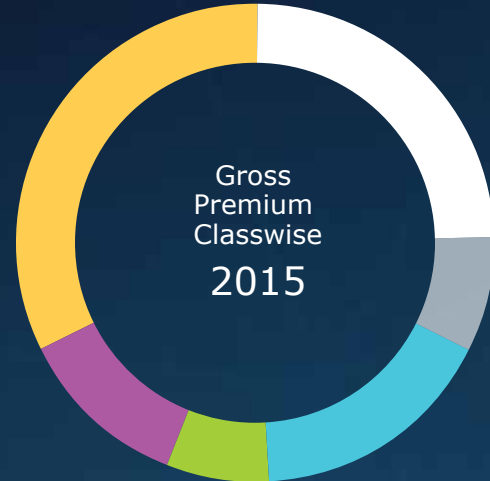
■ Share Capital & Reserves	<b>39%</b>
■ Current Liabilities	<b>61%</b>

# Graphical Composition of Financial Statements

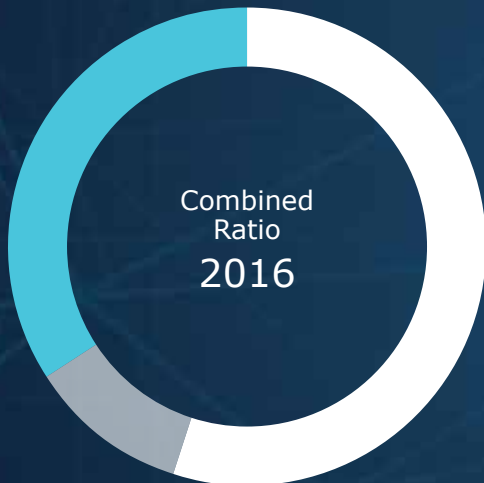
## Profit and Loss



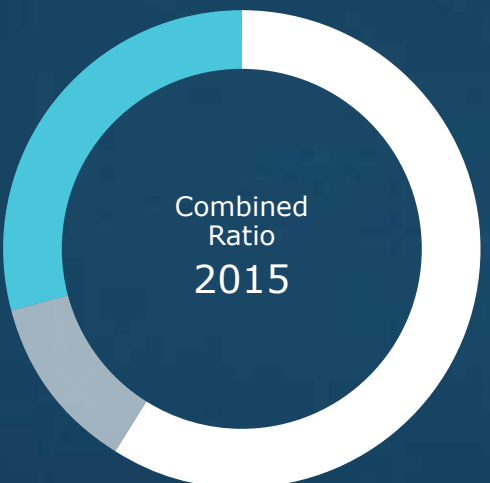
■ Fire	<b>29%</b>
■ Marine	<b>08%</b>
■ Motor	<b>17%</b>
■ Liability	<b>05%</b>
■ Accident & health	<b>13%</b>
■ Miscellaneous	<b>28%</b>



■ Fire	<b>23%</b>
■ Marine	<b>08%</b>
■ Motor	<b>17%</b>
■ Liability	<b>07%</b>
■ Accident & health	<b>12%</b>
■ Miscellaneous	<b>33%</b>



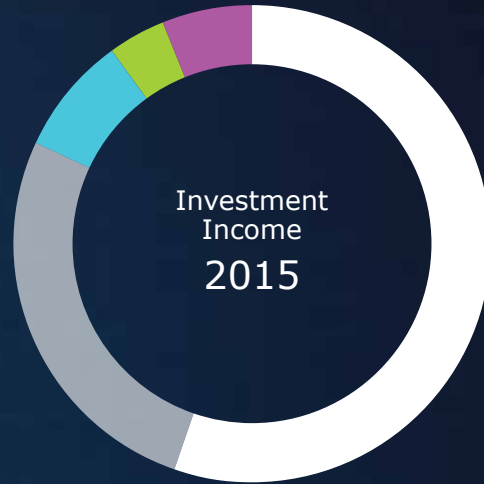
■ Net Claims	<b>55%</b>
■ Net Commission	<b>11%</b>
■ Management Expenses	<b>34%</b>



■ Net Claims	<b>59%</b>
■ Net Commission	<b>12%</b>
■ Management Expenses	<b>29%</b>



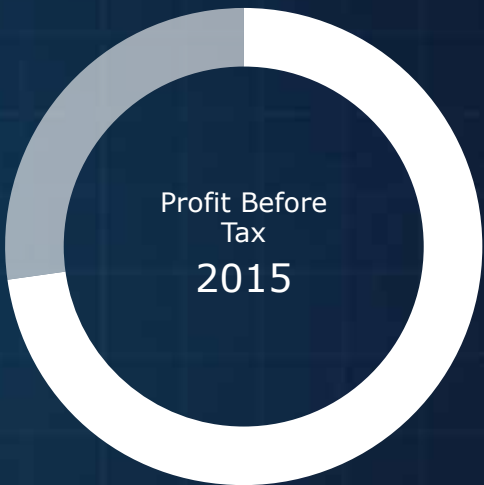
■ Capital Gains	<b>44%</b>
■ Dividend Income	<b>31%</b>
■ Return on Bank Deposits	<b>09%</b>
■ Return on Govt. Securities	<b>09%</b>
■ Rental Income	<b>07%</b>



■ Capital Gains	<b>55%</b>
■ Dividend Income	<b>27%</b>
■ Return on Bank Deposits	<b>06%</b>
■ Return on Govt. Securities	<b>04%</b>
■ Rental Income	<b>08%</b>



■ Investment and Other Income	<b>74%</b>
■ Underwriting Income	<b>26%</b>



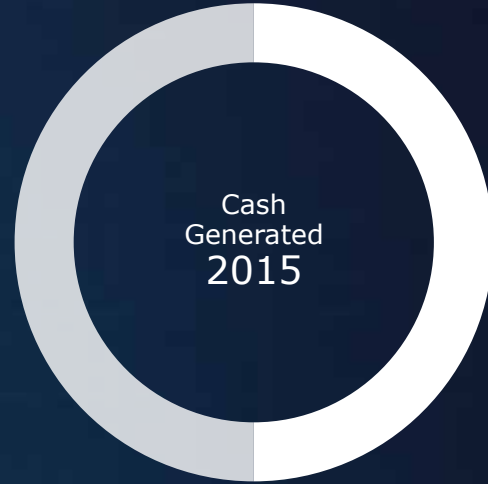
■ Investment and Other Income	<b>73%</b>
■ Underwriting Income	<b>27%</b>

# Graphical Composition of Financial Statements

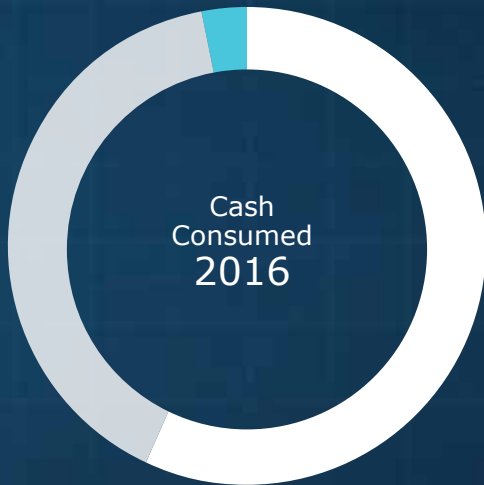
## Cash Flows



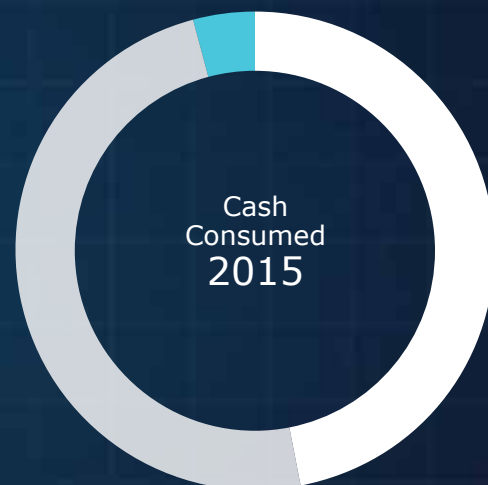
■ Operating Activities **57%**  
■ Investing Activities **43%**



■ Operating Activities **50%**  
■ Investing Activities **50%**



■ Operating Activities **57%**  
■ Investing Activities **40%**  
■ Financing Activities **03%**



■ Operating Activities **47%**  
■ Investing Activities **49%**  
■ Financing Activities **04%**



# Report of the Board Audit Committee

For The Year Ended 31 December 2016

The Board Audit Committee comprises of four members, all of whom are non-executive directors and the Chairman of the Committee is an independent director. The independent director meets the criteria of independence as laid down under the Code of Corporate Governance for insurers, 2016 (the Code).

The Audit Committee consist of at least two members that has relevant financial experience and necessary knowledge relating to finance and accounting as required by the Code. The Board has satisfied themselves that the current members of the Audit Committee are competent in financial matter and have an excellent mix of skills and expertise in commercial, financial and audit matters arising from the senior positions they hold or held in other organisations.

The role and responsibilities of Audit Committee are set out in terms of reference which are reviewed by the Committee taking into account relevant legislations and Code. The role of the Committee in the context of governance framework is to monitor:

- i. The integrity of financial statements;
- ii. The appointment, qualification, independence and performance of External Auditors;
- iii. The performance of internal audit function;
- iv. The effectiveness of system of internal controls and risk management;
- v. Compliance with legal and regulatory requirements.

The Committee has concluded its annual review of the conduct and operations of the Company for the year ended December 31, 2016 and reports that:

- Four meetings of the Committee were held during the year and presided by the Chairman of the Committee.
- The Committee reviewed the quarterly and annual financial statements of the Company and recommended them for approval of the Board.
- The Company issued a Statement of Compliance with the Code of Corporate Governance, which has also been reviewed by the external auditors of the Company.
- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company and the Chairman's and Board of Directors' Report. They acknowledge their responsibility for true and fair presentation of the financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishments and maintenance of internal controls and system of the Company.
- The financial statements have been prepared in accordance with approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002.
- Appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgment. Applicable accounting standards were followed in preparation of the financial statements of the Company on a going concern basis for the financial year ended December 31, 2016, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
- Proper, accurate and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984.

## Internal Audit Function

- The Internal Control framework has been defined and elaborated in the relevant section. The Company's system of internal control is sound in design and internal control framework has been effectively implemented. The internal controls have been continually evaluated for effectiveness and adequacy through in-house internal audit function.
- The Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company through effective financial, operational and compliance controls and risk management at all levels within the Company.
- The Head of Internal Audit has direct access to the Chairman Audit Committee and members. The Committee met independently with the Head of Internal Audit during the year without the presence of the management and discussed the results of the audits performed during the year.
- The Committee reviewed audit plan for the year and agreed its budget and resource requirements. The Committee reviewed interim and year-end summary reports along with management's response. The Committee carried out an evaluation of the performance of the internal audit function and is satisfied with the effectiveness of the function.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

## External Auditors

- The statutory auditors of the Company, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, have completed their audit of the Company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the year ended December 31, 2016.
- The Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements under the listing regulations and will therefore accordingly be discussed in the Committee meeting following the receipt of the Management Letter.
- The Committee held independent meeting with the external auditors during the year without the presence of the management.
- The Audit firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The statutory auditors have indicated their willingness to continue as auditors.
- Being eligible for reappointment under listing regulations, the Board Audit Committee recommends the reappointment of M/s. KPMG Taseer Hadi & Co. as statutory auditors for the financial year ending December 31, 2017 on terms approved by the Board of Directors.



Aly Noormahomed Rattansey  
Chairman, Board Audit Committee  
Karachi  
February 13, 2017

## Profile of Shariah Advisor

**Mufti Zeeshan Abdul Aziz** is a recognised Shariah Scholar and researcher having strong comprehension of all aspects of Islamic Law and a specialised in Islamic Jurisprudence and Islamic Finance from Jamia Dar Ul Uloom Karachi, Pakistan, having Takhassus Fil Ifta (Specialization in Islamic Jurisprudence) done, majoring in Islamic Banking & Finance.

He is serving as the Shariah Advisor of "Jubilee General Takaful" since its commencement and looking after the transactions, day to day Shariah matters and services provided by Jubilee General Takaful. His specialties include Shariah Compliant investments, development of takaful products, policies, manuals and drafting of all its Shariah related documents. Mufti Zeeshan is also involved in delivering detailed trainings to the management of all levels, marketing and distribution force of Jubilee General Takaful on Takaful, its Shariah related issues and requirements in the light of Takaful Rules 2012.

He has been associated with several Islamic Financial Institution and Halal Certification bodies within Pakistan and abroad. Mufti Zeeshan is also the Shariah Advisor of Sindh Bank-Islamic Banking Division, Jubilee Family Takaful, NIT Islamic Investment Funds and Shariah Review Bureau, Bahrain and has been frequently debating and speaker on Shariah & technical aspects related to Islamic Finance nationally and internationally as well.

Mufti Zeeshan has been associated with various Halal Certification bodies of several countries and has performed around 300 Halal Certification audits of different food, beverages, cosmetics and pharmaceutical industries in different parts of the world.

# Shariah Advisor's Report to the Board of Directors

For The Year Ended 31 December 2016

الحمد لله رب العالمين و الصلوة و السلام على سيد الأنبياء و المرسلين  
و بعد

I have reviewed the Takaful products including all related documents, as well as, the Participants' Takaful Fund Policy, Investment Policy, Re-Takaful arrangements and the related transactions of **Jubilee General - Window Takaful Operations** (hereafter referred to as "Takaful Operator") for the year ended 31 December 2016.

It is the responsibility of the Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Advisor and Takaful Rules 2012 are complied with, and that all products and policies are duly approved by the Shariah Advisor.

My responsibility is to approve the products and policies, and express an opinion that the financial arrangements, contracts and transactions entered into by the Takaful Operator with its participants and stakeholders are in accordance with the requirements of Shariah rules and principles.

The primary objective of Shariah Advisor's report is to inform about the Takaful Operator's compliance with Shariah Guidelines, including the transactions undertaken by the Takaful Operator during the year and express his opinion on transactions and operational aspects of Window Takaful Operations.

In my opinion and to the best of my understanding based on the provided information and explanations:

- i. transactions undertaken by the Takaful Operator for the year ended 31 December 2016 were in accordance with guidelines issued by Shariah Advisor as well as requirements of Takaful Rules 2012;
- ii. the investments have been done from the Operator's Fund & Participants' Takaful Fund into Shariah Compliant avenues, including Islamic Banks, Islamic Funds and Shariah Compliant Equities, with prior Shariah approval. Further, all bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) with Shariah Advisor's approval;
- iii. the transactions and activities of Window Takaful Operations are in accordance with the Shariah principles in respect of the Participants Takaful Fund (Waqf Fund) and Operator's Fund.

"And Allah Knows Best"



**Mufti Zeeshan Abdul Aziz**  
Shariah Advisor

Date: 07 February 2017



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## Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance for Insurers, 2016 and Code of Corporate Governance, 2012 as mentioned in the Regulation No. 5.19.24 of the Rule Book of Pakistan Stock Exchange ("PSX") (combined called 'the Code') as prepared by the Board of Directors ("the Board") of Jubilee General Insurance Company Limited ("the Company") for the year ended 31 December 2016 to comply with the requirements of Listing Regulations of PSX where the Company is listed.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director'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 of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Date: 14 February 2017  
Karachi

KPMG Taseer Hadi & Co.  
Chartered Accountants

# Statement of Compliance with the Code of Corporate Governance for Insurers, 2016

For the year ended 31 December 2016

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) for the purpose of establishing a framework of good governance, whereby the Insurer is managed in compliance with the best practices of corporate governance and the Code of Corporate Governance 2012 (CCG 2012) as contained in Regulation No.5.19.24 of the Listing Regulations of the Pakistan Stock Exchange.

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

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

Category	Names
Independent Director	Aly Noormahomed Rattansey
Executive Director	Tahir Ahmed
Non-Executive Director	Towfiq H. Chinoy
	Sadruddin Hashwani
	Akbarali Pesnani
	John Joseph Metcalf
	R. Zakir Mahmood
	Amin A. Hashwani
	Aamir Hasan Irshad

The independent director meets the criteria of independence as laid down under the Code.

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 where applicable).
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 development financial institution or a non-banking financial institution or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.
4. No casual vacancy occurred in the Board during the year 2016.
5. The Company has prepared a "Code of Conduct" which has been disseminated among all directors and employees of Company along with its supporting policies and procedures.
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 appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, and 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 the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company includes all the necessary aspects of internal control given in the Code.
10. All the Directors have either attended the orientation course or have been provided appropriate materials / guidelines in this regard and as such they are fully aware of their duties and responsibilities. Seven of the directors have attended "Directors' training program" conducted by local and foreign institutions that meet the criteria specified by the SECP, other two directors possess the minimum qualification and experience criteria for exemption stipulated in the Code.
11. The appointment, remuneration and terms and conditions of employment of Chief Financial Officer, Company Secretary and Head of Internal Audit are approved by the Board.
12. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The directors, CEO and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed the following Management Committees,

#### **Underwriting Committee**

Name of Member	Category
Tahir Ahmed	Chairman
Azfar Arshad	Member
Syed Imran Rabbani	Member
Mohammad Safdar	Member

### Claim Settlement Committee

Name of Member	Category
Tahir Ahmed	Chairman
Nawaid Jamal	Member
Uzair Mirza	Member
Kamran Arif	Member

### Reinsurance & Co-Insurance Committee

Name of Member	Category
Tahir Ahmed	Chairman
Karim Merchant	Member
Mohammad Safdar	Member
Mohammad Nadeem Irshad	Member

### Risk Management & Compliance Committee

Name of Member	Category	Name of Member	Category
Tahir Ahmed	Chairman	Mohammad Nadeem Irshad	Member
Azfar Arshad	Member	Saifuddin Shafi	Member
Nawaid Jamal	Member	Syed Abid Waseem	Member
Mohammad Safdar	Member	Imran Mughal	Member
Uzair Mirza	Member		

### Takaful Committee

Name of Member	Category	Name of Member	Category
Tahir Ahmed	Chairman	Nawaid Jamal	Member
Atiq Anwar Mahmudi	Member	Syed Sohail Ahmed	Member
Azfar Arshad	Member	Saifuddin Shafi	Member

17. The Board has formed the following Board Committees:

### Human Resource and Remuneration Committee

Name of Member	Category
Towfiq H. Chinoy - Chairman	Non-Executive
John Joseph Metcalf	Non-Executive
Amin A. Hashwani	Non-Executive
Tahir Ahmed	Executive

### Investment Committee

Name of Member	Category
Akbarali Pesnani - Chairman	Non-Executive
John Joseph Metcalf	Non-Executive
R. Zakir Mahmood	Non-Executive
Tahir Ahmed	Executive



18. The Board has formed an Audit Committee. It comprises of four members, all of whom are non-executive directors and the chairman of the committee is an independent director. The Composition of the Audit Committee is as follows,

Name of Member	Category
Aly Noormahomed Rattansey - Chairman	Independent
Akbarali Pesnani	Non-Executive
John Joseph Metcalf	Non-Executive
Amin A. Hashwani	Non-Executive

19. The meetings of the Committees, except Human Resource and Remuneration Committee, were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code. The terms of reference of the committees have been formed and advised to the committees for compliance.
20. The Board has set up an effective internal audit function and the members of internal audit function are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a regular basis.
21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. The persons heading the underwriting, claim, reinsurance and risk management functions / departments possess qualification and experience of direct relevance to their respective functions as required under the section 12 of the Insurance Ordinance, 2000.

Name of Person	Designation
Tahir Ahmed	Chief Executive Officer
Nawaid Jamal	Chief Financial Officer
Fahad Alam	Company Secretary & Chief Compliance Officer
Safar Ali	Head of Internal Audit
Azfar Arshad	Head of Operations (Incl. Underwriting)
Kamran Arif	Head of Claims
Mohammad Safdar	Head of Reinsurance
Imran Mughal	Head of Risk Management
Uzair Mirza	Head of Financial Lines (Incl. Grievance)

The Board has approved appointment of Head of Internal Audit on recommendation of the Chairman of the Audit Committee during the year 2016. The previous Head of Internal Audit had resigned.

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 of have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

23. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
25. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code.
26. The Company has set up a risk management function / department, which carries out its tasks as covered under the Code.
27. The Board ensures that as part of the risk management system, the Company gets itself rated from the credit rating agencies which is being used by its risk management function / department and the respective Committee as a risk monitoring tool. The rating assigned by the rating agencies are as follows,

Rating Agency	Rating	Date
AM Best - UK	B++	3 June 2016
PACRA - Pakistan	AA+	30 December 2016
JCR-VIS - Pakistan	AA+	8 November 2016

28. Subsequent to year end the Board has approved the revised terms of reference of Claim Committee to include supervision of grievance function to comply with the requirements of the Code.
29. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and the Pakistan Stock Exchange.
30. Material/price sensitive information has been disseminated amongst all market participants at once through Pakistan Stock Exchange.
31. The Board has developed and approved the criteria for annual evaluation of its own performance as per the requirement of the Code. The evaluation has been done by the Board in the meeting held on August 23, 2016.
32. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said Register.
33. We confirm that all other material principles contained in the Code have been complied with.

By Order of the Board



TOWFIQ H. CHINOY

Chairman

Karachi: 14 February 2017

## Statement of Compliance with the Shariah Principles

The financial arrangements, contracts and transactions, entered into by Window Takaful Operations of the Jubilee General Insurance Company Limited (‘the Company’) for the year ended 31 December 2016 are in compliance with the Takaful Rules, 2012.

Further, we confirmed that:

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

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



Tahir Ahmed  
Managing Director  
(Chief Executive)

Karachi: 14 February 2017



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

We were engaged by the Board of Directors of Jubilee General Insurance Company Limited ("the Company") to report on the management's assessment of compliance of the Window Takaful Operations ("Takaful Operations") of the Company, as set out in the annexed statement prepared by the management for the year ended 31 December 2016, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Operations with the Takaful Rules, 2012, in all material respects.

### Applicable Criteria

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

### Responsibilities of the Management

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

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

### Our Independence and Quality Control

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

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

### Our responsibilities

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



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

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

The procedures performed included:

- Evaluate the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;
- Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee/ Shari'ah Advisor and the board of directors;
- Test for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and
- Review the statement of management's assessment of compliance of the Takaful transactions during the year ended December 31, 2016 with the Takaful Rules, 2012.

### **Conclusion**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In our opinion, the annexed statement, for the year ended 31 December 2016, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Date: 14 February 2017  
Karachi

KPMG Taseer Hadi & Co.  
Chartered Accountants

# Financial Statements



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Current



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## Auditors' Report to the Members of Jubilee General Insurance Company Limited

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 cash flows;
- (v) statement of changes in equity;
- (vi) statement of premiums;
- (vii) statement of claims;
- (viii) statement of expenses; and
- (ix) statement of investment income

**of Jubilee General Insurance Company Limited** ("the Company") as at 31 December 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 approved 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 auditing standards 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 account 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;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2016 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved 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) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Date: 14 February 2017  
Karachi

*KPMG Taseer Hadi & Co.*

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Muhammad Nadeem

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

# Balance Sheet

As at 31 December, 2016

		2016	2015
	Note	(Rupees in '000)	
<b>Share capital and reserves</b>			
Authorised share capital [250,000,000 Ordinary shares of Rs.10 each (31 December 2015: 250,000,000 Ordinary shares of Rs.10 each)]		<u>2,500,000</u>	<u>2,500,000</u>
Paid-up share capital	4	<u>1,569,100</u>	1,569,100
Retained earnings		<u>1,193,316</u>	1,148,493
Reserves	5	<u>3,837,441</u>	3,188,811
		<b>6,599,857</b>	5,906,404
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		<u>3,337,432</u>	2,907,102
Provision for unearned premium		<u>2,835,155</u>	2,628,131
Commission income unearned	24	<u>117,105</u>	118,533
Total underwriting provisions		<b>6,289,692</b>	5,653,766
<b>Deferred liabilities</b>			
Deferred taxation - net	15	<b>64,676</b>	-
<b>Creditors and accruals</b>			
Premiums received in advance		<u>100,682</u>	200,563
Amounts due to other insurers / reinsurers		<u>1,339,594</u>	862,631
Accrued expenses		<u>89,274</u>	39,440
Taxation - provision less payments	6	<u>240,029</u>	266,723
Other creditors and accruals	7	<u>836,964</u>	656,819
		<b>2,606,543</b>	2,026,176
<b>Other liabilities</b>			
Deposits and other payables	8	<u>1,693,482</u>	1,506,839
Unclaimed dividend		<u>72,707</u>	64,334
		<b>1,766,189</b>	1,571,173
<b>Total liabilities</b>		<u><b>10,727,100</b></u>	<u>9,251,115</u>
Total liabilities of Window Takaful Operations - Operator's Fund	9	<b>84,209</b>	30,350
<b>Total equity and liabilities</b>		<u><b>17,411,166</b></u>	<u>15,187,869</u>
<b>Contingencies</b>			
	10		

The annexed notes from 1 to 42 form an integral part of these financial statements.



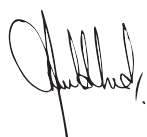
Towfiq H. Chinoy  
Chairman



Aly Noormahomed Rattansey  
Director



		2016	2015
		(Rupees in '000)	
<b>Cash and bank deposits</b>	11		
Cash and other equivalents		2,770	3,583
Current and other accounts		1,501,917	1,357,129
Deposits maturing within 12 months		662,684	356,130
		<b>2,167,371</b>	1,716,842
<b>Loans to employees</b>	12	203	401
<b>Investments</b>	13	9,060,592	8,431,735
<b>Investment properties</b>	14	665,263	671,653
<b>Deferred taxation - net</b>	15	-	12,937
<b>Current assets - others</b>			
Premiums due but unpaid	16	1,418,760	913,926
Amounts due from other insurers / reinsurers	17	41,788	83,604
Reinsurance recoveries due but unpaid		67,904	156,908
Salvage recoveries accrued		26,308	30,005
Accrued investment income		52,924	26,361
Reinsurance recoveries against outstanding claims	18	1,940,557	1,316,006
Deferred commission expense		243,958	260,642
Prepayments	19	1,263,200	1,189,904
Sundry receivables	20	90,257	94,976
		<b>5,145,656</b>	4,072,332
<b>Fixed assets</b>	21		
<b>Tangible and intangible</b>			
Buildings		5,174	5,467
Furniture, fixtures and equipments		156,251	129,984
Vehicles		6,736	5,477
Computer software		18,849	23,699
		<b>187,010</b>	164,627
<b>Total assets</b>		<b>17,226,095</b>	15,070,527
Total assets of Window Takaful Operations - Operator's Fund	9	185,071	117,342
<b>Total assets</b>		<b>17,411,166</b>	15,187,869



Aamir Hasan Irshad  
Director



Tahir Ahmed  
Managing Director  
(Chief Executive)

# Profit and Loss Account

For the year ended 31 December 2016

	Fire and property	Marine, aviation and transport	Motor	Liability	Accident and health	Others	Treaty	2016 Aggregate	2015 Aggregate
(Rupees in '000)									
<b>Revenue account</b>									
Net premium revenue	840,542	459,580	1,284,694	14,207	963,890	608,015	-	4,170,928	4,150,808
Less:									
Net claims	404,648	135,876	528,580	4,546	776,636	180,006	-	2,030,292	2,174,381
Expenses	253,250	138,469	387,070	4,280	290,414	183,192	-	1,256,675	1,084,952
Net commission	129,108	82,141	131,876	(9,832)	53,232	24,457	-	410,982	423,751
<b>Underwriting result</b>	53,536	103,094	237,168	15,213	(156,392)	220,360	-	472,979	467,724
Net investment income								1,111,438	1,052,195
Rental income - net								86,520	94,353
Return on bank deposits								118,017	73,084
Other income - net								1,103	6,335
General and administration expenses								(76,064)	(79,575)
Share in profit of associates								123,945	112,175
								1,364,959	1,258,567
Profit / (loss) before tax from Window Takaful Operations								16,187	(14,999)
<b>Profit before taxation</b>								1,854,125	1,711,292
Taxation - net								(674,694)	(358,642)
<b>Profit after taxation</b>								1,179,431	1,352,650
<b>Profit and loss appropriation account:</b>									
<b>Balance at commencement of the year</b>								1,148,493	1,104,054
Total comprehensive income for the year								1,167,398	1,349,747
Foreign currency translation difference - net off tax								(1,845)	7,697
Transfer to general reserve								(350,000)	(350,000)
Transfer to special reserve								(300,000)	(100,000)
Final cash dividend 2016: at Rs.3 (30%) per share for the year 2015 [2014: Rs.4 (40%) per share for the year 2014]								(470,730)	(627,640)
Interim cash dividend 2016: Rs. Nil [2015: at Rs.1.5 (15%) per share for the year 2015]								-	(235,365)
								44,823	44,439
<b>Balance of unappropriated profit at end of the year</b>								1,193,316	1,148,493
<b>Earnings per share of Rs.10 each - basic and diluted</b>								7.52	8.62

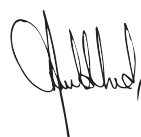
The annexed notes from 1 to 42 form an integral part of these financial statements.



Towfiq H. Chinoy  
Chairman



Aly Noormahomed Rattansey  
Director



Aamir Hasan Irshad  
Director



Tahir Ahmed  
Managing Director  
(Chief Executive)

# Statement of Comprehensive Income

For the year ended 31 December 2016

	2016	2015
	(Rupees in '000)	
Profit after taxation	1,179,431	1,352,650
<b>Other comprehensive income</b>		
<i>Item that will never be reclassified to profit and loss account</i>		
Actuarial (loss) / gain on defined benefit plan - net off tax	(13,878)	4,794
<i>Item to be reclassified to profit and loss account in subsequent period</i>		
Foreign currency translation difference - net off tax	1,845	(7,697)
<b>Total comprehensive income for the year</b>	<b>1,167,398</b>	1,349,747

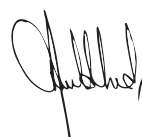
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Director



Tahir Ahmed  
Managing Director  
(Chief Executive)

# Statement of Cash Flows

For the year ended 31 December 2016

	2016	2015
	(Rupees in '000)	
<b>Operating cash flows</b>		
<b>(a) Underwriting activities</b>		
Premiums received	<b>7,245,785</b>	8,037,743
Reinsurance premiums paid	<b>(3,063,236)</b>	(3,590,240)
Claims paid	<b>(3,846,186)</b>	(2,548,640)
Reinsurance and other recoveries received	<b>1,756,190</b>	583,826
Commissions paid	<b>(613,946)</b>	(746,399)
Commissions received	<b>323,281</b>	365,367
Other underwriting payments (management expenses)	<b>(1,168,224)</b>	(1,039,241)
Net cash inflows from underwriting activities	<b>633,664</b>	1,062,416
<b>(b) Other operating activities</b>		
Income tax paid	<b>(616,300)</b>	(244,166)
General expenses paid	<b>(39,305)</b>	(45,309)
Other operating payments	<b>(966,527)</b>	(1,051,246)
Other operating receipts	<b>1,216,708</b>	1,204,443
Loans advanced	<b>(922)</b>	(1,249)
Loan repayments received	<b>1,193</b>	1,555
Net cash (outflows) from other operating activities	<b>(405,153)</b>	(135,972)
<b>Total cash inflows from all operating activities</b>	<b>228,511</b>	926,444
<b>Investment activities</b>		
Profit / return received	<b>237,441</b>	114,057
Dividends received	<b>396,209</b>	328,851
Rentals received - net of expenses	<b>90,977</b>	101,846
Payments for purchase of investments	<b>(7,189,293)</b>	(9,697,501)
Proceeds from disposal of investments	<b>7,290,299</b>	9,675,978
Fixed capital expenditure	<b>(69,947)</b>	(69,078)
Proceeds from sale of fixed assets	<b>2,729</b>	4,429
<b>Total cash inflows from investing activities</b>	<b>758,415</b>	458,582
<b>Financing activities - total cash (outflows) from financing activities - dividend paid</b>	<b>(462,357)</b>	(843,520)
<b>Net cash inflows from all activities</b>	<b>524,569</b>	541,506
<b>Cash at beginning of the year</b>	<b>1,489,532</b>	948,026
<b>Cash at end of the year</b>	<b>2,014,101</b>	1,489,532

**Reconciliation to profit and loss account**

	2016	2015
	(Rupees in '000)	
Operating cash flows	228,511	926,444
Depreciation / amortisation expense	(44,262)	(35,843)
Loss on sale of fixed assets	(341)	(2,460)
Profit / (Loss) on remeasurement of investments at fair value through profit or loss	86,735	(3,164)
Profit on disposal of investments	498,086	680,792
Dividend income	403,977	328,683
Rental income	86,520	94,353
Other investment income	331,557	231,144
Profit / (loss) from Window Takaful Operations	13,870	(13,008)
Actuarial loss / (gain) on defined benefit plans	13,878	(4,794)
Exchange translation reserve on investment in an foreign associate	(1,845)	7,697
Increase in assets other than cash	1,032,290	256,574
(Decrease) in liabilities other than running finance	(1,469,545)	(1,113,768)
<b>Profit after taxation</b>	<b>1,179,431</b>	<b>1,352,650</b>

**Definition of cash**

Cash comprises of cash in hand, policy stamps, bond papers, cheques in hand, bank balances and other deposits which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

**Cash for the purposes of the statement of cash flows consists of:****Cash and bank deposits****Cash and other equivalents**

	2016	2015
	(Rupees in '000)	
Cash	161	107
Policy stamps and bond papers in hand	2,609	3,476
	<u>2,770</u>	<u>3,583</u>

**Current and other accounts**

Current accounts	244,814	195,215
Profit and loss savings accounts	1,257,103	1,161,914
	<u>1,501,917</u>	<u>1,357,129</u>

**\* Deposits maturing within 3 months (encashable on demand)**

Term deposits - Local Currency	500,000	100,000
Term deposits - Foreign Currency	9,414	28,820
	<u>509,414</u>	<u>128,820</u>
	<u><u>2,014,101</u></u>	<u><u>1,489,532</u></u>

\* This does not include local currency term deposits amounting to Rs. 1,000 thousands (2015: Rs. 1,000 thousands) place under lien and those deposits having maturity exceeding three months amounting to Rs. 152,270 thousands (2015: Rs. 226,310 thousands).


The annexed notes from 1 to 42 form an integral part of these financial statements.



Towfiq H. Chinoy  
Chairman



Aly Noormahomed Rattansey  
Director



Aamir Hasan Irshad  
Director



Tahir Ahmed  
Managing Director  
(Chief Executive)

# Statement of Changes in Equity

For the year ended 31 December 2016

Share capital issued, subscribed and paid-up	Reserves								Total	
	Capital reserve Reserve for exceptional losses	General reserve	Special reserve	Revenue reserves			Total revenue reserves	Total reserves		
				Exchange translation reserve on investment in an foreign associate	Retained earnings	Company's share of capital contributed to the statutory fund by an associate				
(Rupees in '000)										
Balance as at 01 January 2015	1,569,100	9,384	2,450,000	300,000	-	1,104,054	(9,661)	3,844,393	3,853,777	5,422,877
<b>Changes in equity for the year ended 31 December 2015</b>										
<b>Total comprehensive income for the year</b>										
Profit after taxation	-	-	-	-	-	1,352,650	-	1,352,650	1,352,650	1,352,650
<b>Other comprehensive income</b>										
Actuarial gain on defined benefit plan - net off tax	-	-	-	-	-	4,794	-	4,794	4,794	4,794
Foreign currency translation difference - net off tax	-	-	-	-	(7,697)	-	-	(7,697)	(7,697)	(7,697)
	-	-	-	-	(7,697)	1,357,444	-	1,349,747	1,349,747	1,349,747
<b>Transactions with owners recorded directly in equity</b>										
Final cash dividend at Rs.4 (40%) per share for the year 2014	-	-	-	-	-	(627,640)	-	(627,640)	(627,640)	(627,640)
Interim cash dividend at Rs.1.5 (15%) per share for the year 2015	-	-	-	-	-	(235,365)	-	(235,365)	(235,365)	(235,365)
Company's share of capital contributed to statutory fund by an associate	-	-	-	-	-	-	(3,215)	(3,215)	(3,215)	(3,215)
Transfer to general reserve	-	-	350,000	-	-	(350,000)	-	-	-	-
Transfer to special reserve	-	-	-	100,000	-	(100,000)	-	-	-	-
Balance as at 31 December 2015	1,569,100	9,384	2,800,000	400,000	(7,697)	1,148,493	(12,876)	4,327,920	4,337,304	5,906,404
<b>Changes in equity for the year ended 31 December 2016</b>										
<b>Total comprehensive income for the year</b>										
Profit after taxation	-	-	-	-	-	1,179,431	-	1,179,431	1,179,431	1,179,431
<b>Other comprehensive income</b>										
Actuarial (loss) on defined benefit plan - net off tax	-	-	-	-	-	(13,878)	-	(13,878)	(13,878)	(13,878)
Foreign currency translation difference - net off tax	-	-	-	-	1,845	-	-	1,845	1,845	1,845
	-	-	-	-	1,845	1,165,553	-	1,167,398	1,167,398	1,167,398
<b>Transactions with owners recorded directly in equity</b>										
Final cash dividend at Rs.3 (30%) per share for the year 2015	-	-	-	-	-	(470,730)	-	(470,730)	(470,730)	(470,730)
Company's share of capital contributed to statutory fund by an associate	-	-	-	-	-	-	(3,215)	(3,215)	(3,215)	(3,215)
Transfer to general reserve	-	-	350,000	-	-	(350,000)	-	-	-	-
Transfer to special reserve	-	-	-	300,000	-	(300,000)	-	-	-	-
Balance as at 31 December 2016	<u>1,569,100</u>	<u>9,384</u>	<u>3,150,000</u>	<u>700,000</u>	<u>(5,852)</u>	<u>1,193,316</u>	<u>(16,091)</u>	<u>5,021,373</u>	<u>5,030,757</u>	<u>6,599,857</u>

The annexed notes from 1 to 42 form an integral part of these financial statements.



Towfiq H. Chinoy  
Chairman



Aly Noormahomed Rattansey  
Director



Aamir Hasan Irshad  
Director



Tahir Ahmed  
Managing Director  
(Chief Executive)

# Statement of Premiums

For the year ended 31 December 2016

## Business underwritten inside Pakistan

Class	Premiums written (note 22)	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expense	2016 Net premium revenue	2015 Net premium revenue
		Opening	Closing			Opening	Closing			
(Rupees in '000)										
<b>Direct and facultative</b>										
Fire and property damage	2,230,577	727,901	932,141	2,026,337	1,385,556	370,773	570,534	1,185,795	<b>840,542</b>	848,668
Marine, aviation and transport	632,626	54,076	55,662	631,040	161,609	17,109	7,258	171,460	<b>459,580</b>	509,269
Motor	1,358,409	573,378	586,882	1,344,905	30,673	49,389	19,851	60,211	<b>1,284,694</b>	1,067,460
Liability	390,682	139,561	69,358	460,885	378,521	132,922	64,765	446,678	<b>14,207</b>	16,727
Accident and health	1,015,836	316,641	368,576	963,901	25	-	14	11	<b>963,890</b>	905,317
Miscellaneous	2,222,370	816,574	822,536	2,216,408	1,583,815	608,326	583,748	1,608,393	<b>608,015</b>	803,367
<b>Total</b>	<b>7,850,500</b>	<b>2,628,131</b>	<b>2,835,155</b>	<b>7,643,476</b>	<b>3,540,199</b>	<b>1,178,519</b>	<b>1,246,170</b>	<b>3,472,548</b>	<b>4,170,928</b>	<b>4,150,808</b>
<b>Treaty</b>										
Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>7,850,500</b>	<b>2,628,131</b>	<b>2,835,155</b>	<b>7,643,476</b>	<b>3,540,199</b>	<b>1,178,519</b>	<b>1,246,170</b>	<b>3,472,548</b>	<b>4,170,928</b>	<b>4,150,808</b>

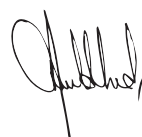
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Towfiq H. Chinoy  
Chairman



Aly Noormahomed Rattansey  
Director



Aamir Hasan Irshad  
Director



Tahir Ahmed  
Managing Director  
(Chief Executive)

# Statement of Claims

For the year ended 31 December 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	2016 Net claims expense	2015 Net claims expense
		Opening	Closing			Opening	Closing			
(Rupees in '000)										
<b>Direct and facultative</b>										
Fire and property damage	1,784,391	1,006,908	882,121	1,659,604	1,236,517	459,854	478,293	1,254,956	<b>404,648</b>	464,650
Marine, aviation and transport	269,776	397,762	342,310	214,324	111,936	126,635	93,147	78,448	<b>135,876</b>	226,776
Motor	511,041	234,018	254,504	531,527	3,877	36,180	35,250	2,947	<b>528,580</b>	487,671
Liability	7,277	343,621	584,879	248,535	6,295	338,579	576,273	243,989	<b>4,546</b>	2,242
Accident and health	747,346	118,869	148,159	776,636	-	-	-	-	<b>776,636</b>	748,444
Miscellaneous	526,355	805,924	1,125,459	845,890	266,745	384,763	783,902	665,884	<b>180,006</b>	244,598
<b>Total</b>	<b>3,846,186</b>	<b>2,907,102</b>	<b>3,337,432</b>	<b>4,276,516</b>	<b>1,625,370</b>	<b>1,346,011</b>	<b>1,966,865</b>	<b>2,246,224</b>	<b>2,030,292</b>	<b>2,174,381</b>
<b>Treaty</b>										
Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>3,846,186</b>	<b>2,907,102</b>	<b>3,337,432</b>	<b>4,276,516</b>	<b>1,625,370</b>	<b>1,346,011</b>	<b>1,966,865</b>	<b>2,246,224</b>	<b>2,030,292</b>	<b>2,174,381</b>


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Director



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Director



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Managing Director  
(Chief Executive)



# Statement of Expenses

For the year ended 31 December 2016

## Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expense	Management expenses (note 23)	Underwriting expense	Commission from reinsurers (note 24)	2016 Net underwriting expense	2015 Net underwriting expense
		Opening	Closing						
(Rupees in '000)									
<b>Direct and facultative</b>									
Fire and property damage	223,509	84,692	81,644	226,557	253,250	479,807	97,449	<b>382,358</b>	349,973
Marine, aviation and transport	89,590	8,671	8,951	89,310	138,469	227,779	7,169	<b>220,610</b>	221,573
Motor	140,769	61,853	63,388	139,234	387,070	526,304	7,358	<b>518,946</b>	382,605
Liability	5,324	2,166	73	7,417	4,280	11,697	17,249	<b>(5,552)</b>	(6,065)
Accident and health	56,398	13,458	16,624	53,232	290,414	343,646	-	<b>343,646</b>	277,165
Miscellaneous	203,417	89,802	73,278	219,941	183,192	403,133	195,484	<b>207,649</b>	283,452
<b>Total</b>	<b>719,007</b>	<b>260,642</b>	<b>243,958</b>	<b>735,691</b>	<b>1,256,675</b>	<b>1,992,366</b>	<b>324,709</b>	<b>1,667,657</b>	<b>1,508,703</b>
<b>Treaty</b>									
Proportional / non-proportional	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>719,007</b>	<b>260,642</b>	<b>243,958</b>	<b>735,691</b>	<b>1,256,675</b>	<b>1,992,366</b>	<b>324,709</b>	<b>1,667,657</b>	<b>1,508,703</b>

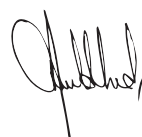
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(Chief Executive)

# Statement of Investment Income

For the year ended 31 December 2016

	2016	2015
	(Rupees in '000)	
<b>Income from trading investments</b>		
Net unrealised gain / (loss) on remeasurement of securities to fair value	<b>86,735</b>	(3,164)
Gain on sale of trading investments	<b>61,768</b>	-
	<b>148,503</b>	(3,164)
<b>Income from non-trading investments</b>		
<b>Held to maturity</b>		
Return on government securities	<b>148,731</b>	53,414
Return on other fixed income securities and term finance certificates	<b>87</b>	3,211
Amortisation of (premium) / discount - net	<b>(15,578)</b>	1,780
	<b>133,240</b>	58,405
<b>Available-for-sale</b>		
<b>Dividend income</b>		
Related parties	<b>71,697</b>	55,255
Others	<b>332,280</b>	273,428
	<b>403,977</b>	328,683
<b>Gain on sale of non-trading investments</b>	<b>436,318</b>	680,792
<b>Investment related expenses</b>	<b>(10,600)</b>	(12,521)
<b>Net investment income</b>	<b>1,111,438</b>	1,052,195

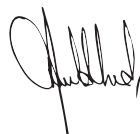
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Towfiq H. Chinoy  
Chairman



Aly Noormahomed Rattansey  
Director



Aamir Hasan Irshad  
Director



Tahir Ahmed  
Managing Director  
(Chief Executive)

# Notes to the Financial Statements

For the year ended 31 December 2016

## 1. STATUS AND NATURE OF BUSINESS

Jubilee General Insurance Company Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) on 16 May 1953. The Company is listed on Pakistan Stock Exchange and is engaged in general insurance business. The registered office of the Company is situated at 2nd Floor, Jubilee Insurance House, I.I. Chundrigar Road, Karachi.

The Company was granted authorisation on 10 March 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operations in respect of general takaful products by Securities and Exchange Commission of Pakistan (SECP) and subsequently the Company commenced Window Takaful Operations on 7 May 2015.

## 2. BASIS OF PREPARATION

**2.1** These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002], vide S.R.O. 938 dated 12 December 2002.

Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated 9 July 2015.

### 2.2 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 Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012 shall prevail.

### 2.3 Basis of measurement

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

### 2.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional currency.

### 2.5 Use of estimates and judgements

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, Income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years are included in following notes:

- a) classification of insurance contracts (note 3.2);
- b) provision for unearned premium (note 3.4);
- c) provision for premium due but unpaid and amount due from other insurers / reinsurers (note 3.5);
- d) provision for outstanding claims (including IBNR) and reinsurance recoveries there against (note 3.6);
- e) premium deficiency reserve (note 3.7);
- f) staff retirement benefits (note 3.8.1);
- g) classification of investments (note 3.9);
- h) residual values and useful lives of investment properties and fixed assets (note 3.10 and 3.11);
- i) allocation of management expenses (note 3.16);
- j) taxation (note 3.17);
- k) segment reporting (note 3.18); and
- l) impairment (note 3.21).

#### 2.5.1 Change in accounting estimate

Up to 31 December 2015, the month wise factor as determined by an independent firm of actuaries had been applied on the claims reported during the period to determine the ultimate claims reported from which actual reported claims are deducted for that particular year for estimation of provision for IBNR. The "Chain Ladder Method" had been used by the actuary for determination of month wise factor for each class of business.

Securities and Exchange Commission of Pakistan through its circular 9 of 2016 dated 9 March 2016 issued Guidelines for estimation of incurred but not reported (IBNR) claims reserve, 2016 for non-life insurance companies and required to comply with all provisions of these guidelines with effect from 1 July 2016.

The Guidelines require that estimation for provision for claims incurred but not reported for each class of business, by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines, is determined for each accident year, the claims outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. Any negative values are ignored. The total for each accident year shall be the total IBNR as at the end of reporting year for that risk class.

In view of the SECP guidelines, the change in calculation from application of monthly factors on the claims reported during the period to application of yearly / quarterly factors on the claims paid during the period to determine the ultimate claim payments from which claims outstanding and claims paid till date is deducted for that particular year for estimation of provision for IBNR and application of alternative method for Accident and Health Out Patient (OP) and Micro insurance business is considered as change in estimates which is also recommended by the Company's actuary.

This change has been accounted for as change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS-8) "Accounting Policies, Changes in Estimates and Errors" whereby the effects of these changes are recognised prospectively by including the same in determination of profit and loss in the period of the change, that is, during the current and future periods. Had the Company's accounting estimate not been changed, total liabilities would have been Lower by Rs. 11,167 thousands net off tax of Rs. 5,017 thousands and profit for the year ended 31 December 2016 and equity would have been higher by Rs. 11,167 thousands.

## 2.6 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on the Company's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have an impact on the Company's financial statements.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's financial statements.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on the Company's financial statements.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The amendments are not likely to have an impact on the Company's financial statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as said below have been applied consistently to all periods presented in these financial statements except for the standards which became effective during the current year.

#### 3.1 Standards, interpretations and amendments effective during the current year

During the year, certain new standards and amendments to existing standards became effective. However, they did not have material affect on these financial statements.

#### 3.2 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk changes significantly during this period, unless all rights and obligations are extinguished or expired.

The Company's 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:

##### a) Fire and property

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

##### b) Marine, aviation and transport

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

##### c) Motor

Motor 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. These contracts are generally one year contracts.

##### d) Liability

Liability insurance contracts protects the insured against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. These contracts are generally one year contracts.

##### e) Accident and health

Accident and health insurance contract mainly compensate Hospitalisation and outpatient medical coverage to the insured. These contracts are generally one year contracts.

##### f) Miscellaneous

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

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

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer. All reinsurance inward contracts are facultative (specific risk) acceptance contracts.

### 3.3 Reinsurance contracts held

These are contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognizes the entitled benefits under the contracts as various reinsurance assets and liabilities. Reinsurance assets and liabilities are derecognised when contractual right are extinguished or expired.

The deferred portion of reinsurance premium is recognized as a prepayment. The deferred portion of reinsurance premium ceded is calculated by using twenty fourths' method.

### 3.4 Provision for unearned premium

The provision for unearned portion of premiums is calculated by applying twenty fourths' method, except Accident and Health Insurance for which unearned premium is calculated by applying 365 days method as prescribed by SEC (Insurance) Rules, 2002.

### 3.5 Receivables and payables related to insurance contracts

Receivables including premium due but unpaid, relating to insurance contracts are recognised when due. The claim payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Premium received in advance is recognised as liability till the time of issuance of insurance contract there against.

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

### 3.6 Provision for outstanding claims including Incurred But Not Reported (IBNR)

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

#### **Outstanding claims**

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognised for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Company's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

#### **Incurred But Not Reported (IBNR) Claims**

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Company by that end of reporting year, or if reported, complete details are not available to the Company, so as to ascertain the amount of loss for that claim as claims outstanding.

The Company is required, as per SECP circular no. 9 of 2016 dated 09 March 2016 "Guidelines for Estimation of Incurred but not reported claims reserve, 2016" to estimate and maintain the provision for claims incurred but not reported for each class of business by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines.

The actuarial valuation as at 31 December 2016 has been carried out by independent firm of actuaries for determination of IBNR for each class of business. The actuarial valuation is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required/ allowed by the circular 9 of 2016. IBNR is determined by using Chain Ladder Method for all class of business including inpatient claims of Accident and Health Class. Alternative method is used for Accident and Health Out Patient (OP) and Micro insurance. The claim outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. Any negative values are ignored. The total for each accident year shall be the total IBNR as at the end of reporting year for that risk class. IBNR triangles are made on a yearly basis for each class of business except for Marine which is made on a quarterly basis. For Accident and Health OP business, IBNR has been set equal to monthly average of OP claims reported in preceding three months, including margins for adverse deviations. For Accident and Health Micro insurance business, a loss ratio method has been used. The methods used, and the estimates made, are reviewed regularly.

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

### 3.7 Premium deficiency reserve

The Company is required as per SEC (Insurance) Rules, 2002, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense in the profit and loss account.

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium. The liability of premium deficiency in relation to accident and health insurance is calculated in accordance with the advice of the actuary.

No provision has been made as the unearned premium reserve for each class 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 reporting date in respect of policies in force at reporting date.

### **3.8 Employee benefit plans**

#### **3.8.1 Defined benefit plan**

The Company operates an approved and funded gratuity scheme for all permanent employees who attain the minimum qualification period for entitlement to gratuity. The liability / asset recognized in the balance sheet is the present value of defined benefit obligation at the reporting date less fair value of plan assets. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognised immediately in other comprehensive income.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognised in profit and loss account and actuarial gains / loss are recognised in other comprehensive income as they occur and are not reclassified to profit or loss in subsequent periods.

The last actuarial valuation of the Company's defined benefit plan was carried on as of 31 December 2016.

#### **3.8.2 Defined contribution plan**

The Company contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the employees to the fund at the rate of 8.33 percent of basic salary.

#### **3.8.3 Employees' compensated absences**

The Company accounts for the liability in respect of eligible employees' compensated absences in the period in which they are earned.

### **3.9 Investments**

#### **3.9.1 Classification and Recognition**

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

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

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

#### **3.9.2 Measurement**

##### **3.9.2.1 Investment at fair value through profit or loss**

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments which are designated at fair value through profit or loss upon initial recognition.

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on investments on remeasurement of these investments are recognised in profit and loss account.

##### **3.9.2.2 Held to maturity**

Investments with fixed determinable payments and fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost less provision for impairment, if any.

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

### 3.9.2.3 Available-for-sale

Investments which are not eligible to be classified as "held for trading" or "held to maturity" are classified as 'available-for-sale'. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

#### Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002 vide S.R.O. 938 dated December 2002.

The SECP has allowed the insurance companies to defer the application of International Accounting Standard – 39 (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of 'available-for-sale investments'. Accordingly, the requirements of IAS-39, to the extent allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements.

Had the Company adopted International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" in respect of recognition of gain / loss on remeasurement of available- for-sale securities directly into equity, the investments of the Company would have been higher by Rs.2,936,004 thousands and the net equity would have increased by the same amount.

#### Unquoted

Unquoted investments are recorded at cost less accumulated impairment losses, if any.

### 3.9.2.4 Fair / market value measurements

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

### 3.9.2.5 Investment in associates - equity method

Investments in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognised at cost and the carrying amount is adjusted to recognise the investor's share of the profit and loss, distribution received and change in the comprehensive income and equity of the investee at the end of each reporting period.

The carrying amount of investments in associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount exceeds its recoverable amount and is charged to the profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognised. A reversal of impairment loss is recognised in the profit and loss account.

### 3.9.2.6 Date of recognition

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

## 3.10 Investment property

Investment properties are accounted for under the cost model in accordance with approved International Accounting Standard (IAS) 40, "Investment Property" and S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan.

- Leasehold land is stated at cost.
- Building on leasehold land is depreciated to its estimated salvage value on straight line basis over its useful life, which is estimated to be 40 - 80 years.
- Installations forming a part of building on leasehold land but having separate useful lives are depreciated at 10 years under the straight line method.

Depreciation policy, subsequent capital expenditure on existing properties and gains or losses on disposals are accounted for in the same manner as tangible fixed assets.



### 3.11 Fixed assets

#### 3.11.1 Tangibles

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 21 to the financial statements.

Depreciation on additions is charged from the month the assets are available for use. While on disposal, depreciation is charged up to the month in which the assets are disposed off.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to profit and loss account currently.

An item of tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognised.

Depreciation methods, useful lives and residual values that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

#### 3.11.2 Intangibles

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset.

##### *Infinite Intangible*

These are stated at cost less impairment, if any.

##### *Definite Intangible*

- a) These are stated at cost less accumulated amortisation and impairment, if any.
- b) Intangible assets are amortised on straight line basis over its estimated useful life(s) (refer note 21).
- c) Amortisation on additions is charged from month in which the asset is put to use, whereas no amortisation is charged from the month the asset is disposed off.

### 3.12 Premium income

Premiums including administrative surcharge under a policy are recognised as revenue at the time of issuance of insurance policy.

Revenue from premiums is determined after taking into account the unearned portion of premiums. The unearned portion of premium income is recognised as a liability.

Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using twenty fourths method. The deferred portion of premium expense is recognised as a prepayment.

### 3.13 Commission

Commission expense incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with pattern of recognition of premium revenue.

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premiums.

### 3.14 Rental income

Rental income from investment properties is recognised as revenue on a straight line basis over the period of the lease agreement.

### 3.15 Investment income

Income from held to maturity investments is recognised 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 amortised and taken to the profit and loss account over the term of the investment.

Dividend income is recognised when the Company's right to receive the payment is established.

Gain / loss on sale of investments is included in income currently.

Return on fixed income securities classified as available for sale is recognised on a time proportion basis taking into account the effective yield on the investments.

Return on bank deposits is recognised on a time proportion basis taking into account the effective yield.

### **3.16 Expenses of management**

Expenses of management have been allocated to various classes of business as deemed equitable by management. Expenses not allocable to the underwriting business are charged under general and administration expenses.

### **3.17 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

#### ***Current***

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provisions for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability, as applicable, after taking into account tax credits and tax rebates available, if any.

#### ***Deferred tax***

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Company recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **3.18 Segment reporting**

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

The Company presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting process of the Company for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Company's business segments operate in Pakistan only.

Based on its classification of insurance contracts issued, the Company has six primary business segments for reporting purposes namely fire, marine, motor, accident and health, liability and miscellaneous. The nature and business activities of these segments are disclosed in note 3.2.

Assets and liabilities are allocated to particular segments on the basis of premium earned. 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 amortisation are allocated to a particular segment on the basis of net premium earned.

### **3.19 Foreign currency**

#### **Foreign currency transactions**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Exchange differences, if any, are taken to profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The assets and liabilities of foreign operations are translated into Pakistani rupees at exchange rates prevailing at the reporting date. The income and expense of foreign operations (associate) are translated at average rate of exchange for the year. Translation gains and losses arising on the translation of net investment in foreign associate are recognised in other comprehensive income under "Exchange Translation Reserve" and is transferred to profit and loss account on its disposal.

### 3.20 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 3.21 Impairment

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account.

Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

### 3.22 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

### 3.23 Financial instruments

Financial instruments carried on the balance sheet include cash and bank, loans to employees, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, amount due to other insurers / reinsurers, accrued expenses, other creditors and accruals, deposits and other payables and unclaimed dividends.

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company losses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to income currently.

### 3.24 Dividend declaration and reserve appropriation

Dividend declaration and reserve appropriation are recognised when approved.

### 3.25 Window Takaful Operations

The accounting policies followed by Window Takaful Operations are stated in the annexed financial statements of Window Takaful Operations for the year ended 31 December 2016.

## 4. SHARE CAPITAL

### Issued, subscribed and paid-up

2016	2015		2016	2015
(Number of shares in '000)			(Rupees in '000)	
210	210	Ordinary shares of Rs.10 each issued as fully paid in cash	2,100	2,100
<u>156,700</u>	<u>156,700</u>	Ordinary shares of Rs.10 each issued as fully paid bonus shares	<u>1,567,000</u>	<u>1,567,000</u>
<u><u>156,910</u></u>	<u><u>156,910</u></u>		<u><u>1,569,100</u></u>	<u><u>1,569,100</u></u>

Shares of the Company held by associated undertakings (including associates) amounted to Rs.1,109,225 thousands (110,922,512 shares of Rs.10 each) [2015: Rs.1,101,819 thousands (110,181,912 shares of Rs.10 each)].

		2016	2015
	Note	(Rupees in '000)	
<b>5. RESERVES</b>			
<b>Capital reserve</b>			
Reserve for exceptional losses	5.1	9,384	9,384
<b>Revenue reserves</b>			
General reserve	5.2	3,150,000	2,800,000
Special reserve	5.3	700,000	400,000
Company's share of capital contributed to statutory fund by an associate		(16,091)	(12,876)
Foreign currency translation difference - net off tax		(5,852)	(7,697)
		<u>3,837,441</u>	<u>3,188,811</u>

**5.1** Under the Income Tax Act, 1922 applicable to insurance companies, the Company set aside in prior years amounts upto 10 percent of premium earnings, net of reinsurances of the year as a reserve for exceptional losses, which was treated as an allowable deduction in arriving at the taxable income. This option was withdrawn by the Income Tax Ordinance, 1979 with retrospective effect upto the accounting year ended 31 December 1978. Accordingly, the Company has ceased to set aside such amounts, but has retained the reserve created upto 31 December 1978.

**5.2 General reserve**

Balance at beginning of the year	2,800,000	2,450,000
Transfer from retained earnings	350,000	350,000
Balance at end of the year	<u>3,150,000</u>	<u>2,800,000</u>

**5.3 Special reserve**

Balance at beginning of the year	400,000	300,000
Transfer from retained earnings	300,000	100,000
Balance at end of the year	<u>700,000</u>	<u>400,000</u>

This represents special reserve created for meeting catastrophic losses and dividend equalisation in future.

**6. TAXATION - PROVISION LESS PAYMENTS**

Provision for taxation	2,252,306	1,662,700
Less: advance tax including tax deducted at source	(2,012,277)	(1,395,977)
	<u>240,029</u>	<u>266,723</u>

**6.1** The Company has filed returns upto tax year 2016. The income tax assessments of the Company have been finalised upto and including assessment year 2002-2003 and tax years 2004, 2008, 2009, 2010, 2011, 2012, 2013 and 2014. The returns filed for tax years 2005, 2006, 2007, and 2015 are deemed to be orders under the provisions of section 120 of the Income Tax Ordinance, 2001 unless any amendments have been made by the tax authorities. During the year, notice to amend assessment under section 122(9) for the tax year 2016 has been received by the Company. The proceedings in this respect is in progress.

**6.2** In the assessment order for the assessment year 2002-2003, made in prior years, certain items have been disallowed and further additional tax has been levied. The appeal against the order filed before the Commissioner of Inland Revenue (Appeals) (CIRA) has been decided mostly in favour of the Company. The Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the disallowance of certain items amounting to Rs. 31,700 thousands. The ATIR has set aside disallowances and referred to Taxation Officer for reassessment proceedings. The tax provision amounting to Rs. 11,110 thousands in this respect has been recorded by the Company in prior years.

**6.3** In prior years, the Taxation Officer had passed an assessment order in respect of tax year 2004 consequent to finalisation of tax audit proceedings wherein the disallowances have been made on account of bad debts written off, amortisation of negative goodwill and allocation of expenses against dividend income. Further, the claim of tax credits has also not been allowed in full. The Company filed an appeal before the CIRA who maintained the order passed by the Taxation Officer except allocation of expenses against dividend income. The ATIR also maintained the order of CIRA. The Company has filed appeal in the Honourable High Court of Sindh against the said disallowances. Income tax charge amounting to Rs. 54,400 thousands in this respect has been recorded by the Company in prior years.

**6.4** In prior years, the Taxation Officer has passed an assessment order in respect of tax year 2008 consequent to finalisation of tax audit proceedings in which disallowances have been made mainly on account of reserve for unexpired risks and allocation of expenses. The Company filed an appeal before the Commissioner of Inland Revenue (Appeals) who had maintained the order passed by the Taxation Officer. The Company filed an appeal to the ATIR and the ATIR has issued an order in which the main disallowances of unexpired risks and allocation of expenses made by the Taxation Officer are deleted. The tax department has filed an appeal in the High Court of Sindh against the deletion of the unexpired risk disallowances by ATIR. The additional provision of Rs. 124,769 thousands is not made in these financial statements as the management based on its legal advisor opinion, is confident of favourable outcome of the petition.

- 6.5** In prior years, the Taxation Officer had passed an assessment order in respect of tax year 2009 consequent to finalisation of tax audit proceedings in which disallowances have been made on account of bad debts, amortisation of premium, loss on disposal of assets and impairment in the value of investments. This resulted in aggregate tax liability of Rs. 43,960 thousands, after adjustment of brought forward loss, which has already been accounted for in prior years. Subsequently, adjustment of minimum tax paid in earlier years was adjusted under section 113(2) amounting to Rs. 5,903 thousands. After adjustment tax payable was reduced to Rs. 37,017 thousands. The Company filed an appeal before the CIRA who maintained the disallowances made by the Taxation Officer. The Company's appeal before the ATIR is pending at adjudication.
- 6.6** In prior years, the Taxation Officer had passed an assessment order in respect of tax year 2010 in which additions / disallowances were made on account of management expenses, rental income, provision for IBNR, etc. The Company had made provision amounting to Rs. 111,440 thousands against the same in prior years. The Company had filed an appeal before the CIRA against additions / disallowances. The CIRA has issued the appeal order by deleting the additions / disallowances made by the Taxation Officer in respect of management expenses and rental income. The CIRA has also set aside additions of provision for IBNR and contribution to provident fund for further verification of the Taxation Officer. The tax department has filed an appeal with ATIR against the order issued by CIRA on certain disallowances which is decided in favour of the Company. The tax department has filed petition with the High Court of Sindh against the decision of ATIR for proportion of expenses. The additional provision of Rs. 28,670 thousands in these financial statements is already provided in prior years.
- 6.7** In the prior year, the ACIR has further amended the orders under Section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2009 and 2010 on the premise that dividend and rental income is taxable at corporate tax rate instead of reduced rates on account of one basket income concept of 4th Schedule of the Income Tax Ordinance, 2001. The ACIR in his orders had created tax demand of Rs.42,920 thousand and Rs.42,878 thousand respectively. The Company had filed appeal before the CIRA for the both tax years and the CIRA had confirmed the additional tax demand created by ACIR in his orders pertaining to the both tax years.

The Company has filed an appeal with ATIR for both the tax years 2009 and 2010 which is pending at adjudication. Based on tax advisor opinion the management is confident of favourable outcome of both appeals for the tax years 2009 and 2010 and accordingly, no tax provision of Rs.85,798 thousand has been recorded in these financial statements.

- 6.8** In the prior year, the ACIR has passed assessment orders under Section 122(5A) of the Income Tax Ordinance, 2001 for the years 2011, 2012 and 2013 on the premise that dividend and rental income is taxable at corporate tax rate instead of reduced rates on account of one basket income concept of 4th Schedule of the Income Tax Ordinance, 2001. In addition ACIR has also disallowed the bad debts expenses for the respective tax years. The ACIR in his orders had created tax demand of Rs. 49,175 thousands, Rs. 82,222 thousands and Rs.51,657 thousands respectively for the tax years, 2011, 2012 and 2013. The Company has filed appeal before the CIRA for the all three tax years.

During the year, the appeals filed by the Company before the CIRA for the tax years 2011, 2012 and 2013 have been decided in favour of the Company by the Commissioner Inland Revenue Appeals(CIRA). The ACIR has filed appeals against the orders of CIRA before the Appellate Tribunal Inland Revenue which are pending at adjudication. Based on the tax advisor opinion, the management is confident of favourable outcome of these appeals. Accordingly, provision of Rs. 183,054 has not been recorded in these financial statements.

- 6.9** During the year, the ACIR has passed assessment order under section 122(5A) of the Income Tax Ordinance, 2001, for the tax year 2014, mainly on the premise that the dividend income is taxable at corporate tax rate instead of reduced rates on account of one basket income concept of 4th Schedule of the Income Tax Ordinance, 2001. The ACIR in his order created a demand of Rs. 50,133 thousands. The Company has filed an appeal before the CIRA against the order of the ACIR which is pending at adjudication. Based on tax advisor opinion, the management is confident of favourable outcome of appeals filed by with the CIRA and accordingly, no tax provision of Rs. 50,133 thousands has been recorded in these financial statements.

- 6.10** The Finance Act 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court.

The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

The Company has obtained legal opinion from its legal counsel. The legal counsel is of the view that until the review petitions are decided, it cannot be determined with absolute certainty that the matter has been closed for good. In view of the above, the management has decided not to reverse charge for WWF recorded for the years from 2008 to 2013 amounting to Rs. 91,600 thousands till the decision of Supreme Court in respect of Civil Review Petitions.

		2016	2015
		(Rupees in '000)	
<b>7.</b>	<b>OTHER CREDITORS AND ACCRUALS</b>		
		<i>Note</i>	
	Federal excise duty and sales tax	99,112	28,673
	Federal insurance fee	2,778	1,649
	Sindh Workers' Welfare Fund	96,422	59,663
	Tax deducted at source	2,591	3,119
	Commissions payable	572,120	467,059
	Premiums payable	29,824	64,261
	Claims payable	23,838	23,091
	Miscellaneous	10,279	9,304
		<b>836,964</b>	<b>656,819</b>
<b>8.</b>	<b>DEPOSITS AND OTHER PAYABLES</b>		
	Advance rent	8.1 39,193	41,126
	Security deposits against bond insurance	8.2 1,654,197	1,465,621
	Other deposits	92	92
		<b>1,693,482</b>	<b>1,506,839</b>

**8.1** This includes an amount of Rs. 15,144 thousands (2015: Rs. 14,919 thousands) received from related parties.

**8.2** This represents margin deposits on account of performance and other bond policies issued by the Company.

		2016	2015
		(Rupees in '000)	
<b>9.</b>	<b>WINDOW TAKAFUL OPERATIONS OPERATOR'S FUND</b>		
	<b>Assets</b>		
	Cash and bank deposits	83,114	39,948
	Investments	22,445	35,000
	Current assets - others	64,783	27,420
	Fixed assets	14,729	14,974
	<b>Total assets</b>	<b>185,071</b>	<b>117,342</b>
	<b>Total liabilities - current</b>	<b>84,209</b>	<b>30,350</b>
		<b>2016</b>	For the period 2015 to 31 December 2015
		(Rupees in '000)	
	<b>Profit / (Loss) before tax for the year / period</b>	<b>16,187</b>	<b>(14,999)</b>

Details of total assets, total liabilities and segment disclosure of Window Takaful Operations are stated in the annexed financial statements for the year ended 31 December 2016.

## 10. CONTINGENCIES

There are no contingencies except for income tax which are disclosed in note 6 of these financial statements.

		2016	2015
		(Rupees in '000)	
<b>11.</b>	<b>CASH AND BANK DEPOSITS</b>		
		<i>Note</i>	
	<b>Cash and other equivalents</b>		
	Cash	161	107
	Policy stamps and bond papers in hand	2,609	3,476
		<b>2,770</b>	<b>3,583</b>
	<b>Current and other accounts</b>		
	Current accounts	244,814	195,214
	Profit and loss savings accounts	11.1 1,257,103	1,161,915
		<b>1,501,917</b>	<b>1,357,129</b>
	<b>Deposits maturing within 12 months</b>		
	Term deposits - local currency	11.2 & 11.3 527,750	227,750
	Term deposits - foreign currency	11.4 134,934	128,380
		<b>662,684</b>	<b>356,130</b>
		<b>2,167,371</b>	<b>1,716,842</b>

- 11.1** The rate of return on profit and loss savings accounts maintained at various banks range from 3.78% to 5.95% per annum (2015: 4.25% to 6.50% per annum).
- 11.2** The rate of return on term deposits with various banks range from 4.25% to 9.00% per annum (2015: 5.05% to 9.00% per annum) due on maturity. These term deposits have maturities upto 17 August 2017.
- 11.3** This includes a sum of Rs.1,000 thousands (2015: Rs.1,000 thousands) placed under lien with a commercial bank against bank guarantee.
- 11.4** The rate of return on these term deposits is 1.00% to 1.10% (2015: 1.00% to 1.30%) per annum due on maturity. These Term deposits have maturities upto 22 May 2017.
- 11.5** Cash and bank deposits include amount of Rs. 455,530 thousands (2015: Rs. 378,452 thousands) held with related party.

	Note	2016	2015
		(Rupees in '000)	
<b>12. LOANS TO EMPLOYEES</b>			
<b>Considered good</b>			
Secured	12.1	494	811
Unsecured	12.2	335	290
		829	1,101
Less: Current portion	20	626	700
		<u>203</u>	<u>401</u>

- 12.1** These represent loans provided to employees for the purchase of motor vehicles at the mark-up rate of 6% per annum (2015: 6% per annum) and are recoverable in four to five years. These are secured against title of motor vehicles.
- 12.2** These represent interest free loans to employees for general purposes in accordance with the terms of their employment and are recoverable within one year.
- 12.3** The maximum amount due from executives calculated with reference to month-end balances was Rs. Nil (2015: Rs. Nil).

### 13. INVESTMENTS

#### In related parties

Associates - equity basis of accounting

- quoted
- unquoted

	Note	2016	2015
		(Rupees in '000)	
	13.1	271,174	216,337
	13.2	86,002	50,897
		357,176	267,234
Available for sale - quoted equity securities / mutual funds	13.6.1	690,106	1,099,664
		<u>1,047,282</u>	<u>1,366,898</u>

#### Others

##### Held for trading

Investment at fair value through profit and loss

	13.3	624,014	33,512
<b>Held to maturity</b>			
Government securities	13.4	4,379,920	453,070
Term finance certificates - quoted	13.5	-	6,000
<b>Available-for-sale</b>			
Quoted equity securities / mutual funds	13.6.2	3,006,876	6,569,755
<b>Unquoted equity shares</b>			
- Matiari Sugar Mills Limited [865,150 shares (2015: 865,150 shares)] Name of CEO: Syed Shafqat Ali Shah, Break-up value: Rs. 47.03 (2015: Rs. 49.76)		2,500	2,500
		<u>8,013,310</u>	<u>7,064,837</u>
		<u>9,060,592</u>	<u>8,431,735</u>

**13.1 Investment in shares of Jubilee Life Insurance Company Limited (JLIC)**

**13.1.1 Particulars of investment in associate - quoted**

Number of shares		Face value per share (Rupees)	Name of associate	2016	2015
2016	2015			(Rupees in '000)	
4,637,680	4,637,680	10	Jubilee Life Insurance Company Limited (Incorporated in Pakistan) (Chief Executive: Javed Ahmed)	<b>271,174</b>	216,337

**13.1.2** JLIC engaged in life insurance business. Market value of investment and percentage of holding in associate are Rs. 2,643,431 thousands and 6.43% (2015: Rs. 2,337,391 thousands and 6.43%).

**13.1.3 Movement of investment in associate**

	2016	2015
	(Rupees in '000)	
Beginning of the year	216,337	167,701
Share in profit	120,661	98,228
Less: Dividend received	(62,609)	(46,377)
	58,052	51,851
Share in net equity as at September 30	(3,215)	(3,215)
Closing balance	<b>271,174</b>	216,337

**13.1.4** The annual financial statements of JLIC have not been published till the date of authorisation of these financial statements of the Company. Therefore, following information has been summarised based on latest unaudited published financial statements available for the nine months period ended 30 September 2016 (2015: 30 September 2015):

	2016	2015
	(Rupees in '000)	
Total assets	<b>88,234,058</b>	62,997,454
Total liabilities	<b>84,016,733</b>	59,632,948
Net assets	<b>4,217,325</b>	3,364,506
Share of net assets	<b>271,174</b>	216,337
Revenue	<b>24,800,579</b>	20,137,057
Profit after tax	<b>1,280,691</b>	1,025,829



## 13.2 Investment in shares of Jubilee Kyrgyzstan Insurance Company (JKIC)

### 13.2.1 Particulars of investment in associate - unquoted

Number of shares		Face value per share (KGS)	Name of associate	2016	2015
2016	2015			(Rupees in '000)	
29,250,000	10,106,691	1	Jubilee Kyrgyzstan Insurance Company Limited (Incorporated in Kyrgyzstan) (Chief Executive: Khegai V.I.)	<u>86,002</u>	<u>50,897</u>

**13.2.2** Jubilee Kyrgyzstan Insurance Company (JKIC) a Closed Joint Stock Company (CJSC) is engaged in life and non-life insurance business. During the year, the Company has further invested Rs. 29,187 thousands to acquire 19,143,309 right shares into JKIC. At 31 December 2016, the Company holds 19.5% (2015: 19.5%) shares in JKIC. The Break-up value of investment as at 31 December 2016 is Rs. 2.72 per share (2015: Rs. 4.31). The Company assessed the recoverable amount of investment in JKIC based on value in use calculation. This calculation has been on the discounted methodology considering certain assumptions. Based on valuation, the recoverable amount exceeds the carrying amount and accordingly, no impairment is recorded for the year ended 31 December 2016 (2015: Rs. Nil).

### 13.2.3 Movement of investment in associate

	2016	2015
	(Rupees in '000)	
Beginning of year	50,897	47,945
Investment made during the year	29,187	-
Share in profit	3,284	13,947
Foreign currency translation difference	2,634	(10,995)
Closing balance	<u>86,002</u>	<u>50,897</u>

**13.2.4** Following information has been summarized based on financial statements of Jubilee Kyrgyzstan Insurance Company (JKIC) as at 31 December 2016 (2015: 31 December 2015). The functional and presentation currency of JKIC is Kyrgyz Som.

	Unaudited 2016	Audited 2015
	(Rupees in '000)	
Total assets	<u>560,050</u>	<u>354,539</u>
Total liabilities	<u>151,876</u>	<u>131,272</u>
Net assets	<u>408,174</u>	<u>223,267</u>
Share of net assets	<u>79,594</u>	<u>43,537</u>
Revenue	<u>62,719</u>	<u>49,772</u>
Profit after tax	<u>16,843</u>	<u>71,524</u>

**13.3 Held for trading**
**13.3.1 Investment at fair value through profit and loss**

All shares are fully paid-up

2016	2015	Face value per share / (Rupees)	Name of investee	2016	2015
Number of shares				(Rupees in '000)	
			<b>Ordinary shares</b>		
			<b>Fertilizers</b>		
<b>140,000</b>	35,000	10	Engro Corporation Limited	<b>44,253</b>	9,779
<b>275,000</b>	-	10	Engro Fertilizers Limited	<b>18,695</b>	-
<b>407,000</b>	-	10	Fatima Fertilizer Company Limited	<b>15,014</b>	-
			<b>Chemicals</b>		
<b>29,000</b>	-	10	ICI Pakistan Limited	<b>28,818</b>	-
			<b>Power Generation &amp; Distribution</b>		
<b>2,800,000</b>	1,500,000	3.5	K-Electric Limited	<b>26,235</b>	11,160
<b>100,000</b>	-	10	Hub Power Company Limited	<b>12,348</b>	-
<b>700,000</b>	-	10	Pakgen Power Limited	<b>18,739</b>	-
			<b>Glass &amp; Ceramics</b>		
<b>25,000</b>	180,000	10	Tariq Glass Industries Limited	<b>2,511</b>	12,573
			<b>Commercial Banks</b>		
<b>113,600</b>	-	10	MCB Bank Limited	<b>27,016</b>	-
<b>225,000</b>	-	10	National Bank of Pakistan Limited	<b>16,850</b>	-
<b>230,000</b>	-	10	United Bank Limited	<b>54,947</b>	-
			<b>Textile Composite</b>		
<b>390,000</b>	-	10	Nishat (Chunian) Limited	<b>24,348</b>	-
<b>230,000</b>	-	10	Nishat Mills Limited	<b>35,022</b>	-
			<b>Cement</b>		
<b>180,000</b>	-	10	D.G. Khan Cement Company Limited	<b>39,911</b>	-
<b>100,000</b>	-	10	Fauji Cement Company Limited	<b>4,508</b>	-
<b>5,000</b>	-	10	Kohat Cement Limited	<b>1,458</b>	-
<b>40,000</b>	-	10	Lucky Cement Limited	<b>34,650</b>	-
<b>125,000</b>	-	10	Maple Leaf Cement Limited	<b>15,948</b>	-
<b>80,500</b>	-	10	Pioneer Cement Limited	<b>11,438</b>	-
			<b>Oil &amp; Gas Exploration Companies</b>		
<b>20,500</b>	-	10	Mari Petroleum Company Limited	<b>28,186</b>	-
<b>190,000</b>	-	10	Oil and Gas Development Company Limited	<b>31,416</b>	-
<b>80,000</b>	-	10	Pakistan Oilfields Limited	<b>42,770</b>	-
<b>50,700</b>	-	10	Pakistan Petroleum Limited	<b>9,541</b>	-
			<b>Oil &amp; Gas Marketing Companies</b>		
<b>100,000</b>	-	10	Pakistan State Oil Company Limited	<b>43,421</b>	-
			<b>Engineering</b>		
<b>600,000</b>	-	10	Aisha Steel Limited	<b>9,438</b>	-
<b>75,000</b>	-	10	Crescent Steel & Allied Products Limited	<b>11,564</b>	-
			<b>Cables &amp; Electric Goods</b>		
<b>210,000</b>	-	10	Pak Elektron Limited	<b>14,969</b>	-
				<b>624,014</b>	<b>33,512</b>

**13.4 Government securities****13.4.1 Pakistan Investment Bond**

Face value (Rupees)	Profit rate %	Profit payment	Type of Security	Maturity date	2016	2015
					(Rupees in '000)	
50,000,000	10.00	Semi annually	Pakistan Investment Bond - 20 years	20-01-2024	55,272	55,777
100,000,000	8.75	Semi annually	Pakistan Investment Bond - 3 years	26-03-2018	103,411	-
500,000,000	11.25	Semi annually	Pakistan Investment Bond - 3 years	17-07-2017	513,902	-
100,000,000	11.25	Semi annually	Pakistan Investment Bond - 3 years	17-07-2017	102,784	-
50,000,000	11.25	Semi annually	Pakistan Investment Bond - 5 years	17-07-2017	49,696	49,200
52,000,000	11.50	Semi annually	Pakistan Investment Bond - 3 years	18-08-2016	-	51,930
50,000,000	11.25	Semi annually	Pakistan Investment Bond - 3 years	18-07-2016	-	49,786
25,000,000	11.25	Semi annually	Pakistan Investment Bond - 3 years	18-07-2016	-	24,898
200,000,000	11.25	Semi annually	Pakistan Investment Bond - 3 years	18-07-2016	-	199,353
22,000,000	11.25	Semi annually	Pakistan Investment Bond - 3 years	18-07-2016	-	22,126
<b>Sub total</b>					<b>825,065</b>	<b>453,070</b>

**13.4.2 Treasury Bills**

250,000,000	5.89	On maturity	Treasury Bills	05-01-2017	249,804	-
250,000,000	5.82	On maturity	Treasury Bills	19-01-2017	249,264	-
250,000,000	5.90	On maturity	Treasury Bills	02-03-2017	245,404	-
250,000,000	5.90	On maturity	Treasury Bills	27-04-2017	247,603	-
250,000,000	5.93	On maturity	Treasury Bills	11-05-2017	244,835	-
114,500,000	5.86	On maturity	Treasury Bills	25-05-2017	111,969	-
250,000,000	5.87	On maturity	Treasury Bills	25-05-2017	244,464	-
250,000,000	5.95	On maturity	Treasury Bills	25-05-2017	244,262	-
150,000,000	5.98	On maturity	Treasury Bills	22-06-2017	145,868	-
250,000,000	5.99	On maturity	Treasury Bills	22-06-2017	243,108	-
125,000,000	5.93	On maturity	Treasury Bills	08-06-2017	121,951	-
250,000,000	5.84	On maturity	Treasury Bills	20-07-2017	242,407	-
250,000,000	5.91	On maturity	Treasury Bills	06-07-2017	242,845	-
250,000,000	5.89	On maturity	Treasury Bills	03-08-2017	241,805	-
250,000,000	5.91	On maturity	Treasury Bills	31-08-2017	240,704	-
250,000,000	5.91	On maturity	Treasury Bills	26-10-2017	238,562	-
<b>Sub total</b>					<b>3,554,855</b>	-
<b>Total</b>					<b>4,379,920</b>	<b>453,070</b>

**13.4.3** Market value of Pakistan Investment Bonds is Rs. 825,098 thousands (2015: Rs.463,712 thousands) and Treasury Bills is Rs. 3,551,727 thousands (2015: Rs. Nil).

**13.4.4** Pakistan Investment Bonds with face value of Rs. 69,100 thousands (2015: Rs. 163,100 thousands) and Treasury Bills with face value of Rs. 100,000 thousands (2015: Rs. Nil) are placed with State Bank of Pakistan under Section 29 of the Insurance Ordinance, 2000.

**13.4.5** Pakistan Investment Bonds with face value of Rs. Nil (2015: Rs. 22,000 thousands) are placed with a Commercial bank against issuance of a bank guarantee.

**13.5 Term Finance Certificates - quoted**

2016	2015	Remaining Face value per certificate (Rupees)	Name of investee	2016	2015
Number of certificates				(Rupees in '000)	
-	300	20,000	Pakistan Mobile Communications Limited	-	6,000

**13.5.1** Market value of quoted term finance certificates is Rs. Nil (2015: Rs.6,003 thousands).

**13.6 Available for sale securities - quoted**
**13.6.1 In related parties**

All shares are fully paid-up

2016	2015	Face value per share / unit (Rupees)	Name of investee	2016	2015
Number of shares / units				(Rupees in '000)	
-	4,708,500	100	<b>Open - end mutual funds</b> HBL Income Fund	-	500,000
<b>515,000</b>	-	10	<b>Close - end mutual funds</b> PICIC Growth Fund (ICP SEMF)	<b>3,847</b>	-
<b>107,879</b>	-	10	PICIC Investment Fund	<b>219</b>	-
-	2,515,706	10	<b>Ordinary shares</b> <b>Engineering</b> International Industries Limited	-	76,673
<b>4,743,037</b>	3,969,237	10	<b>Commercial Banks</b> Habib Bank Limited	<b>686,040</b>	522,991
				<b>690,106</b>	<b>1,099,664</b>

**13.6.2 Others**

<b>5,509,869</b>	5,352,743	100	<b>Open - end mutual funds</b> UBL Stock Advantage Fund	<b>259,635</b>	250,000
-	2,831,580	100	Alfalah GHP Sovereign Fund	-	300,000
-	9,968,500	10	ABL Income Fund	-	100,000
-	66,286,005	10	ABL Government Securities Fund	-	675,000
-	757,131	500	Atlas Income Fund	-	400,000
-	1,481,826	100	Askari Sovereign Cash Fund	-	150,000
-	483,339	100	Askari Sovereign Yield Enhance Fund	-	50,000
-	1,467,394	100	Faysal Saving Growth Fund	-	150,000
-	1,968,024	100	Lakson Income Fund	-	200,000
-	9,235,576	50	MCB Pakistan Sovereign Fund	-	500,000
-	35,463,149	10	NAFA Money Market Fund	-	350,000
-	19,775,352	10	NIT Government Bond Fund	-	200,000
-	1,498,147	100	PICIC Cash Fund	-	150,000
-	1,457,002	100	PICIC Income Fund	-	150,000
-	2,408,879	100	PIML Income Fund	-	250,000
-	3,913,771	100	UBL Government Securities Fund	-	425,000
-	535,000	10	<b>Equity investment instruments</b> PICIC Growth Fund (ICP SEMF)	-	3,997
-	1,881,379	10	PICIC Investment Fund	-	3,825
<b>1,297,972</b>	1,297,972	10	Orix Modaraba Limited (Standard Chartered Modaraba)	<b>8,839</b>	8,839
<b>2,982,500</b>	2,982,500	5	First Habib Modaraba	<b>16,918</b>	16,918
<b>362,323</b>	362,323	10	<b>Ordinary shares</b> <b>Leasing</b> ORIX Leasing Pakistan Limited	<b>2,300</b>	2,300
<b>1,696,199</b>	1,696,199	10	<b>Commercial Banks</b> Bank Al Habib Limited	<b>44,352</b>	44,352
<b>1,088,190</b>	490,190	10	National Bank of Pakistan Limited	<b>63,412</b>	19,960
<b>1,148,598</b>	791,898	10	United Bank Limited	<b>164,413</b>	90,658
<b>3,200,000</b>	1,238,000	10	Bank Alfalah Limited	<b>83,927</b>	22,618
<b>85,687</b>	85,687	10	Faysal Bank Limited	<b>1,369</b>	1,369
<b>475,000</b>	475,000	10	Habib Metropolitan Bank Limited	<b>15,581</b>	15,581
<b>559,889</b>	559,889	10	<b>Textile Composite</b> Nishat Mills Limited	<b>48,269</b>	48,269
<b>24,000</b>	24,000	10	Nishat (Chunian) Limited	<b>1,366</b>	1,366
<b>199,420</b>	199,420	10	<b>Textile Spinning</b> Services Textiles Industries Limited	<b>100</b>	100
<b>238,239</b>	238,239	5	<b>Automobile parts and accessories</b> Thal Limited	<b>12,228</b>	12,228
<b>712,000</b>	712,000	10	<b>Insurance</b> Adamjee Insurance Company Limited	<b>39,913</b>	39,913

2016	2015	Face value per share / unit (Rupees)	Name of investee	2016	2015
Number of shares / units	(Rupees in '000)				
<b>6,980,500</b>	6,405,500	10	<b>Cement</b>		
-	2,897,000	10	Fauji Cement Company Limited	<b>137,731</b>	116,983
<b>85,000</b>	85,000	10	Pakcem Limited	-	51,320
<b>300,000</b>	-	10	Maple Leaf Cement Factory Limited	<b>4,093</b>	4,093
			Pioneer Cement Limited	<b>32,605</b>	-
			<b>Power Generation &amp; Distribution</b>		
<b>4,800,810</b>	4,993,010	10	Hub Power Company Limited	<b>294,450</b>	293,496
<b>10,313,893</b>	12,876,893	10	Kot Addu Power Company Limited	<b>471,644</b>	588,848
			<b>Oil and Gas Marketing Companies</b>		
<b>112,250</b>	112,250	10	Attock Petroleum Limited	<b>55,606</b>	55,606
<b>275,700</b>	275,700	10	Pakistan State Oil Company Limited	<b>53,466</b>	53,467
			<b>Oil &amp; Gas Exploration Companies</b>		
<b>321,380</b>	280,080	10	Pakistan Oilfields Limited	<b>125,888</b>	111,668
<b>920,000</b>	914,900	10	Pakistan Petroleum Limited	<b>124,622</b>	123,651
<b>1,170,000</b>	869,400	10	Oil and Gas Development Company Limited	<b>163,745</b>	122,038
			<b>Engineering</b>		
<b>2,515,706</b>	-	10	International Industries Limited	<b>76,673</b>	-
<b>375,000</b>	-	10	Mughal Iron & Steels Limited	<b>34,388</b>	-
<b>650,000</b>	-	10	Amreli Steels Limited	<b>45,965</b>	-
			<b>Automobile Assemblers</b>		
<b>220,350</b>	199,000	10	Millat Tractors Limited	<b>24,061</b>	8,979
			<b>Technology &amp; Communication</b>		
<b>1,470,000</b>	1,470,000	10	Pakistan Telecommunication Company Limited (A)	<b>23,996</b>	23,996
			<b>Fertilizer</b>		
<b>1,764,030</b>	1,764,030	10	Fauji Fertilizer Company Limited	<b>168,151</b>	168,151
<b>410,500</b>	410,500	10	Fauji Fertilizer Bin Qasim Limited	<b>16,275</b>	16,275
<b>628,000</b>	455,800	10	Engro Corporation Limited	<b>145,659</b>	94,932
<b>2,525,000</b>	1,204,437	10	Engro Fertilizers Limited	<b>190,470</b>	103,959
			<b>Food and Personal Care products</b>		
<b>541,500</b>	-	10	Al Shaheer Corporation Limited	<b>29,764</b>	-
			<b>Miscellaneous</b>		
<b>2,000,000</b>	-	10	TPL Properties Limited	<b>25,000</b>	-
				<b>3,006,876</b>	<b>6,569,755</b>

**13.6.3** Market value of quoted available-for-sale investments is Rs.6,632,986 thousands (2015: Rs.9,357,289 thousands) at the year end.

#### 14. INVESTMENT PROPERTIES

	2016							
	Cost			Depreciation			Written down value as at 31 December 2016	Useful life
As at 01 January 2016	Additions / (Disposals)	As at 31 December 2016	As at 01 January 2016	For the year	As at 31 December 2016			
(Rupees in '000)								
Leasehold land	<b>556,600</b>	-	<b>556,600</b>	-	-	-	<b>556,600</b>	-
Building on leasehold land	<b>125,563</b>	-	<b>125,563</b>	<b>26,774</b>	<b>3,450</b>	<b>30,224</b>	<b>95,339</b>	<b>40-80 years</b>
Lifts and other installations	<b>33,794</b>	-	<b>33,794</b>	<b>17,530</b>	<b>2,940</b>	<b>20,470</b>	<b>13,324</b>	<b>10 years</b>
	<b>715,957</b>	-	<b>715,957</b>	<b>44,304</b>	<b>6,390</b>	<b>50,694</b>	<b>665,263</b>	

	2015							
	Cost			Depreciation			Written down value as at 31 December 2015	Useful life
	As at 01 January 2015	Additions / (Disposals)	As at 31 December 2015	As at 01 January 2015	For the year	As at 31 December 2015		
(Rupees in '000)								
Leasehold land	556,600	-	556,600	-	-	-	556,600	-
Building on leasehold land	125,563	-	125,563	23,324	3,450	26,774	98,789	40-80 years
Lifts and other installations	33,794	-	33,794	14,590	2,940	17,530	16,264	10 years
	<u>715,957</u>	<u>-</u>	<u>715,957</u>	<u>37,914</u>	<u>6,390</u>	<u>44,304</u>	<u>671,653</u>	

**14.1** The market value of the investment properties as per valuations carried out by professional valuers in 2015 and as ascertained by the management after including the leasehold land acquired in 2014 is Rs. 2,563,465 thousands (2015 : Rs.2,563,465 thousands).

**15. DEFERRED TAXATION - NET**

**Deferred tax debits / (credits) arising in respect of:**

	2016	2015
(Rupees in '000)		
Provision for doubtful debts	50,988	49,792
Unrealised gain on investment	(26,020)	-
Accelerated depreciation	(10,906)	(10,362)
Share of profit from associates	(85,262)	(27,859)
	<u>(71,200)</u>	<u>11,571</u>
Provision for employees' benefits plan	4,016	(1,932)
Foreign currency translation difference	2,508	3,298
	<u>(64,676)</u>	<u>12,937</u>

**16. PREMIUMS DUE BUT UNPAID**

**Unsecured**

Considered good	1,418,760	913,926
Considered doubtful	152,961	137,961
	<u>1,571,721</u>	<u>1,051,887</u>
Less: Provision for doubtful balances	152,961	137,961
	<u>1,418,760</u>	<u>913,926</u>

**16.1 Provision against doubtful balances**

Opening balance	137,961	137,961
Provision made during the year	15,000	-
	<u>152,761</u>	<u>137,961</u>

**16.2** Premium due but unpaid includes an amount of Rs.196,142 thousands (2015: Rs.143,251 thousands) due from related parties.

**17. AMOUNTS DUE FROM OTHER INSURERS / REINSURERS**

**Unsecured**

Considered good	41,788	83,604
Considered doubtful	17,000	17,000
	<u>58,788</u>	<u>100,604</u>
Less: Provision against doubtful balances	17,000	17,000
	<u>41,788</u>	<u>83,604</u>

Note

## 18. REINSURANCE RECOVERIES AGAINST OUTSTANDING CLAIMS

These are unsecured and considered good.

## 19. PREPAYMENTS

Note

	2016	2015
	(Rupees in '000)	
Prepaid reinsurance premium ceded	1,246,170	1,178,519
Prepaid rent	13,102	8,264
Miscellaneous expenses	3,928	3,121
	<u>1,263,200</u>	<u>1,189,904</u>

## 20. SUNDRY RECEIVABLES

Current portion of loans to employees	12	626	700
Advances to suppliers and contractors - considered good		51,111	37,968
Rent receivable		2,886	2,886
Security deposits		7,084	9,374
Sales tax recoverable		7,125	10,063
Medical claims recoverable		7,685	12,233
Other advances - considered good		13,740	21,752
		<u>90,257</u>	<u>94,976</u>

## 21. FIXED ASSETS - Tangible and intangible

2016	Buildings	Furniture, fixtures and equipments					Motor vehicles	Computer software	Total
		Furniture and fixtures	Office equipment	Tracker equipment	Computer equipment	Sub total			
(Rupees in '000)									
<b>As at 01 January 2016</b>									
Cost	7,069	79,527	90,161	85,953	53,209	308,850	10,630	57,641	384,190
Accumulated depreciation	(1,602)	(50,517)	(59,854)	(28,942)	(39,553)	(178,866)	(5,153)	(33,942)	(219,563)
<b>Net book value as at 01 January 2016</b>	<u>5,467</u>	<u>29,010</u>	<u>30,307</u>	<u>57,011</u>	<u>13,656</u>	<u>129,984</u>	<u>5,477</u>	<u>23,699</u>	<u>164,627</u>
<b>For the year ended 31 December 2016</b>									
Opening net book value	5,467	29,010	30,307	57,011	13,656	129,984	5,477	23,699	164,627
Additions	-	692	6,693	47,776	6,900	62,061	3,253	4,633	69,947
Disposals									
- Cost	-	(1,155)	(5,267)	(161)	(3,289)	(9,872)	(2,353)	-	(12,226)
- Accumulated depreciation	-	793	4,359	72	2,863	8,087	1,068	-	9,156
	-	(362)	(908)	(89)	(426)	(1,785)	(1,285)	-	(3,070)
Adjustment / transfer									
- Cost	-	-	40	-	(518)	(478)	(68)	-	(546)
- Accumulated depreciation	-	34	-	-	256	290	24	-	314
	-	34	40	-	(262)	(188)	(44)	-	(232)
Depreciation charge	(293)	(5,495)	(5,856)	(17,923)	(4,547)	(33,821)	(665)	(9,483)	(44,262)
<b>Net book value as at 31 December 2016</b>	<u>5,174</u>	<u>23,879</u>	<u>30,276</u>	<u>86,775</u>	<u>15,321</u>	<u>156,251</u>	<u>6,736</u>	<u>18,849</u>	<u>187,010</u>
<b>As at 31 December 2016</b>									
Cost	7,069	79,064	91,627	133,568	56,302	360,561	11,462	62,274	441,366
Accumulated depreciation	(1,895)	(55,185)	(61,351)	(46,793)	(40,981)	(204,310)	(4,726)	(43,425)	(254,356)
<b>Net book value as at 31 December 2016</b>	<u>5,174</u>	<u>23,879</u>	<u>30,276</u>	<u>86,775</u>	<u>15,321</u>	<u>156,251</u>	<u>6,736</u>	<u>18,849</u>	<u>187,010</u>
<b>Annual rate of depreciation</b>	<u>3%</u>	<u>17%</u>	<u>17% - 25%</u>	<u>20%</u>	<u>25%</u>		<u>20%</u>	<u>20%</u>	

2015	Buildings	Furniture, fixtures and equipments					Motor vehicles	Computer software	Total
		Furniture and fixtures	Office equipment	Tracker equipment	Computer equipment	Sub total			
(Rupees in '000)									
<b>As at 01 January 2015</b>									
Cost	7,069	68,346	82,964	72,463	48,317	272,090	9,478	51,633	340,270
Accumulated depreciation	(1,313)	(46,085)	(55,810)	(32,764)	(36,008)	(170,667)	(4,822)	(25,187)	(201,989)
<b>Net book value as at 01 January 2015</b>	<b>5,756</b>	<b>22,261</b>	<b>27,154</b>	<b>39,699</b>	<b>12,309</b>	<b>101,423</b>	<b>4,656</b>	<b>26,446</b>	<b>138,281</b>
<b>For the year ended 31 December 2015</b>									
Opening net book value	5,756	22,261	27,154	39,699	12,309	101,423	4,656	26,446	138,281
Addition	-	13,500	10,353	31,985	5,456	61,294	1,776	6,008	69,078
Disposals									
- Cost	-	(2,319)	(3,156)	(18,495)	(564)	(24,534)	(624)	-	(25,158)
- Accumulated depreciation	-	1,461	2,119	13,944	507	18,031	238	-	18,269
	-	(858)	(1,037)	(4,551)	(57)	(6,503)	(386)	-	(6,889)
<b>Depreciation charge</b>	<b>(289)</b>	<b>(5,893)</b>	<b>(6,163)</b>	<b>(10,122)</b>	<b>(4,052)</b>	<b>(26,230)</b>	<b>(569)</b>	<b>(8,755)</b>	<b>(35,843)</b>
<b>Net book value as at 31 December 2015</b>	<b>5,467</b>	<b>29,010</b>	<b>30,307</b>	<b>57,011</b>	<b>13,656</b>	<b>129,984</b>	<b>5,477</b>	<b>23,699</b>	<b>164,627</b>
As at 31 December 2015									
Cost	7,069	79,527	90,161	85,953	53,209	308,850	10,630	57,641	384,190
Accumulated depreciation	(1,602)	(50,517)	(59,854)	(28,942)	(39,553)	(178,866)	(5,153)	(33,942)	(219,563)
Net book value as at 31 December 2015	5,467	29,010	30,307	57,011	13,656	129,984	5,477	23,699	164,627
<b>Annual rate of depreciation</b>	<b>3%</b>	<b>17%</b>	<b>17% - 25%</b>	<b>20%</b>	<b>25%</b>		<b>20%</b>	<b>20%</b>	

**21.1 Disposal of tangible assets**

Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
(Rupees in '000)						

**Disposal of assets during the year having book value exceeding Rs. 50,000**

Furniture and fixtures	1,005	685	320	119	(201)	Negotiation	Various
Office equipment, electrical installations, tracker equipment and computers	5,512	4,708	804	357	(447)	Negotiation	Various
Motor vehicles	700	77	623	612	(11)	Auction	Naveed M. Haneef
	661	396	265	443	178	Auction	Noman Hassan Khan
	750	450	300	550	250	Auction	M. Tahir ul Haq Ashrafi

**Disposal of assets during the year having book value upto Rs.50,000**

Furniture and fixtures	150	108	42	7	(35)	Negotiation	Various
Office equipment, electrical installations, tracker equipment and computers	3,205	2,586	619	575	(44)	Negotiation	Various
Motor vehicles	242	145	97	66	(31)	Negotiation	Various
<b>2016</b>	<b>12,225</b>	<b>9,155</b>	<b>3,070</b>	<b>2,729</b>	<b>(341)</b>		
2015	25,158	18,269	6,889	4,429	(2,460)		



**22. ADMINISTRATIVE SURCHARGE**

Premium written and net premium revenue include administrative surcharge, class wise detail of which is given below:

	Note	2016	2015
		(Rupees in '000)	
Fire and property damage		9,680	10,666
Marine, aviation and transport		17,066	16,553
Motor		35,964	34,236
Liability		448	422
Miscellaneous		12,360	10,175
		<b>75,518</b>	<b>72,052</b>

**23. MANAGEMENT EXPENSES**

Salaries, wages and benefits	23.1	835,640	713,688
Rent, taxes and electricity		50,813	64,125
Communications		19,676	18,526
Directors' fee and expenses		5,400	4,050
Printing and stationery		31,726	33,034
Travelling and entertainment		33,267	32,769
Legal and professional charges		11,319	15,962
Statutory levies		15,923	15,398
Annual monitoring fee for vehicle tracking devices		48,722	27,426
Inspection fee		7,883	10,072
Repairs and maintenance		12,155	8,468
Advertisement and sales promotion		85,489	69,615
Depreciation	21	34,779	27,088
Amortisation	21	9,483	8,755
Bad debts written off		3,967	5,156
Provision against doubtful balances	16.1	15,000	-
Insurance expense		4,675	3,217
Motor vehicle running expenses		2,052	1,973
Other expenses		28,706	25,630
	23.2	<b>1,256,675</b>	<b>1,084,952</b>

**23.1** These include Rs. 20,022 thousands (2015: Rs.16,092 thousands) being contribution for employees' provident fund and Rs. 14,948 thousands (2015: Rs.12,045 thousands) in respect of defined benefit plan.

**23.2** The above include costs aggregating Rs. 32,187 thousands (2015: Rs.33,259 thousands) in respect of Accident and Health business Common Back Office operations jointly shared with Jubilee Life Insurance Company Limited, an associated company.

**24. COMMISSION FROM REINSURERS**

	Commission received or receivables	Unearned Commission		2016	2015
		Opening	Closing		
----- (Rupees in '000) -----					
Fire and property damage	103,456	27,223	33,230	97,449	90,626
Marine, aviation and transport	6,531	769	131	7,169	2,997
Motor	3,948	6,180	2,770	7,358	10,548
Liability	16,237	4,654	3,642	17,249	18,179
Miscellaneous	193,109	79,707	77,332	195,484	215,063
	<b>323,281</b>	<b>118,533</b>	<b>117,105</b>	<b>324,709</b>	<b>337,413</b>

		2016	2015
		(Rupees in '000)	
<b>25. RENTAL INCOME - NET</b>	Note		
Rental revenue		<b>121,491</b>	125,954
Investment property related expenditure		<b>(34,971)</b>	(31,601)
		<b>86,520</b>	94,353
<b>26. OTHER INCOME - NET</b>			
<b>Income from financial assets / liabilities</b>			
Exchange gain - net		<b>1,329</b>	8,721
Return on loans to employees		<b>50</b>	69
Others		<b>65</b>	5
<b>Income from non-financial assets</b>			
Loss on sale of fixed assets	21.1	<b>(341)</b>	(2,460)
		<b>1,103</b>	6,335
<b>27. GENERAL AND ADMINISTRATION EXPENSES</b>			
Legal and professional		<b>3,158</b>	6,379
Subscription		<b>2,399</b>	889
Sindh Workers' Welfare Fund		<b>36,759</b>	34,266
Charity and donations	27.1	<b>30,077</b>	33,913
Auditors' remuneration	27.2	<b>3,327</b>	2,235
Others		<b>344</b>	1,893
		<b>76,064</b>	79,575

**27.1** Donations made include the following in which a Director or spouse of a Director is interested:

Name and address of donee	Interested Director	Interest in donee	2016	2015
			(Rupees in '000)	
Aga Khan Rural, Support Programme, Serena Business Complex, Khayaban-e-Suhrawardy, Islamabad	Aly Noormahomed Rattansey	Chairman	<b>7,500</b>	5,000
Aga Khan Cultural, Services, Pakistan, Shahrah-e-Quaid-e-Azam Gilgit, Pakistan	Akbarali Pesnani	Chairman	<b>4,000</b>	-
Habib University, Gulistan-e-Jauher, Karach	Towfiq H. Chinoy	Trustee	-	10,000
			<b>11,500</b>	15,000

**27.1.1** Donations, other than those mentioned above, were not made to any donee in which a director or his spouse had any interest at any time during the year.

**27.2 Auditors' remuneration**

Audit fee	<b>575</b>	575
Interim review fee	<b>115</b>	115
Income Tax advisory services	<b>1,100</b>	700
Special reports and certificates for various government agencies and sundry advisory services	<b>1,215</b>	575
Out of pocket expenses	<b>322</b>	270
	<b>3,327</b>	2,235

**28. TAXATION - NET**

	2016	2015
	(Rupees in '000)	
Current		
-Current	543,719	321,042
-Prior	48,204	25,217
	<u>591,923</u>	<u>346,259</u>
Deferred	82,771	12,283
	<u>674,694</u>	<u>358,642</u>

**28.1 Relationship between tax expense and accounting profit**

	2016	2015	2016	2015
	(Effective tax rate)	%	(Rupees in '000)	
Profit before taxation			<u>1,854,125</u>	<u>1,711,292</u>
Tax at the applicable rate of 31% (2015: 32%)	31.00	32.00	574,779	547,613
Tax effect of income subject to lower rate	-	(4.68)	-	(80,170)
Tax effect of income exempt from tax	-	(7.73)	-	(132,334)
Prior year - super tax	2.60	1.47	48,204	25,217
Tax effect of change in tax rate and others	2.80	(0.10)	51,711	(1,684)
	<u>36.40</u>	<u>20.96</u>	<u>674,694</u>	<u>358,642</u>

The Board of Directors of the Company has proposed to distribute sufficient cash dividend for the year ended 31 December 2016 (refer note 39) to comply with the requirements of Section 5A of the Income Tax Ordinance, 2001 (Tax on Undistributed Reserves). Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended 31 December 2016.

**29. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise companies having common directorship, associates, directors, major shareholders, key management personnel and retirement benefit funds. The associated companies are associated either based on holding in equity or they are due to same management and / or common directors. All transactions involving related parties arising in the normal course of business are concluded at agreed terms and conditions. Contribution to the

employee retirement benefits are made in accordance with the terms of employee retirement benefit scheme. Directors' fees and remuneration to the key management personnel are included in note 31 to these financial statements and are determined in accordance with the terms of their appointment.

Balances, including investments in associates, are disclosed in relevant notes to these financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2016	2015
	(Rupees in '000)	
<b>Companies having common directorship</b>		
Insurance premium written (including government levies administrative surcharge, policy stamps and inward facultative acceptance)	<u>502,449</u>	<u>441,539</u>
Insurance premium received / adjusted during the year	<u>421,912</u>	<u>428,393</u>
Insurance commission paid	<u>19,865</u>	<u>15,447</u>
Insurance claims paid	<u>85,028</u>	<u>149,247</u>
Purchases of goods and services	<u>16,922</u>	<u>1,992</u>
Dividend received	<u>71,697</u>	<u>55,255</u>
Dividend received from an associate under equity method	<u>62,609</u>	<u>46,377</u>
Dividend paid	<u>330,634</u>	<u>606,928</u>
Rental income	<u>32,911</u>	<u>33,439</u>
Investment in shares / mutual funds other than associate	<u>163,049</u>	<u>1,268,911</u>
Disposal of shares / mutual funds other than associate	<u>523,659</u>	<u>1,272,040</u>
Donations	<u>11,500</u>	<u>15,000</u>
<b>Others</b>		
Insurance premium written (including government levies administrative surcharge and policy stamps)	<u>530</u>	<u>332</u>
Insurance premium received / adjusted during the year	<u>496</u>	<u>237</u>
Insurance claims paid	<u>110</u>	<u>98</u>
Dividend paid	<u>10,202</u>	<u>16,427</u>
Contributions for staff retirement benefit plans	<u>54,797</u>	<u>21,411</u>
Donation	<u>2,500</u>	<u>5,000</u>

### 30. EMPLOYEE BENEFITS

#### 30.1 Defined benefit plan

The actuarial valuations are carried out annually and contributions are made accordingly. Following are the significant assumptions used for valuation of the plan:

- Discount rate 8.00% (2015: 9.25%) per annum.
- Expected rate of increase in the salaries of the employees 8.00% (2015: 9.25%) per annum.
- Expected interest rate on plan assets 9.25% (2015: 11.50%) per annum.
- Expected service length of the employees 9.8 years (2015: 9.5 years).

		2016	2015
		(Rupees in '000)	
<b>30.1.1 Asset / (liability) in balance sheet</b>	<i>Note</i>		
Present value of defined benefit obligation	30.1.3	<b>209,989</b>	154,639
Fair value of plan assets	30.1.4	<b>(209,989)</b>	(154,639)
		<u>-</u>	<u>-</u>
<b>30.1.2 Movement in asset / (liability) during the year</b>			
Opening balance		-	-
Charge to profit and loss account	30.1.5	<b>14,948</b>	12,045
Charge to other comprehensive income	30.1.6	<b>19,826</b>	(6,726)
Contributions to the Fund during the year		<b>(39,774)</b>	(5,319)
Closing balance		<u>-</u>	<u>-</u>
<b>30.1.3 Reconciliation of the present value of the defined benefit obligations</b>			
Present value of obligation as at 01 January		<b>154,639</b>	128,859
Current service costs		<b>14,948</b>	12,344
Interest costs		<b>14,188</b>	14,520
Benefits paid		<b>(2,514)</b>	(5,190)
Actuarial (gain)/losses from changes in financial assumptions		<b>(219)</b>	-
Experience adjustments		<b>28,947</b>	4,106
Present value of obligation as at 31 December		<b>209,989</b>	154,639
<b>30.1.4 Changes in fair value of plan assets</b>			
Fair value of plan assets as at 01 January		<b>154,639</b>	128,859
Interest income		<b>14,188</b>	14,819
Contribution to the Fund		<b>34,774</b>	5,319
Benefits paid		<b>(2,514)</b>	(5,190)
Return on plan assets excluding interest income		<b>8,902</b>	10,832
Fair value of plan assets as at 31 December		<b>209,989</b>	154,639
<b>30.1.5 Charge to profit and loss account</b>			
Current service costs		<b>14,948</b>	12,344
Interest costs		<b>14,188</b>	14,520
Expected return on plan assets		<b>(14,188)</b>	(14,819)
		<u>14,948</u>	<u>12,045</u>
<b>30.1.6 Remeasurements recognized in other comprehensive income, expense / (income) during the year</b>			
Actuarial (gain)/losses from changes in financial assumptions		<b>(219)</b>	-
Experience adjustments		<b>28,947</b>	4,106
Return on plan assets excluding interest income		<b>(8,902)</b>	(10,832)
		<u>19,826</u>	<u>(6,726)</u>
<b>30.1.7 Expected return on assets</b>		<b>14,188</b>	14,819

**30.1.8 Composition of fair value of plan assets**

	2016		2015	
	Fair value (Rupees in '000)	%	Fair value (Rupees in '000)	%
Equity instruments	27,675	0.98	41,109	26.58
Government securities	97,000	74.16	99,890	64.60
Others	85,314	24.86	13,640	8.82
Fair value of plan assets	<u>209,989</u>		<u>154,639</u>	

**30.1.9 Historical data**

	2015	2014	2013	2012	2011
	----- (Rupees in '000) -----				
Present value of defined benefit obligations	154,639	128,859	120,020	90,954	78,727
Fair value of plan assets (Surplus) / deficit	<u>(154,639)</u>	<u>(128,859)</u>	<u>(120,020)</u>	<u>(90,954)</u>	<u>(78,727)</u>
Experience adjustments					
- Actuarial (gain) / loss on obligation	4,106	(11,117)	11,969	(1,688)	(9,388)
- Actuarial gain / (loss) on assets	<u>(10,832)</u>	<u>6,706</u>	<u>7,553</u>	<u>(9,563)</u>	<u>(1,484)</u>

**30.1.10** The estimated charge to profit and loss account for the defined benefit plan for the year ending 31 December 2017 is Rs.13,146 thousands.

**30.1.11 Sensitivity analysis on significant actuarial assumptions: Actuarial liability**

	2016	2015
	(Rupees in '000)	
Discount rate +1%	193,744	141,912
Discount rate -1%	228,644	169,270
Future salary increases +1%	228,648	169,276
Future salary increases -1%	193,437	141,672

**30.2 Defined contribution plan****30.2.1 Provident fund trust**

	2016	2015
	(Unaudited)	(Audited)
	(Rupees in '000)	
Size of the fund	440,405	369,377
Cost of investments made	401,742	311,826
Percentage of investments made (based on fair value)	98%	97%
Fair value of investments	431,620	357,507

**30.2.2** Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. The break-up of investments is as follows:

**Break-up of investments**

Listed securities / mutual funds	179,133	138,790
Government securities	242,487	213,717
Other debt instruments	10,000	5,000
	<u>431,620</u>	<u>357,507</u>

**31. REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND EXECUTIVES**

	Managing Director		Directors		Executives		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	----- (Rupees in '000) -----							
Directors' fees	-	-	5,400	4,050	-	-	5,400	4,050
Managerial remuneration - including bonus	27,518	19,608	-	-	171,247	121,588	198,765	141,196
Staff retirement benefits	1,709	1,336	-	-	9,605	6,361	11,314	7,697
House rent allowance	6,153	4,810	-	-	62,351	44,139	68,504	48,949
Utilities allowance	2,051	1,603	-	-	14,214	10,004	16,265	11,607
Medical expenses	73	26	-	-	4,246	2,806	4,319	2,832
Leave passage / assistance	1,669	1,825	-	-	6,789	4,980	8,458	6,805
Vehicle allowance	2,068	2,068	-	-	59,452	50,607	61,520	52,675
Others	692	1,085	-	-	41,456	38,243	42,148	39,328
	<u>41,933</u>	<u>32,361</u>	<u>5,400</u>	<u>4,050</u>	<u>369,360</u>	<u>278,728</u>	<u>416,693</u>	<u>315,139</u>
Number of persons	1	1	8	8	105	84	114	93

In addition, the managing director and some of the executives are provided with certain items of household furniture, fixtures and equipment in accordance with their entitlements.

**32. SEGMENT REPORTING**

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirement of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at 31 December 2016 and 31 December 2015, unallocated capital expenditure and non-cash expenses during the year:

	Fire		Marine		Motor		Liability		Accident and health		Miscellaneous		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015		
<b>SEGMENT ASSETS</b>														
Segment assets	1,535,674	1,189,522	235,544	246,636	387,427	322,444	733,273	545,569	209,388	149,338	1,884,139	1,486,101	4,985,445	3,939,610
Unallocated corporate assets											12,240,650	11,130,917		
Unallocated assets of Window Takaful Operator - Operator's Fund											185,071	117,342		
Consolidated total assets											<u>17,411,166</u>	<u>15,187,869</u>		
<b>SEGMENT LIABILITIES</b>														
Segment liabilities	2,474,871	2,179,939	593,481	596,206	1,260,555	1,080,323	800,575	597,421	815,171	642,602	2,711,554	2,316,728	8,656,207	7,413,219
Unallocated corporate liabilities											2,070,893	1,837,896		
Unallocated liabilities of Window Takaful Operator - Operator's Fund											84,209	30,350		
Consolidated total liabilities											<u>10,811,309</u>	<u>9,281,465</u>		
Depreciation / amortisation	8,920	7,328	4,877	4,398	13,633	9,218	151	144	10,229	7,818	6,452	6,937	44,262	35,843
Non-cash expenses other than depreciation / amortisation	3,822	1,054	2,090	633	5,842	1,326	65	20	4,383	1,125	2,765	998	18,967	5,156
Unallocated capital expenditure											69,947	69,078		

### 33. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### 33.1 Financial risk management objectives and policies

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

#### 33.1.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and other equity prices. The Company manages the market risk exposure by following internal risk management policies.

##### 33.1.1.1 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. The Company limits interest / mark-up rate risk by monitoring changes in interest / mark-up rates in the currencies in which its cash and investments are denominated.

The information about Company's exposure to interest rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

	2016						
	Effective rate % per annum	Interest / mark-up bearing financial instruments			Sub total	Non-interest / mark-up bearing financial instruments	Total
		Maturity upto one year	Maturity over one year to five years	Maturity more than five years			
(Rupees in '000)							
<b>Financial assets</b>							
Cash and bank deposits	1.00 to 9.00	1,919,787	-	-	1,919,787	247,584	2,167,371
Loans to employees	6.00	291	203	-	494	335	829
Investments	5.8 to 11.25	4,221,237	103,411	55,272	4,379,920	4,680,672	9,060,592
Premiums due but unpaid		-	-	-	-	1,418,760	1,418,760
Amounts due from other insurers / reinsurers		-	-	-	-	41,788	41,788
Reinsurance recoveries due but unpaid		-	-	-	-	67,904	67,904
Accrued investment income		-	-	-	-	52,924	52,924
Reinsurance recoveries against outstanding claims		-	-	-	-	1,940,557	1,940,557
Sundry receivables		-	-	-	-	31,395	31,395
		<b>6,141,315</b>	<b>103,614</b>	<b>55,272</b>	<b>6,300,201</b>	<b>8,481,919</b>	<b>14,782,120</b>
<b>Financial liabilities</b>							
Provision for outstanding claims		-	-	-	-	3,337,432	3,337,432
Amounts due to other insurers / reinsurers		-	-	-	-	1,339,594	1,339,594
Accrued expenses		-	-	-	-	71,203	71,203
Other creditors and accruals		-	-	-	-	636,061	636,061
Deposits and other payables		-	-	-	-	1,654,289	1,654,289
Unclaimed dividend		-	-	-	-	72,707	72,707
		-	-	-	-	7,111,286	7,111,286
Interest risk sensitivity gap		<b>6,141,315</b>	<b>103,614</b>	<b>55,272</b>	<b>6,300,201</b>	<b>1,370,633</b>	<b>7,670,834</b>
Cumulative interest risk sensitivity gap		<b>6,141,315</b>	<b>6,244,929</b>	<b>6,300,201</b>			

	2015					Non-interest / mark-up bearing financial instruments	Total
	Effective rate % per annum	Interest / mark-up bearing financial instruments			Sub total		
	Maturity upto one year	Maturity over one year to five years	Maturity more than five years				
----- (Rupees in '000) -----							
<b>Financial assets</b>							
Cash and bank deposits	1.00 to 9.00	1,518,045	-	-	1,518,045	198,797	1,716,842
Loans to employees	6.00	410	401	-	811	290	1,101
Investments	8.51 to 11.50	354,093	49,200	55,777	459,070	7,972,665	8,431,735
Premiums due but unpaid		-	-	-	-	913,926	913,926
Amounts due from other insurers / reinsurers		-	-	-	-	83,604	83,604
Reinsurance recoveries due but unpaid		-	-	-	-	156,908	156,908
Accrued investment income		-	-	-	-	26,361	26,361
Reinsurance recoveries against outstanding claims		-	-	-	-	1,316,006	1,316,006
Sundry receivables		-	-	-	-	46,245	46,245
		1,872,548	49,601	55,777	1,977,926	10,714,802	12,692,728
<b>Financial liabilities</b>							
Provision for outstanding claims		-	-	-	-	2,907,102	2,907,102
Amounts due to other insurers / reinsurers		-	-	-	-	862,631	862,631
Accrued expenses		-	-	-	-	33,013	33,013
Other creditors and accruals		-	-	-	-	563,715	563,715
Deposits and other payables		-	-	-	-	1,465,713	1,465,713
Unclaimed dividend		-	-	-	-	64,334	64,334
		-	-	-	-	5,896,508	5,896,508
Interest risk sensitivity gap		1,872,548	49,601	55,777	1,977,926	4,818,294	6,796,220
Cumulative interest risk sensitivity gap		1,872,548	1,922,149	1,977,926			

#### Cash flow sensitivity analysis of variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax and equity based upon average balances and rates:

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
	----- (Rupees in '000) -----		
<b>31 December 2016</b>	<b>100 (100)</b>	<b>52,768 (52,768)</b>	<b>36,410 (36,410)</b>
31 December 2015	100 (100)	12,523 (12,523)	8,516 (8,516)

#### Fair value sensitivity analysis for fixed rate instruments

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

##### 33.1.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present, is exposed to currency risk in respect of its investment in Jubilee Kyrgyzstan Insurance Company (note 13.2) and Term Deposit Receipts (note 11).

##### 33.1.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity, money market fund and term finance certificates (TFCs). In addition, the Company actively monitors the key factors that affect stock, money market and TFCs market.

The following table summarizes the Company's other price risk as at 31 December 2016 and as at 31 December 2015. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect it in a similar and opposite manner.



	Fair value (Rupees in '000)	Price change	Effect on fair value (Rupees in '000)
<b>31 December 2016</b>	<b>6,632,986</b> <b>(6,632,986)</b>	+5% -5%	<b>331,649</b> <b>(331,649)</b>
31 December 2015	9,363,292 (9,363,292)	+5% -5%	468,165 (468,165)

However, increase of 5% in equity prices at the reporting date is restricted to amount of cost of investment of such securities as per the policy of the Company (note 3.9.2.3).

### 33.1.2 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled:

	2016			
	Within one year	Over one year to five years	Over five years	Total
	----- (Rupees in '000) -----			
<b>Financial liabilities</b>				
Provision for outstanding claims	3,337,432	-	-	3,337,432
Amounts due to other insurers / reinsurers	1,339,594	-	-	1,339,594
Accrued expenses	82,300	-	-	82,300
Other creditors and accruals	636,061	-	-	636,061
Deposits and other payables	1,654,289	-	-	1,654,289
Unclaimed dividend	72,707	-	-	72,707
	<b>7,122,383</b>	<b>-</b>	<b>-</b>	<b>7,122,383</b>
	2015			
	Within one year	Over one year to five years	Over five years	Total
	----- (Rupees in '000) -----			
<b>Financial liabilities</b>				
Provision for outstanding claims	2,907,102	-	-	2,907,102
Amounts due to other insurers / reinsurers	862,631	-	-	862,631
Accrued expenses	27,013	-	-	27,013
Other creditors and accruals	563,715	-	-	563,715
Deposits and other payables	1,465,713	-	-	1,465,713
Unclaimed dividend	64,334	-	-	64,334
	<b>5,890,508</b>	<b>-</b>	<b>-</b>	<b>5,890,508</b>

### 33.1.3 Credit Risk

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

#### 33.1.3.1 Concentration of credit risk and credit exposure of the financial instruments

Concentration of credit risk arises when a number of counter parties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Company manages concentration of credit risk through diversification of activities among individuals, groups and industry segment.

The Company is exposed to major credit risk on bank balances and deposits, marketable securities, Term Finance Certificates, premiums receivable from customers and co-insurers; and on commission and claim recoveries from re-insurers.

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

Bank	Long term rating	Rating agency	2016	2015
			(Rupees in '000)	
Soneri Bank Limited	AA-	PACRA	692,649	314,753
Standard Chartered Bank (Pakistan) Limited	AAA	PACRA	563,272	654,652
Habib Bank Limited - a related party	AAA	JCR-VIS	455,529	353,451
Bank Al-Falah Limited	AA	PACRA	360,299	200,530
United Bank Limited	AAA	JCR-VIS	63,899	147,730
The First Micro Finance Bank Limited - a related party	A +	JCR-VIS	25,000	25,000
Pak Oman Micro Finance Bank Limited	BBB+	JCR-VIS	1,750	1,750
Dubai Islamic Bank Limited	A+	JCR-VIS	-	12,109
NIB Bank Limited	AA-	PACRA	1,150	1,792
MCB Bank Limited	AAA	PACRA	856	1,322
Samba Bank Limited	AA	JCR-VIS	197	170
			<b>2,164,601</b>	<b>1,713,259</b>

The credit quality of Company's quoted equity securities and mutual funds can be assessed as follows:

Rating	2016	2015
A or above	3,746,283	7,234,467
others	848,387	684,801
	<b>4,594,670</b>	<b>7,919,268</b>

The management monitors exposure to credit risk in premium receivable from customers and amount due from Co-insurers through regular review of credit exposure and prudent estimates of provision for doubtful receivables as disclosed in note 16 and note 17. The age wise analysis of premium due but unpaid includes amount receivable within one year and above one year Rs. 1,345,774 thousands ( 2015 : 817,402 thousands) and Rs. 72,986 thousands (2015 : Rs. 96,524 thousands) net off provision for doubtful balances respectively.

The credit quality of amount due from co-insurer, and claim recoveries from reinsurer can be assessed from external ratings disclosed in note 35.

### 34. INSURANCE RISK

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally, most insurance contracts carry the insurance risk for a period of one year (refer note 3.2).

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

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events. 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.

#### Frequency and severity of claims

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

The Company's class wise major risk exposure is as follows:

Class	Maximum Gross Risk Exposure	
	2016	2015
	(Rupees in '000)	
Fire and property	40,864,424	39,016,123
Marine, aviation and transport	1,096,409	2,484,525
Motor	59,570	63,000
Liability	16,867,200	15,766,400
Accident and health	18,987,900	11,517,928
Miscellaneous	56,827,763	44,005,895

The reinsurance arrangements against major risk exposure include excess of loss, surplus arrangements, stop loss and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company's net retentions. As the major reinsurance arrangements are on excess of loss basis, therefore the reinsurance coverage against Company's risk exposures is not quantifiable.

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

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

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims IBNR, the Company follows the recommendation of actuary (note 3.6).

There are several variable factors which affect the amount and timing of recognized claim liabilities. 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 significantly different from initial recognized amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims other than exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amount estimated.

#### Key assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

During the year actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required/ allowed by the circular 9 of 2016 (note 3.6).

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium. The liability of premium deficiency in relation to accident and health insurance is calculated in accordance with the advice of the actuary (note 3.7).

The assumed net of reinsurance loss ratios for each class of business for estimation of Premium Deficiency Reserves is as follows:

Class	Assumed net loss ratio	Assumed net loss ratio
	2016	2015
Fire and property	47%	52%
Marine, aviation and transport	33%	37%
Motor	44%	48%
Liability	12%	4%
Accident and health	82%	82%
Miscellaneous	31%	38%

### Sensitivities

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of variation in incidence of insured events on gross claim liabilities, net claim liabilities, profit before tax and equity is as follows:

Average claim cost	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
		(Rupees in '000)			
2016	± 10%	427,652	204,122	200,119	138,082
2015	± 10%	264,988	216,467	212,222	144,311

### Claim development

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before reinsurance:

	2011 and Prior years	2012	2013	2014	2015	2016
----- (Rupees in '000) -----						
Accident year						
Estimate of ultimate claims cost:						
- At end of accident year	3,896,079	2,820,559	4,251,876	3,280,439	2,707,931	4,489,286
- One year later	3,908,477	2,698,548	4,940,893	3,367,638	2,856,295	-
- Two year later	3,856,866	2,572,665	4,881,139	3,165,287	-	-
- Three year later	3,776,760	2,532,164	4,801,803	-	-	-
- Four year later	3,729,102	2,516,403	-	-	-	-
- Five year later	3,654,508	-	-	-	-	-
Current estimate of cumulative claims	3,654,508	2,516,403	4,801,803	3,165,287	2,856,295	4,489,286
Cumulative payment to date	(3,420,289)	(2,246,784)	(4,676,857)	(2,994,395)	(2,172,245)	(2,741,250)
Liability recognised in balance sheet	234,219	269,619	124,946	170,892	684,050	1,748,036

**Statement of Age-wise Breakup of Unclaimed Insurance Benefits**

Particulars	Total amount	Age-wise Breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
----- (Rupees in '000) -----						
<b>Claims not encashed</b>	<b>122,086</b>	<b>111,739</b>	<b>1,262</b>	<b>2,859</b>	<b>1,328</b>	<b>4,898</b>

**35. REINSURANCE RISK**

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

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

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

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance assets	2016	2015
----- (Rupees in '000) -----					
<b>Rating</b>					
A or above including Pakistan Reinsurance Company Limited	64,454	1,926,319	41,726	2,032,499	1,487,644
BBB	2,769	13,495	-	16,264	54,537
Others	681	743	62	1,486	14,336
	<b>67,904</b>	<b>1,940,557</b>	<b>41,788</b>	<b>2,050,249</b>	<b>1,556,517</b>

**36. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

In accordance with SECP Circular no. 03 of 2007 of Securities and Exchange Commission of Pakistan (SECP), minimum paid-up capital requirement to be complied with by Insurance / Takaful companies at the 31 December 2016 and subsequent year is Rs. 300 million. At 31 December 2016 the Company's paid-up capital is in excess of the prescribed limit.

37. FAIR VALUE

37.1 On balance sheet

		2016					2015				
		Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Total	
		(Rupees in '000)									
<b>Financial assets measured at fair value</b>	Investment at fair value through profit and loss	624,014	-	-	-	-	624,014	624,014	-	624,014	
<b>Financial assets not measured at fair value</b>	Cash and bank deposits*	-	-	-	2,167,371	-	2,167,371	-	-	-	
	Loans to employees	-	-	-	829	-	829	-	-	-	
	Investments	-	690,106	4,379,920	357,176	-	1,047,282	4,025,468	17,186	4,042,654	
	- In related parties	-	-	-	-	-	4,379,920	-	4,376,825	4,376,825	
	- Government securities	-	3,006,876	-	-	-	3,006,876	4,888,563	431,202	5,319,765	
	- Term finance certificates - quoted	-	2,500	-	-	-	2,500	-	-	-	
	- Quoted equity securities / mutual funds	-	-	-	1,418,760	-	1,418,760	-	-	-	
	- Unquoted equity shares	-	-	-	41,788	-	41,788	-	-	-	
	Premiums due but unpaid*	-	-	-	67,904	-	67,904	-	-	-	
	Reinsurance recoveries due but unpaid*	-	-	-	52,924	-	52,924	-	-	-	
	Accrued investment income*	-	-	-	1,940,557	-	1,940,557	-	-	-	
	Reinsurance recoveries against outstanding claims*	-	-	-	31,395	-	31,395	-	-	-	
	Sundry receivables*	-	-	-	-	-	-	-	-	-	
	Total assets of Window Takaful Operations - Operator's Fund*	-	22,445	-	124,598	-	147,043	22,343	-	22,343	
<b>Financial liabilities not measured at fair value</b>	Provision for outstanding claims (including IBNR)**	-	-	-	-	(3,337,432)	(3,337,432)	-	-	-	
	Amounts due to other insurers / reinsurers*	-	-	-	-	(1,339,594)	(1,339,594)	-	-	-	
	Accrued expenses*	-	-	-	-	(82,300)	(82,300)	-	-	-	
	Other creditors and accruals*	-	-	-	-	(636,061)	(636,061)	-	-	-	
	Deposits and other payables*	-	-	-	-	(1,654,289)	(1,654,289)	-	-	-	
	Unclaimed dividend*	-	-	-	-	(72,707)	(72,707)	-	-	-	
	Total liabilities of Window Takaful Operations - Operator's Fund*	-	-	-	-	(19,640)	(19,640)	-	-	-	
		624,014	3,721,927	4,379,920	6,203,302	(7,142,023)	7,778,140	9,560,388	4,825,213	14,385,601	
		(Rupees in '000)									
<b>Financial assets measured at fair value</b>	Investment at fair value through profit and loss	33,512	-	-	-	-	33,512	33,512	-	33,512	
<b>Financial assets not measured at fair value</b>	Cash and bank deposits*	-	-	-	1,716,842	-	1,716,842	-	-	-	
	Loans to employees	-	-	-	1,101	-	1,101	-	-	-	
	Investments	-	1,099,664	-	267,234	-	1,366,898	3,286,430	510,848	3,797,278	
	- In related parties	-	-	-	-	-	453,070	-	463,712	463,712	
	- Government securities	-	-	453,070	-	-	6,000	-	6,003	6,003	
	- Term finance certificates - quoted	-	6,569,755	6,000	-	-	6,569,755	3,423,113	4,474,289	7,897,402	
	- Quoted equity securities / mutual funds	-	2,500	-	-	-	2,500	-	-	-	
	- Unquoted equity shares	-	-	-	913,926	-	913,926	-	-	-	
	Premiums due but unpaid*	-	-	-	83,604	-	83,604	-	-	-	
	Reinsurance recoveries due but unpaid*	-	-	-	156,908	-	156,908	-	-	-	
	Accrued investment income*	-	-	-	26,361	-	26,361	-	-	-	
	Reinsurance recoveries against outstanding claims*	-	-	-	1,316,006	-	1,316,006	-	-	-	
	Sundry receivables*	-	-	-	46,245	-	46,245	-	-	-	
	Total assets of Window Takaful Operations - Operator's Fund*	-	35,000	-	56,520	-	91,520	-	35,039	35,039	
<b>Financial liabilities not measured at fair value</b>	Provision for outstanding claims (including IBNR)**	-	-	-	-	(2,907,102)	(2,907,102)	-	-	-	
	Amounts due to other insurers / reinsurers*	-	-	-	-	(862,631)	(862,631)	-	-	-	
	Accrued expenses*	-	-	-	-	(33,013)	(33,013)	-	-	-	
	Other creditors and accruals*	-	-	-	-	(563,715)	(563,715)	-	-	-	
	Deposits and other payables*	-	-	-	-	(1,465,713)	(1,465,713)	-	-	-	
	Unclaimed dividend*	-	-	-	-	(64,334)	(64,334)	-	-	-	
	Total liabilities of Window Takaful Operations - Operator's Fund*	-	-	-	-	(7,606)	(7,606)	-	-	-	
		33,512	7,706,919	459,070	4,584,747	(5,904,114)	6,880,134	6,743,055	5,489,891	12,232,946	

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

- 37.2** The latest valuation of the investment properties (level 3 measurement) was carried out in 2015. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.
- 37.3** Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

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

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

### 38. EARNINGS PER SHARE - BASIC AND DILUTED

Basic earnings per share are 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 in '000)	
Profit after taxation	<u>1,179,431</u>	<u>1,352,650</u>
	(Number of shares in '000)	
Weighted average number of shares of Rs.10 each	<u>156,910</u>	<u>156,910</u>
	(Rupees)	
Earnings per share of Rs.10 each - basic and diluted	<u>7.52</u>	<u>8.62</u>

- 38.1** 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.

### 39. SUBSEQUENT EVENT - NON ADJUSTING

The Board of Directors in its meeting held on 14 February 2017 has proposed a final cash dividend in respect of the year ended 31 December 2016 of Rs. 3.5 per share of Rs.10 each (35%) [31 December 2015: Rs.3.0 per share of Rs.10 each (30%)] and Bonus Shares @ 15% (31 December 2015: NIL) . In addition, the Board of Directors has approved the transfer of Rs. 100,000 thousands (31 December 2015: Rs.300,000 thousands) to special reserve and Rs. 300,000 thousands (31 December 2015: Rs. 350,000 thousands) to general reserve from unappropriated profit. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

### 40. NUMBER OF EMPLOYEES

As at December 31

Average Number of employees during the year

	2016	2015
	(Numbers)	
As at December 31	<u>693</u>	<u>665</u>
Average Number of employees during the year	<u>681</u>	<u>650</u>

### 41. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 14 February, 2017.

### 42. GENERAL

All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

Towfiq H. Chinoy  
Chairman

Aly Noormahomed Rattansey  
Director

Aamir Hasan Irshad  
Director

Tahir Ahmed  
Managing Director  
(Chief Executive)

# Window Takaful Operations Financial Statements

Exploring the  
possibilities of  
reaching  
the heights!







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## Auditors' Report to the Members of Jubilee General Insurance Company Limited

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 cash flows;
- (v) statement of changes in Fund;
- (vi) statement of contributions;
- (vii) statement of claims;
- (viii) statement of expenses; and
- (ix) statement of investment income

**of Jubilee General Insurance Company Limited – Window Takaful Operations** ("the Company") as at 31 December 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 approved 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 auditing standards 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 account 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;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2016 and of the results, its cash flows and changes in Fund for the year then ended in accordance with approved 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 Ushr Ordinance, 1980 (XVIII of 1980).

Date: 14 February 2017  
Karachi

*KPMG Taseer Hadi & Co.*

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Muhammad Nadeem

# Balance Sheet

As at 31 December 2016

Note	2016			2015
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
----- (Rupees in '000) -----				
<b>Operator's Fund</b>				
	100,000	-	100,000	100,000
Statutory fund	862	-	862	(13,008)
Accumulated profit / (loss)	<u>100,862</u>	<u>-</u>	<u>100,862</u>	<u>86,992</u>
<b>Waqf / Participants' Takaful Fund</b>				
	-	500	500	500
Ceded money	-	(7,935)	(7,935)	8,777
Accumulated (deficit) / surplus	<u>-</u>	<u>(7,435)</u>	<u>(7,435)</u>	<u>9,277</u>
<b>Liabilities</b>				
<b>Underwriting provisions</b>				
	-	46,377	46,377	7,297
Provision for outstanding claims (including IBNR)	-	156,473	156,473	53,202
Provisions for unearned contribution	-	1,982	1,982	485
Provision for unearned re-takaful rebate	-	9,037	9,037	-
Contribution deficiency reserve	-	213,869	213,869	60,984
Total underwriting provisions	-	<u>213,869</u>	<u>213,869</u>	<u>60,984</u>
<b>Creditors and accruals</b>				
	-	22,405	22,405	2,845
Amounts due to other takaful / re-takaful operators	-	613	613	8
Contribution received in advance	64,036	-	64,036	21,318
Provision for unearned wakala fees	-	41,078	41,078	16,278
Wakala and mudarib fee payable	3,539	-	3,539	1,398
Accrued expenses	326	-	326	-
Taxation	16,308	4,692	21,000	8,279
Other creditors and accruals	<u>84,209</u>	<u>68,788</u>	<u>152,997</u>	<u>50,126</u>
<b>Total liabilities</b>	<b>84,209</b>	<b>282,657</b>	<b>366,866</b>	<b>111,110</b>
<b>Total fund and liabilities</b>	<b><u>185,071</u></b>	<b><u>275,222</u></b>	<b><u>460,293</u></b>	<b><u>207,379</u></b>
<b>Contingency and commitment</b>				

The annexed notes from 1 to 25 form an integral part of these financial statements.



Towfiq H. Chinoy  
Chairman



Aly Noormahomed Rattansey  
Director

**Assets****Cash and bank deposits**

Cash and other equivalents

Current and other accounts

Deposits maturing within 12 months

Note	2016			2015
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
	----- (Rupees in '000) -----			
	-	92	92	41
	73,114	155,782	228,896	68,189
6	10,000	15,000	25,000	10,000
	83,114	170,874	253,988	78,230
7	22,445	-	22,445	35,000

**Investments****Current assets - other**

Contribution due but unpaid

Wakala and mudarib fee receivable

Deferred commission expense

Amount due from other takaful / Re-takaful operators

Re-takaful recoveries due but unpaid

Accrued Investment Income

Re-takaful recoveries against outstanding claims

Prepaid re-takaful contribution ceded

Taxation

Sundry receivables

	-	54,545	54,545	28,489
	41,078	-	41,078	16,278
	22,348	-	22,348	8,564
	-	84	84	12,889
8	406	3,581	3,581	-
	-	207	613	391
	-	250	250	-
9	-	44,014	44,014	10,088
	-	-	-	1,991
	951	1,667	2,618	485
10	64,783	104,348	169,131	79,175

**Fixed assets****Tangible and intangible**


Furniture and fixtures

Office equipment

Computer equipment

Computer software

	7,027	-	7,027	8,348
	4,671	-	4,671	5,540
	383	-	383	517
	2,648	-	2,648	569
	14,729	-	14,729	14,974
<b>Total assets</b>	<b>185,071</b>	<b>275,222</b>	<b>460,293</b>	<b>207,379</b>


Aamir Hasan Irshad  
Director

Tahir Ahmed  
Managing Director  
(Chief Executive)

# Profit and Loss Account

For the year ended 31 December 2016

Note	2016						2015
	Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Aggregate	For the period from 30 April to 31 December Aggregate
	(Rupees in '000)						
<b>Participants' Fund - revenue account</b>							
Net contribution revenue	(7,226)	(6,438)	76,948	53,189	2,239	<b>118,712</b>	22,173
Net claims	(13,985)	(7,036)	(44,399)	(61,534)	(2,632)	<b>(129,586)</b>	(14,239)
Re-takaful rebate earned	988	-	3	-	530	<b>1,521</b>	339
Contribution deficiency expense	(8,763)	(274)	-	-	-	<b>(9,037)</b>	-
<b>(Deficit) / surplus before investment income</b>	<u>(28,986)</u>	<u>(13,748)</u>	<u>32,552</u>	<u>(8,345)</u>	<u>137</u>	<u><b>(18,390)</b></u>	<u>8,273</u>
Return on bank deposits - net of mudarib fee						<b>1,678</b>	504
<b>(Deficit) / surplus for the year / period</b>						<u><b>(16,712)</b></u>	<u>8,777</u>
<b>Operator's Fund - revenue account</b>							
Wakala fee income <sup>11</sup>						<b>72,778</b>	11,484
Commission expense						<b>(24,336)</b>	(4,678)
Management expenses <sup>13</sup>						<b>(34,636)</b>	(21,090)
						<b>13,806</b>	(14,284)
Mudarib's share of PTF investment income						<b>419</b>	126
Return on bank deposits						<b>3,266</b>	1,534
Net investment income						<b>1,153</b>	-
						<b>18,644</b>	(12,624)
General and administrative expenses <sup>15</sup>						<b>(2,457)</b>	(2,375)
<b>Profit / (loss) before tax</b>						<b>16,187</b>	(14,999)
Taxation <sup>16</sup>						<b>(2,317)</b>	1,991
<b>Profit / (loss) for the year / period</b>						<u><b>13,870</b></u>	<u>(13,008)</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.



Towfiq H. Chinoy  
Chairman



Aly Noormahomed Rattansey  
Director



Aamir Hasan Irshad  
Director



Tahir Ahmed  
Managing Director  
(Chief Executive)

# Statement of Comprehensive Income

For the year ended 31 December 2016

2016	For the period from 30 April 2015 to 31 December 2015
(Rupees in '000)	
<b>Profit / (loss) for the year / period</b>	
<b>13,870</b>	(13,008)
Other comprehensive income	-
<b>Total comprehensive income / (loss) for the year / period</b>	<b>(13,008)</b>


The annexed notes from 1 to 25 form an integral part of these financial statements.



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# Statement of Cash Flows

For the year ended 31 December 2016

## Operating cash flows

### (a) Takaful activities

Contributions received  
Re-takaful contributions paid  
Wakala fee received / (paid)  
Claims paid  
Re-takaful and other recoveries received  
Commissions paid  
Retakaful rebate received  
Other underwriting payments  
Net cash inflows from takaful activities

2016			2015
Operator's Fund	Participants' Takaful Fund	Aggregate	For the period from 30 April to 31 December

(Rupees in '000)

-	376,671	376,671	86,364
-	(79,009)	(79,009)	(26,413)
90,756	(90,756)	-	-
-	(92,006)	(92,006)	(6,942)
-	10,474	10,474	-
(29,332)	-	(29,332)	(5,736)
-	3,018	3,018	-
(29,179)	-	(29,179)	(18,929)
32,245	128,392	160,637	28,344

### (b) Other operating activities

Income tax paid  
General, administration and management expenses paid  
Ceded money to participants' takaful fund  
Other operating payments  
Other operating receipts - net  
Net cash (outflows) / inflows from other operating activities

(422)	(221)	(643)	(250)
(2,929)	-	(2,929)	(1,063)
-	-	-	(500)
(349)	(43,721)	(44,070)	(11,235)
-	46,514	46,514	12,109
(3,700)	2,572	(1,128)	(939)

### Total cash inflows from operating activities

28,545      130,964      159,509      27,405

### Investment activities

Profit / return received  
Dividend received  
Payments for Investments  
Proceed from redemption or sale of investment  
Mudarib fee received / (paid)  
Fixed capital expenditure

3,154	1,987	5,141	1,774
250	-	250	-
(22,445)	-	(22,445)	(35,000)
35,903	-	35,903	-
359	(359)	-	-
(2,600)	-	(2,600)	(16,449)

### Total cash inflows / (outflows) from investing activities

14,621      1,628      16,249      (49,675)

### Financing activities

Contribution to operator's fund  
Ceded money

-	-	-	100,000
-	-	-	500

### Total cash inflows from financing activities

-      -      -      100,500

### Net cash inflows from all activities

43,166      132,592      175,758      78,230

### Cash at beginning of the year / period

39,948      38,282      78,230      -

### Cash at end of the year / period

83,114      170,874      253,988      78,230

### Reconciliation to profit and loss account

Operating cash flows  
Depreciation  
Increase in assets other than cash  
(Increase) in liabilities  
Net profit / (deficit) for the year / period

28,545	130,964	159,509	27,405
(2,845)	-	(2,845)	(1,475)
42,029	54,221	96,250	80,949
(53,859)	(201,897)	(255,756)	(111,110)
13,870	(16,712)	(2,842)	(4,231)

### Definition of cash

Cash comprises of cash in hand, policy stamps, bond papers, bank balances and other deposits which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

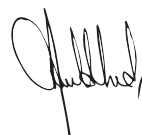
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# Statement of Changes in Fund

For the year ended 31 December 2016

	Operator's Fund		
	Statutory fund	Accumulated loss	Total
	(Rupees in '000)		
Contribution made during the period	100,000	-	100,000
Total comprehensive income for the period - (Loss) for the period	-	(13,008)	(13,008)
Balance as at 31 December 2015	100,000	(13,008)	86,992
Total comprehensive income for the year - Profit for the year	-	13,870	13,870
<b>Balance as at 31 December 2016</b>	<b>100,000</b>	<b>862</b>	<b>100,862</b>

	Participants' Takaful Fund		
	Ceded money	Accumulated surplus	Total
	(Rupees in '000)		
Contribution received during the period from the Operator	500	-	500
Surplus for the period	-	8,777	8,777
Balance as at 31 December 2015	500	8,777	9,277
(Deficit) for the year	-	(16,712)	(16,712)
<b>Balance as at 31 December 2016</b>	<b>500</b>	<b>(7,935)</b>	<b>(7,435)</b>


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# Statement of Contributions

For the year ended 31 December 2016

## Business underwritten inside Pakistan

Class	Gross contribution written (note 12)	Wakala fee	Net contribution	Unearned contribution reserve		Contribution earned	Re-takaful ceded	Prepaid re-takaful contribution ceded		Re-takaful expense	2016 Net contribution revenue	For the period from 30 April 2015 to 31 December 2015 Net contribution revenue
				Opening	Closing			Opening	Closing			
(Rupees in '000)												
<b>Direct and facultative</b>												
1. Fire and property damage	56,244	18,842	37,402	10,078	19,380	28,100	52,687	7,494	24,855	35,326	(7,226)	1,875
2. Marine, aviation and transport	14,216	4,976	9,240	404	1,689	7,955	15,508	223	1,338	14,393	(6,438)	974
3. Motor	196,638	57,025	139,613	15,931	75,758	79,786	5,710	614	3,486	2,838	76,948	9,334
4. Accident and health	99,124	24,781	74,343	23,188	44,342	53,189	-	-	-	-	53,189	8,657
5. Miscellaneous	35,900	9,872	26,028	3,601	15,304	14,325	24,664	1,757	14,335	12,086	2,239	1,333
<b>Total</b>	<b>402,122</b>	<b>115,496</b>	<b>286,626</b>	<b>53,202</b>	<b>156,473</b>	<b>183,355</b>	<b>98,569</b>	<b>10,088</b>	<b>44,014</b>	<b>64,643</b>	<b>118,712</b>	<b>22,173</b>
<b>Treaty</b>												
6. Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>402,122</b>	<b>115,496</b>	<b>286,626</b>	<b>53,202</b>	<b>156,473</b>	<b>183,355</b>	<b>98,569</b>	<b>10,088</b>	<b>44,014</b>	<b>64,643</b>	<b>118,712</b>	<b>22,173</b>

The annexed notes from 1 to 25 form an integral part of these financial statements.



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# Statement of Claims

For the year ended 31 December 2016

## Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expense	Re-takaful and other recoveries received	Re-takaful and other recoveries in respect of outstanding claims		Re-takaful and other recoveries revenue	2016 Net claims expense	For the period from 30 April 2015 to 31 December 2015 Net claim expense
		Opening	Closing			Opening	Closing			
----- (Rupees in '000) -----										
<b>Direct and facultative</b>										
1. Fire and property damage	7,374	520	7,131	13,985	-	-	-	-	13,985	1,757
2. Marine, aviation and transport	33	100	7,103	7,036	-	-	-	-	7,036	100
3. Motor	30,646	3,755	19,008	45,899	1,250	-	250	1,500	44,399	6,293
4. Accident and health	53,874	2,817	10,477	61,534	-	-	-	-	61,534	5,984
5. Miscellaneous	79	105	2,658	2,632	-	-	-	-	2,632	105
<b>Total</b>	<b>92,006</b>	<b>7,297</b>	<b>46,377</b>	<b>131,086</b>	<b>1,250</b>	<b>-</b>	<b>250</b>	<b>1,500</b>	<b>129,586</b>	<b>14,239</b>
<b>Treaty</b>										
6. Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>92,006</b>	<b>7,297</b>	<b>46,377</b>	<b>131,086</b>	<b>1,250</b>	<b>-</b>	<b>250</b>	<b>1,500</b>	<b>129,586</b>	<b>14,239</b>


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# Statement of Expenses

For the year ended 31 December 2016

## Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expense	Underwriting expense	Rebate from re-takaful operators* (note 14)	2016 Net expense	For the period from 30 April December 2015 Net underwriting expense
		Opening	Closing						
(Rupees in '000)									
<b>Direct and facultative</b>									
1. Fire and property damage	6,740	3,637	4,521	5,856	6,693	12,549	988	<b>11,561</b>	7,155
2. Marine, aviation and transport	2,146	68	429	1,785	2,012	3,797	-	<b>3,797</b>	2,362
3. Motor	19,140	2,284	11,039	10,385	14,918	25,303	3	<b>25,300</b>	7,860
4. Accident and health	6,347	1,684	3,980	4,051	8,438	12,489	-	<b>12,489</b>	5,921
4. Miscellaneous	3,747	891	2,379	2,259	2,575	4,834	530	<b>4,304</b>	2,131
<b>Total</b>	<b>38,120</b>	<b>8,564</b>	<b>22,348</b>	<b>24,336</b>	<b>34,636</b>	<b>58,972</b>	<b>1,521</b>	<b>57,451</b>	25,429
<b>Treaty</b>									
6. Proportional / non-proportional	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>38,120</b>	<b>8,564</b>	<b>22,348</b>	<b>24,336</b>	<b>34,636</b>	<b>58,972</b>	<b>1,521</b>	<b>57,451</b>	25,429

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

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# Statement of Investment Income

For the year ended 31 December 2016

2016	For the period from 30 April 2015 to 31 December 2015
<b>(Rupees in '000)</b>	
Dividend income	-
Gain on sale of investment	-
<b>Net investments income</b>	<b>-</b>
<b>250</b>	-
<b>903</b>	-
<b>1,153</b>	-

## Operator's Fund

### Income from non-trading investments Available for sale

Dividend income  
Gain on sale of investment  
**Net investments income**

The annexed notes from 1 to 25 form an integral part of these financial statements.



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# Notes to the Financial Statements

For the year ended 31 December 2016

## 1. STATUS AND NATURE OF BUSINESS

Jubilee General Insurance Company Limited ("the Operator") is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) on 16 May 1953. The Operator is listed on Pakistan Stock Exchange and is engaged in general insurance business. The registered office of the Operator is situated at 2nd Floor, Jubilee Insurance House, I. I. Chundrigar Road, Karachi.

The Operator was granted authorisation on 10 March 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations ("the Operations") by Securities and Exchange Commission of Pakistan ("SECP") under Takaful Rules, 2012 to carry on general takaful operations in Pakistan.

The Operator transferred statutory fund of Rs. 100,000 thousands in a separate bank account for the window takaful operations as per the requirement of circular 8 of 2014. Thereafter, the Operator has formed a Waqf for Participants' Fund ("PTF") by executing the Waqf deed dated 30 April 2015 by investing a ceded money of Rs. 500 thousands. The ceded money is required to be invested in shariah compliant investments and any profit thereon can be utilized only to pay benefits to participants or defray PTF expenses. Waqf Deed governs the relationship of Operator and participants for management of takaful operations, investments of participants' funds and investments of the Operator's funds approved by the shariah advisor of the Operator. The Operator commenced activities of the Operations on 7 May 2015.

## 2. BASIS OF PREPARATION

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

These financial statements reflect the financial position and results of operations of both the Operator's Fund and Participants' Takaful Fund in a manner that the assets, liabilities, income and expenses of the Operator's Fund and PTF remain 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 Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and Takaful Rules, 2012 shall prevail.

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Operations' functional currency.

### 2.4 Use of estimates and judgements

In preparing these financial statement, management has made judgement, estimates and assumptions that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, Income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years are included in following notes:

- a) classification of takaful contracts (note 3.2);
- b) provision for unearned contribution (note 3.4);
- c) provision for contribution due but unpaid and amount due from other takaful / re-takaful operators; (note 3.5)
- d) provision for outstanding claims including IBNR and re-takaful recoveries there against (note 3.6);
- e) contribution deficiency reserve (note 3.7);
- f) provision for unearned wakala fee (note 3.9);
- g) classification of investments (note 3.13);
- h) residual values and useful lives of fixed assets (note 3.14);

- i) allocation of management expenses (note 3.17);
- j) taxation (note 3.19);
- k) segment reporting (note 3.20); and
- l) impairment (note 3.22)

#### 2.4.1 Change in accounting estimate

Upto 31 December 2015, provision for IBNR claims were made in accordance with the management's estimate, which takes into account the expected future pattern of reporting of claims and the claims actually reported subsequent to the balance sheet date.

Securities and Exchange Commission of Pakistan through its circular 9 of 2016 dated 9 March 2016 issued Guidelines for estimation of incurred but not reported (IBNR) claims reserve, 2016 for takaful Operators and required to comply with all provisions of these guidelines with effect from 1 July 2016.

The Guidelines require that estimation for provision for claims incurred but not reported for each class of business, by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines, is determined for each accident year, the claims outstanding and claims paid are deducted from the ultimate claims for that particular year to derive an IBNR estimate for that year. Any negative values are ignored. The total for each accident year shall be the total IBNR as at the end of reporting year for that risk class.

In view of the SECP guidelines the change to application of yearly / quarterly factors as used in the conventional business of the Company on the claims paid during the period to determine the ultimate claim payments from which claims outstanding and claims paid till date is deducted for that particular year for estimation of provision for IBNR applying lag factors for conventional business is considered as change in estimates which is also recommended by the Operator's actuary.

This change has been accounted for as change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS-8) "Accounting Policies, Changes in Estimates and Errors" whereby the effects of these changes are recognised prospectively by including the same in determination of profit and loss in the period of the change, that is, during the current and future periods. Had the accounting estimate not been changed, total liabilities of Participants' Takaful Fund as at 31 December 2016 and Participants' revenue account deficit for the year ended 31 December 2016 would have been higher by Rs. 2,403 thousands and Participants' Takaful Fund would have been lower by the same amount.

#### 2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2017:

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on the financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have an impact on the financial statements.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the financial statements.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on the financial statements.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The amendments are not likely to have an impact on the financial statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as said below have been applied consistently to all periods presented in these financial statements except for the standards which became effective during the current year.

#### 3.1 Standards, interpretations and amendments effective during the current year

During the year, certain new standards and amendments to existing standards became effective. However, they did not have material affect on these financial statements.

#### 3.2 Classification of takaful contracts

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

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

The Operations underwrites non-life takaful contracts that can be categorised into following main categories:

##### a) Fire and property

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

##### b) Marine, aviation and transport

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

##### c) Motor

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

##### d) Accident and health

Accident and health takaful contract mainly compensate hospitalisation and outpatient medical coverage to the participant. These contracts are generally one year contracts.

##### e) Miscellaneous

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

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

#### 3.3 Re-takaful contracts held

These are contracts entered into by the Operation with re-takaful operators for compensation of losses suffered on takaful contracts issued. These re-takaful contracts include both facultative and treaty arrangement contracts and are classified in same categories of takaful contracts for the purpose of these financial statements. The PTF recognise the entitled benefits under the contracts as various reinsurance assets. Re-takaful premium is recognised as an expense when reinsurance is ceded. Re-takful assets and liabilities are derecognised when contractual right are extinguished or expired.

The deferred portion of re-takaful contribution is recognized as a prepayment in PTF. The deferred portion of re-takaful contribution ceded is calculated by using twenty fourths' method.

### 3.4 Provision for unearned contribution

The provision for unearned portion of contribution is calculated by applying twenty fourths' method, except Accident and Health Takaful for which unearned premium is calculated by applying 365 days method as prescribed by SEC (Insurance) Rules, 2002.

### 3.5 Provision for contribution due but unpaid and amount due from other takaful / re-takaful operators

Receivables including contribution due but unpaid relating to takaful contracts are recognized when due. The claim payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Contribution received in advance is recognised as liability till the time of issuance of takaful contract there against.

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

### 3.6 Provision for outstanding claims including Incurred But Not Reported (IBNR)

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

#### Outstanding claims

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Operator's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

#### Incurred But Not Reported (IBNR) claims

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Operator by that end of reporting year, or if reported, complete details are not available to the Operator, so as to ascertain the amount of loss for that claim as claims outstanding. The Operator is required, as per SECP circular no. 9 of 2016 dated 09 March 2016 "Guidelines for Estimation of Incurred but not reported claims reserve, 2016" to estimate and maintain the provision for claims incurred but not reported for each class of business by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines.

The actuarial valuation as at 31 December 2016 has been carried out by independent firm of actuaries for determination of IBNR for each class of business. The actuarial valuation is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. IBNR reserve is calculated using the lag factors of the conventional business of the Company for each line of business. This is due to inadequate claim experience of the Takaful business and for this reason no further analysis can be performed on the claims data. The ultimate claims to be settled are calculated by applying the above factors to the Incurred claims in paid claims data as at year end. The claims outstanding and claims paid are deducted from the ultimate claims to be settled claims for that particular year to derive an IBNR estimate for that year. Any negative values are ignored. The total for each accident year shall be the total IBNR as at the end of reporting year for that risk class. The methods used, and the estimates made, are reviewed regularly.

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

### 3.7 Contribution deficiency reserve

The Operations is required as per SEC (Insurance) Rules, 2002, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after re-takaful recoveries from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired takaful contracts in that class of business at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense in the profit and loss account.

The Operator determines adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. The liability of contribution deficiency in relation to accident and health takaful contracts is calculated in accordance with the advice of the actuary.

As at year end, a provision is created in respect of contribution deficiency reserve for those classes of business where it is estimated that the unearned contribution for that class will not be sufficient to provide for the expected losses and expenses attributable to the unexpired periods of contracts in force at the balance sheet date.

### 3.8 Takaful surplus

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

### 3.9 Provision for unearned wakala fee

The Operator manages the general takaful operations for the participants and charges wakala fee to PTF on gross contributions recognized for each class of business to meet the general and administrative expenses of the Operator including commissions to agents at following rates:

Class	%
Fire and property damage	33.50
Marine, aviation and transport	35.00
Motor	29.00
Health	25.00
Miscellaneous	27.50

Wakala fee is recognised as income in Operator's Fund on the same basis on which the related contribution revenue is recognised. Unearned portion of wakala fee is recognised as a liability of Operator's Fund.

### 3.10 Modarib's fee

The Operator also manages the participants' investment as Modarib and charges 20 percent of the investment income earned by the PTF as Modarib's fee. It is recognized on the same basis on which related revenue is recognised.

### 3.11 Qard-e-Hasna

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

### 3.12 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, policy stamps, bank balances and the term deposit receipts having a maturity of not more than twelve months and are subject to insignificant risk of change in value.

### 3.13 Investments

#### 3.13.1 Classification and recognition

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

Investment at fair value through profit or loss

Held to maturity

Available-for-sale

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

#### 3.13.2 Measurement

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

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments which are designated at fair value through profit or loss upon initial recognition.

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

##### 3.13.2.2 Held to maturity

Investments with fixed determinable payments and fixed maturity, where Operations has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost less provision for impairment, if any.

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

##### 3.13.2.3 Available-for-sale

Investments which are not eligible to be classified as "held for trading" or "held to maturity" are classified as "available-for-sale". These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

#### Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002 vide S.R.O. 938 dated December 2002.

The SECP has allowed the insurance companies to defer the application of International Accounting Standard – 39 (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of "available-for-sale investments". Accordingly, the requirements of IAS-39, to the extent allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements.



Had the Operator adopted International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" in respect of recognition of gain / loss on remeasurement of available-for-sale securities directly into Operator's Fund, the investments of the Operator would have been higher by Rs. 898 thousands (2015: Rs. 39 thousands) and the net Operator's Fund would have increased by the same amount.

#### **Fair / market value measurements**

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

#### **Date of recognition**

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

### **3.14 Fixed assets**

#### **3.14.1 Tangibles**

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 10 to these financial statements.

Depreciation on additions is charged from the month the assets are available for use. While on disposal, depreciation is charged up to the month in which the assets are disposed off.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the Operations and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to profit and loss account currently.

An item of tangible fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognized.

Depreciation methods, useful lives and residual values that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

#### **Intangibles**

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset.

##### *Infinite Intangible*

These are stated at cost less impairment, if any.

##### *Definite Intangible*

- a) These are stated at cost less accumulated amortisation and impairment, if any.
- b) Intangible assets are amortised on straight line basis over its estimated useful life(s) (refer note 10).
- c) Amortisation on additions is charged from month in which the asset is put to use, whereas no amortisation is charged from the month the asset is disposed off.

### **3.15 Contribution income**

Contributions including administrative surcharge under a takaful contract are recognised as revenue at the time of issuance of takaful contract.

Contributions income net of wakala fee is determined after taking into account the unearned portion of contributions. The unearned portion of contribution income is recognised as a liability in PTF.

Re-takaful ceded is recognised as expense after taking into account the proportion of deferred re-takaful contribution expense which is calculated using twenty fourths method. The deferred portion of re-takaful contribution expense is recognised as a prepayment.

### **3.16 Commission**

Commission expense incurred in obtaining and recording policies is deferred and recognised in Operator's Fund as an expense in accordance with pattern of recognition of contribution revenue.

Rebate and other forms of revenue (apart from recoveries) from re-takaful operators are deferred and recognised as liability and recognised in the profit and loss account as revenue of PTF in accordance with the pattern of recognition of the re-takaful contributions.

**3.17 Allocation of management Expenses**

Expenses of management have been allocated to various classes of business as deemed equitable by the Operator.

**3.18 Investment income**

Profit on bank deposits is recognised on a time proportion basis taking into account the effective yield.

Income from held to maturity investments is recognised 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 amortised and taken to the profit and loss account over the term of the investment.

Dividend income is recognised when the Company's right to receive the payment is established.

Return on fixed income securities classified as available for sale is recognised on a time proportion basis taking into account the effective yield on the investments.

Gain / loss on sale of investments is included in income currently.

**3.19 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Operator's profit and loss account in accordance with Rule 12 of Takaful Rule 2012, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Operator, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

**Current**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year of the Operator's Fund, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provisions for current taxation is based on taxability of certain income streams of the Operator's Fund under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability, as applicable, after taking into account tax credits and tax rebates available, if any.

**Deferred tax**

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Operator recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The taxation of the Operator's Fund is made while including in the Company's results as a whole and accordingly taxation has been recorded.

**3.20 Segment reporting**

An operating segment is a component of the Operations that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Operator's other components. All operating segments' results are reviewed regularly by the Operator's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. However, based on its classification of takaful contracts issued, the Operations has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and miscellaneous.

The Operator presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting process of the Operator for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Operator's business segments operate in Pakistan only.

Based on its classification of takaful contracts issued, the Operations has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and miscellaneous. The nature and business activities of these segments are disclosed in note 3.1.

Assets and liabilities are allocated to particular segments on the basis of contribution earned. 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 amortisation are allocated to a particular segment on the basis of net wakala fee earned.

### 3.21 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Operator intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 3.22 Impairment

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account.

Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

### 3.23 Provisions

Provisions are recognized when the Operations 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 reporting date and adjusted to reflect the current best estimate.

### 3.24 Financial instruments

Financial instruments carried on the balance sheet include contributions due but unpaid, amount due to other takaful / re-takaful operator, accrued investment income, sundry receivables, accrued expenses, other creditors and accruals.

All the financial assets and financial liabilities are recognised at the time when the Operations becomes a party to the contractual provisions of the instrument and derecognized when the Operations loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to profit and loss account of the period in which financial instrument is derecognised.

## 4. OTHER CREDITORS AND ACCRUALS

	2016			2015
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
	(Rupees in '000)			
Federal excise duty and sales tax	-	3,772	3,772	566
Federal insurance fee	-	291	291	52
Commissions payable	16,294	-	16,294	7,507
Tax deducted at source	6	601	607	50
Miscellaneous	7	28	35	104
Charity Payable	1	-	1	-
	<b>16,308</b>	<b>4,692</b>	<b>21,000</b>	<b>8,279</b>

## 5. CONTINGENCY AND COMMITMENT

There is no contingency and commitment as at 31 December 2016 (2015 : Rs. Nil).

## 6. CASH AND BANK DEPOSITS

	Note	2016			2015
		Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
		(Rupees in '000)			
<b>Cash and other equivalents</b>					
Cash		-	-	-	-
Policy stamps and bond papers in hand		-	92	92	41
			<b>92</b>	<b>92</b>	<b>41</b>
<b>Current and other accounts</b>					
Current account		-	10,671	10,671	119
Savings accounts	6.1	73,114	145,111	218,225	68,070
		<b>73,114</b>	<b>155,782</b>	<b>228,896</b>	<b>68,189</b>
Deposits maturing within 12 months	6.2	10,000	15,000	25,000	10,000
	6.3	<b>83,114</b>	<b>170,874</b>	<b>253,988</b>	<b>78,230</b>

- 6.1** Savings accounts carry expected profit rates ranging from 2.61% to 5.16% (2015: 4.50% to 5.40%) per annum.
- 6.2** This represent term deposit receipts carrying expected profit rates ranging from 5.50% to 5.75% (2015: 5.75%) per annum.
- 6.3** Cash and bank deposits include Rs. 164,669 thousands (2015: Rs. 68,189 thousands) held with related party.

**7. INVESTMENTS**

**Available-for-sale**

Quoted equity securities  
Mutual funds

2016			2015
Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
(Rupees in '000)			
22,445	-	22,445	-
-	-	-	35,000
<b>22,445</b>	<b>-</b>	<b>22,445</b>	<b>35,000</b>

**Available for sale securities - quoted**

2016	2015	Face value per share / Issue price per unit (Rupees)	Name of Investee	2016	2015
Number of shares / units				(Rupees in '000)	
-	3,389,371	10	<b>Open-end mutual Fund</b> ABL Islamic Income Fund	-	35,000
			<b>Ordinary Shares</b>		
			<b>Textile composite</b>		
40,000	-	10	Nishat Mills Limited	5,868	-
15,000	-	10	Nishat (Chunia) Limited	879	-
			<b>Cement</b>		
50,000	-	10	Fauji Cement Company Limited	2,108	-
			<b>Oil and gas exploration</b>		
8,500	-	10	Pakistan Oil Fields Limited	3,993	-
			<b>Fertilizer</b>		
140,000	-	10	Engro Fertilizer Limited	9,597	-
				<b>22,445</b>	<b>35,000</b>

The market value of the quoted available-for-sale investments is Rs. 23,343 thousands (2015 : Rs. 35,039 thousands).

**8. RE-TAKAFUL RECOVERIES AGAINST OUTSTANDING CLAIMS**

These are unsecured and considered good.

**9. SUNDRY RECEIVABLES - Considered good**

Sales tax recoverable  
Medical claims recoverable  
Advance tax  
Others

2016			2015
Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
(Rupees in '000)			
253	121	374	73
-	1,262	1,262	-
609	284	893	250
89	-	89	162
<b>951</b>	<b>1,667</b>	<b>2,618</b>	<b>485</b>

**10. FIXED ASSETS - Tangible and intangible**

	2016					Total
	Furniture, fixtures and equipments				Computer software	
	Furniture and fixtures	Office / Tracker equipment	Computer equipments	Sub total		
----- (Rupees in '000) -----						
<b>As at 01 January 2016</b>						
Cost	9,148	6,061	596	15,805	644	16,449
Accumulated depreciation	(800)	(521)	(79)	(1,400)	(75)	(1,475)
<b>Net book value as at 01 January 2016</b>	<b>8,348</b>	<b>5,540</b>	<b>517</b>	<b>14,405</b>	<b>569</b>	<b>14,974</b>
<b>For the year ended 31 December 2016</b>						
Opening net book value	8,348	5,540	517	14,405	569	14,974
Additions	60	40	-	100	2,500	2,600
Disposals						
- Cost	-	-	-	-	-	-
- Accumulated depreciation	-	-	-	-	-	-
Depreciation charge	(1,381)	(909)	(134)	(2,424)	(421)	(2,845)
<b>Net book value as at 31 December 2016</b>	<b>7,027</b>	<b>4,671</b>	<b>383</b>	<b>12,081</b>	<b>2,648</b>	<b>14,729</b>
<b>As at 31 December 2016</b>						
Cost	9,208	6,101	596	15,905	3,144	19,049
Accumulated depreciation	(2,181)	(1,430)	(213)	(3,824)	(496)	(4,320)
<b>Net book value as at 31 December 2016</b>	<b>7,027</b>	<b>4,671</b>	<b>383</b>	<b>12,081</b>	<b>2,648</b>	<b>14,729</b>
<b>Annual rate of depreciation</b>	<b>17%</b>	<b>17% - 25%</b>	<b>25%</b>		<b>20%</b>	

	2015					Total
	Furniture, fixtures and equipments				Computer software	
	Furniture and	Office equipments	Computer equipments	Sub total		
----- (Rupees in '000) -----						
Addition during the period	9,148	6,061	596	15,805	644	16,449
Depreciation charge	(800)	(521)	(79)	(1,400)	(75)	(1,475)
<b>Net book value as at 31 December 2015</b>	<b>8,348</b>	<b>5,540</b>	<b>517</b>	<b>14,405</b>	<b>569</b>	<b>14,974</b>
<b>As at 31 December 2015</b>						
Cost	9,148	6,061	596	15,805	644	16,449
Accumulated depreciation	(800)	(521)	(79)	(1,400)	(75)	(1,475)
<b>Net book value as at 31 December 2015</b>	<b>8,348</b>	<b>5,540</b>	<b>517</b>	<b>14,405</b>	<b>569</b>	<b>14,974</b>
<b>Annual rate of depreciation</b>	<b>17%</b>	<b>17% - 25%</b>	<b>25%</b>		<b>20%</b>	

**11. WAKALA FEE INCOME**

	Wakala fee	Reserve for unearned wakala fee		2016 Net wakala fee income	For the period from 30 April 2015 to 31 December 2015 Net wakala fee income
		Opening	Closing		
----- (Rupees in '000) -----					
Fire and property damage	18,842	5,142	9,921	14,063	3,034
Marine, aviation and transport	4,976	227	975	4,228	1,041
Motor	57,025	6,831	32,509	31,347	3,622
Accident and health	24,781	7,729	14,780	17,730	2,886
Miscellaneous	9,872	1,389	5,851	5,410	901
	<b>115,496</b>	<b>21,318</b>	<b>64,036</b>	<b>72,778</b>	<b>11,484</b>

## 12. ADMINISTRATIVE SURCHARGE

Contribution written and net contribution revenue include administrative surcharge, class wise detail of which is given below:

	Note	2016	For the period from 30 April 2015 to 31 December 2015
		(Rupees in '000)	
Fire and property damage		584	186
Marine, aviation and transport		452	75
Motor		6,796	1,191
Accident and health		1	-
Miscellaneous		251	98
		<b>8,084</b>	<b>1,550</b>

## 13. MANAGEMENT EXPENSES

Salaries, allowances and other benefits	13.1	20,753	6,631
Rent, taxes and electricity	13.2	2,851	2,016
Communication		301	167
Printing, stationery and postage		2,501	1,125
Repairs and maintenance		25	-
Advertising and sales promotion		2,835	8,555
Depreciation / Amortisation	10	2,845	1,475
Ceded money		-	500
Bank Charges		201	35
Others	13.3	2,324	586
		<b>34,636</b>	<b>21,090</b>

**13.1** This include Rs. 6,460 thousands remuneration of key management personnel (2015: Rs. 3,318 thousands) and allocation of personnel expense Rs. 2,044 thousands (2015: Rs. Nil).

**13.2** This include rent amounting to Rs. 2,134 thousands (2015: Rs. 2,016 thousands) paid to the Operator.

**13.3** The above include costs aggregating Rs. 1,638 thousands (2015: Rs. Nil) in respect of Accident and health business Common Back Office operations jointly shared with Jubilee Life Insurance Company Limited, an associated Company.

## 14. REBATE FROM RE-TAKAFUL OPERATORS

	Rebate received or receivable	Unearned rebate		2016	For the period from 30 April 2015 to 31 December 2015
		Opening	Closing		
(Rupees in '000)					
Fire and property damage	1,289	414	715	988	262
Marine, aviation and transport	-	-	-	-	-
Motor	60	-	57	3	-
Accident and health	-	-	-	-	-
Miscellaneous	1,669	71	1,210	530	77
	<b>3,018</b>	<b>485</b>	<b>1,982</b>	<b>1,521</b>	<b>339</b>

## 15. GENERAL AND ADMINISTRATION EXPENSES - Operator's Fund

	Note	2016	For the period from 30 April 2015 to 31 December 2015
		(Rupees in '000)	
Shariah Advisor fee		1,735	1,875
Subscription		15	-
Auditors' remuneration	15.1	706	500
Non-shariah compliant income		1	-
		<b>2,457</b>	<b>2,375</b>

**15.1 Auditors' remuneration**

	2016	For the period from 30 April 2015 to 31 December 2015
	(Rupees in '000)	
Audit fee	<b>200</b>	200
Interim review fee	<b>75</b>	50
Shariah Compliance audit	<b>265</b>	250
Special reports and certificates for various government agencies and sundry advisory services	<b>100</b>	-
Out of pocket expenses	<b>66</b>	-
	<b>706</b>	500

**16. TAXATION - NET**

The current tax charge for the year is Rs. 5,018 thousand with effective tax rate of 31 percent. The tax charge of Rs. 2,317 has been recorded after adjusting tax benefit due to accelerated tax depreciation for the current year and a carried forward tax benefit of Rs. 1,991 thousand pertaining to prior year. Accordingly, no tax reconciliation has been presented.

**17. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise the Operator, associated companies, companies under common control, companies with common directors, major shareholders, employees' retirement benefit plans, directors and key management personnel of the Operator. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Transactions with the key management personnel are included in note 18 to these financial statements and are determined in accordance with the terms of their employment / entitlements.

	2016	For the period from 30 April 2015 to 31 December 2015
	(Rupees in '000)	
<b>Companies having common directorship</b>		
Rent	<b>2,134</b>	2,016
Reimbursement of expenses	<b>3,682</b>	-
<b>Others</b>		
Insurance premium written (including government levies, administrative surcharge and policy stamps)	<b>309</b>	-
Contributions to provident fund	<b>493</b>	201

**17.1** This represents rent amounting to Rs. 2,134 thousands (2015: Rs. 2,016 thousands) paid to the operator.

**17.2** These expenses pertain to Accident and health business Common Back Office operations jointly shared with Jubilee Life Insurance Company Limited, an associated company and allocation of personnel expenses of the employees who invested their efforts in takaful business, to the operator.

**18. REMUNERATION OF HEAD OF WINDOW TAKAFUL OPERATIONS**

	2016	For the period from 30 April 2015 to 31 December 2015
	(Rupees in '000)	
Managerial remuneration - including bonus	<b>3,660</b>	2,782
Staff retirement benefits	<b>261</b>	117
House rent allowance	<b>1,410</b>	1,093
Utilities allowance	<b>313</b>	243
Medical expenses	<b>27</b>	27
Leave passage / assistance	<b>202</b>	202
Vehicle allowance	<b>874</b>	583
Others	<b>444</b>	278
	<b>7,191</b>	5,325

## 19. SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirement of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at 31 December 2016, unallocated capital expenditure and non-cash expenses during the year / period.

	2016					Total
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	
(Rupees in '000)						
<b>SEGMENT ASSETS</b>						
Segment assets	<u>33,776</u>	<u>3,863</u>	<u>29,066</u>	<u>18,148</u>	<u>18,883</u>	<u>103,736</u>
Unallocated assets						
- Participants' Takaful Fund						<u>171,486</u>
- Operator's Fund						<u>185,071</u>
<b>Consolidated total assets</b>						<u><u>460,293</u></u>
<b>SEGMENT LIABILITIES</b>						
Segment liabilities						
- Participants' Takaful Fund	<u>46,531</u>	<u>12,050</u>	<u>124,756</u>	<u>74,774</u>	<u>24,546</u>	<u>282,657</u>
Unallocated liabilities - Operator's Fund						<u>84,209</u>
<b>Consolidated total liabilities</b>						<u><u>366,866</u></u>
<b>Depreciation / amortisation</b>	<u>550</u>	<u>165</u>	<u>1,225</u>	<u>693</u>	<u>212</u>	<u>2,845</u>
<b>Unallocated capital expenditure</b>						<u><u>2,600</u></u>

	2015					Total
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	
(Rupees in '000)						
<b>SEGMENT ASSETS</b>						
Segment assets	<u>16,315</u>	<u>3,021</u>	<u>14,467</u>	<u>12,413</u>	<u>5,250</u>	<u>51,466</u>
Unallocated assets						
- Participants' Takaful Fund						<u>38,571</u>
- Operator's Fund						<u>117,342</u>
<b>Consolidated total assets</b>						<u><u>207,379</u></u>
<b>SEGMENT LIABILITIES</b>						
Segment liabilities						
- Participants' Takaful Fund	<u>15,228</u>	<u>1,841</u>	<u>26,307</u>	<u>31,938</u>	<u>5,446</u>	<u>80,760</u>
Unallocated liabilities - Operator's Fund						<u>30,350</u>
<b>Consolidated total liabilities</b>						<u><u>111,110</u></u>
<b>Depreciation / amortisation</b>	<u>125</u>	<u>65</u>	<u>620</u>	<u>576</u>	<u>89</u>	<u>1,475</u>
<b>Unallocated capital expenditure</b>						<u><u>16,449</u></u>

## 20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- Market risk
- Liquidity risk
- Credit risk

### 20.1 Market risk

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



### 20.1.1 Profit rate risk

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

The information about the Operation's exposure to profit rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

All financial assets of the operations are non profit bearing except for cash and bank deposits carrying rate of profit ranging from 2.61% to 5.75%.

### 20.1.2 Foreign Currency risk

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

### 20.1.3 Other price risk

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

## 20.2 Liquidity risk

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

The table below summaries the maturity profile of the financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled:

	2016			Total
	With in one year	Over one year to	Over five year	
----- (Rupees in '000) -----				
<b>Financial liabilities</b>				
Provision for outstanding claims (including IBNR)	46,377	-	-	46,377
Amounts due to other takaful / re-takaful operators	22,405	-	-	22,405
Wakala and mudarib fee payable	41,078	-	-	41,078
Accrued expenses	3,337	-	-	3,337
Other creditors and accruals	16,330	-	-	16,330
	<b>129,527</b>	<b>-</b>	<b>-</b>	<b>129,527</b>
----- (Rupees in '000) -----				
	2015			Total
	With in one year	Over one year to	Over five year	
----- (Rupees in '000) -----				
<b>Financial liabilities</b>				
Provision for outstanding claims (including IBNR)	7,297	-	-	7,297
Amounts due to other takaful / re-takaful operators	2,845	-	-	2,845
Wakala and mudarib fee payable	16,278	-	-	16,278
Accrued expenses	1,326	-	-	1,326
Other creditors and accruals	7,606	-	-	7,606
	<b>35,352</b>	<b>-</b>	<b>-</b>	<b>35,352</b>

## 20.3 Credit risk

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

### 20.3.1 Concentration of credit risk

The bank balances and deposits represents low credit risk as they are placed with reputed financial institutions with strong credit ratings.

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

Bank	Long Term Rating	Rating Agency	2016	2015
			(Rupees in '000)	
Standard Chartered Bank (Pakistan) Limited	AAA	PACRA	6,383	-
Habib Bank Limited - a related party	AAA	JCR-VIS	164,669	68,189
Bank Alfalah Limited	AA	PACRA	47,316	-
Dubai Islamic Bank Limited	A+	JCR-VIS	35,528	10,000
			<b>253,896</b>	<b>78,189</b>

The credit quality of Company's equity securities and mutual funds can be assessed as follows:

Rating	2016	2015
	(Rupees in '000)	
A or above	20,337	35,000
Others	2,108	-
	<b>22,445</b>	<b>35,000</b>

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

As at 31 December 2016 there is no significant balance outstanding against contribution due but unpaid and amount due from other takaful / retakaful operators / companies for more than one year and accordingly no aging analysis has been disclosed.

## 21. TAKAFUL RISK

The risk under any takaful contract is the possibility that the covered event occurs and the uncertainty in the amount of compensation to the participant. Generally, most takaful contracts carry the takaful risk for a period of one year (refer note 3.2).

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

### Frequency and severity of claims

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

The operation's class wise major risk exposure is as follows:

Class	Maximum gross risk exposure	
	2016	2015
(Rupees in '000)		
Fire and property	6,800,000	4,080,000
Marine, aviation and transport	230,450	58,900
Motor	17,550	9,880
Accident and health	580,075	1,430,770
Miscellaneous	11,053,800	549,640

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

### Uncertainty in the estimation of future claims payment

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

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

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

### Key assumptions

The principal assumption underlying the liability estimation of IBNR and Contribution Deficiency Reserves 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. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

During the year actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required/ allowed by the circular 9 of 2016 (note 3.6).

The Operator determines adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned contribution. The liability of contribution deficiency in relation to accident and health insurance is calculated in accordance with the advice of the actuary (note 3.7).

The assumed net of reinsurance loss ratios for each class of business for estimation of Premium Deficiency Reserves is as follows:

Class	2016
Fire and property	55%
Marine, aviation and transport	70%
Motor	42%
Liability	82%
Accident and health	21%
Miscellaneous	

### Sensitivities

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of variation in incidence of insured events on gross claim liabilities, net claim liabilities, profit before tax and equity is as follows:

Average claim cost	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
	(Rupees in '000)				
2016	± 10%	13,109	12,741	12,741	8,791
2015	± 10%	1,424	1,424	1,424	968

### Claims development

The development of claims against takaful contracts written is not disclosed as there is inadequate claim experience of the takaful business till date and claims are settled within one year.

### Statement of Age-wise Breakup of Unclaimed Takaful Benefits

Total amount	Age-wise Breakup				
	1 to 6 months	7 to 12 months	13 to 24 months	Beyond 24	
(Rupees in '000)					
Claims not encashed	3,197	3,197	-	-	-

## 22. RE-TAKAFUL RISK

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

To minimise its exposure to significant losses from re-takaful operators' insolvencies, the operations obtain re-takaful rating from a number of re-takaful operators, who are dispersed over several geographical regions.

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

Rating	Amount due from other takaful / re-takaful operators	Re-takaful recoveries against outstanding claims	Other re-takaful assets	2016	2015
	(Rupees in '000)				
A or above including Pakistan Reinsurance Company Limited	84	200	3,057	3,341	9,829
BBB	-	50	524	574	3,060
	<b>84</b>	<b>250</b>	<b>3,581</b>	<b>3,915</b>	<b>12,889</b>

## 23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		2016							
Note	Available-for-sale	Fair value through profit or loss	Receivables and other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets not measured at fair value</b>									
23.1	-	-	253,988	-	253,988	-	-	-	-
	22,445	-	-	-	22,445	23,343	-	-	23,343
	-	-	54,545	-	54,545	-	-	-	-
	-	-	41,078	-	41,078	-	-	-	-
	-	-	84	-	84	-	-	-	-
	-	-	3,581	-	3,581	-	-	-	-
	-	-	613	-	613	-	-	-	-
	-	-	250	-	250	-	-	-	-
	-	-	1,351	-	1,351	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
	-	-	-	(46,377)	(46,377)	-	-	-	-
	-	-	-	(22,405)	(22,405)	-	-	-	-
	-	-	-	(41,078)	(41,078)	-	-	-	-
	-	-	-	(3,337)	(3,337)	-	-	-	-
	-	-	-	(16,330)	(16,330)	-	-	-	-
	22,445	-	355,490	(129,527)	248,408	23,343	-	-	23,343
<b>2015</b>									
Note	Available-for-sale	Fair value through profit or loss	Receivables and other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
<b>On-balance sheet financial instruments</b>									
<b>Financial assets not measured at fair value</b>									
23.1	-	-	78,230	-	78,230	-	-	-	-
	35,000	-	-	-	35,000	-	35,039	-	35,039
	-	-	28,489	-	28,489	-	-	-	-
	-	-	16,278	-	16,278	-	-	-	-
	-	-	12,889	-	12,889	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	391	-	391	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	99	-	99	-	-	-	-
<b>Financial liabilities not measured at fair value</b>									
	-	-	-	(7,297)	(7,297)	-	-	-	-
	-	-	-	(2,845)	(2,845)	-	-	-	-
	-	-	-	(16,278)	(16,278)	-	-	-	-
	-	-	-	(1,326)	(1,326)	-	-	-	-
	-	-	-	(7,606)	(7,606)	-	-	-	-
	35,000	-	136,376	(35,352)	136,024	-	35,039	-	35,039

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

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

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

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

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

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

**24. DATE OF AUTHORISATION FOR ISSUE**

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 14 February 2017

**25. GENERAL**

All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.



Towfiq H. Chinoy  
Chairman



Aly Noormahomed Rattansey  
Director



Aamir Hasan Irshad  
Director



Tahir Ahmed  
Managing Director  
(Chief Executive)

# Glossary

<b>Actuary</b>	Qualified expert who analyses problems from the area of insurance, investments and pensions using methods of probability theory and financial mathematics, and develops solutions with due regard to legal and economic parameters.
<b>Actuarial Valuations</b>	A determination by an actuary at a special date of the value of a insurance Company's assets and its liabilities.
<b>Amortisation</b>	The reduction of the value of an asset by prorating its cost over a period of years.
<b>Application Program Interface (API)</b>	A Program (software) interface that allows external world to access the internal functionality of a programme application.
<b>Associate</b>	is a company in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.
<b>Authorised Share Capital</b>	The maximum value of share that a Company can legally issue.
<b>B2B(Businesses-to-Business)</b>	The exchange of products, services or information between business rather than consumers which is also known as e-biz.
<b>Book Value</b>	The value of an asset as entered in a company's books.
<b>Budget</b>	An estimate of income and expenditure for a set period of time.
<b>Capital Expenditure</b>	The cost of long-term improvements and fixed assets.
<b>Capital Gain</b>	Portion of the total gain recognised on the sale or exchange of a non inventory asset.
<b>Capital Reserves</b>	Any reserve not regarded free for distribution by way of dividends.
<b>Cedant</b>	Client of a reinsurance company.
<b>Combined Ratio</b>	Percentage ratio of the sum of net claims plus management expenses and net commission to net earned premiums. It corresponds to the sum of the loss ratio, commission ratio and the expense ratio.
<b>Commission</b>	Remuneration to an intermediary for services such as selling and servicing an insurer's products.
<b>Consumer online Portal</b>	An internet window presence for selling all retails consumer products.
<b>Contract Centre</b>	Also known as call centre. It is a central location of an enterprise from which all customer contacts are managed.
<b>Claims</b>	The amount payable under a contract of insurance arising from occurrence of an insured event.
<b>Claims Incurred</b>	The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.
<b>Corporate Social Responsibility</b>	Is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and all other members of the public who may also be considered as stakeholders.
<b>CPEC</b>	The China–Pakistan Economic Corridor (CPEC) is a collection of infrastructure projects currently under construction throughout Pakistan.
<b>Deferred Commission</b>	Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the Balance Sheet date.

<b>Deferred Tax</b>	An accounting concept (also known as future income taxes), meaning a future tax liability or asset in respect of taxable temporary differences.
<b>Defined benefit Plans</b>	Are post-employment benefit plans other than defined contribution plans.
<b>Depreciation</b>	Is the systematic allocation of the cost of an asset over its useful life.
<b>Dividend cover</b>	Profit after tax divided by Dividend measures the number of times dividends are covered by distributable profit for the period.
<b>Doubtful debts</b>	Is a debt where circumstances have rendered its ultimate recovery uncertain.
<b>Earning per share</b>	Amounts for profit or loss attributable to ordinary shareholders of the entity.
<b>Energy Conservation</b>	Refers to efforts made to reduce energy consumption.
<b>Equity method</b>	Method of accounting whereby the investment is initially recognised at cost and adjusted hereafter for the post-acquisition change in the investor's share of net assets of the investee.
<b>Exchange Gain (Loss)</b>	Difference resulting from translating a given number of units of one currency into another currency at different exchange rates.
<b>Facultative reinsurance</b>	The reinsurer assumes a share of selected individual risks. the primary insurer can offer an individual risk in reinsurance, which the reinsurer for its part can either accept or decline.
<b>Fair Value</b>	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing business partners in an arm's length transaction.
<b>Fiscal Deficit</b>	When a government's total expenditures exceed the revenue that it generates.
<b>General Insurance</b>	All kind of Insurance except Life Insurance. i-e, Fire. Marine, Motor and Other Insurance.
<b>General Takaful</b>	Protection to participants for losses arising from perils such accident, fire, flood, liability and burglary.
<b>Gross contribution</b>	It is the payment of an amount by a participant to the Takaful Participant Fund, whether direct, through intermediaries for the purpose of mutual protection and assistance.
<b>Gross Domestic Product</b>	The total value of goods produced and services provided in a country during one year.
<b>Gross Written Premium</b>	Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance
<b>Group Health Insurance</b>	A single health policy covering a group of individuals, usually employees of the same company or members of the same association and their dependents.
<b>IMF</b>	The International Monetary Fund (IMF) is an organisation of 189 countries, working to foster global monetary cooperation, secure financial stability, promote sustainable economic growth, and reduce poverty around the world.
<b>Impairment</b>	The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.
<b>Incurred but not reported (IBNR)</b>	Claim incurred but not reported to the insurer until the financial statements reporting date.
<b>Inflation</b>	A general increase in prices and fall in the purchasing value of money.
<b>Insurance Contracts</b>	A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder for a specified uncertain future event.



<b>Insurer Financial Strength Rating</b>	Provides an assessment of the financial strength of an insurance company.
<b>Intangibles</b>	An identifiable non-monetary asset without physical substance.
<b>Internal Control</b>	An accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoid fraud and error etc.
<b>KGS - (Kyrgyz Som)</b>	Code of Official currency of the Kyrgyz Republic.
<b>KIBOR (Karachi Interbank Offered Rate)</b>	Interbank clean (without collateral) lending/borrowing rates quoted by the banks.
<b>Knowledge Base Products</b>	Product produces using knowledge-based systems.
<b>Loss Ratio</b>	Percentage ratio of claims expenses to net premium.
<b>Macroeconomics</b>	Branch of economics dealing with the performance, structure, behavior, and decision-making of an economy as a whole.
<b>Magento Platform</b>	It is an e-commerce platform built on open source technology which provides online merchants with a flexible shopping cart system, as well as control over the look, content and functionality of their online store. It offers powerful marketing, search engine optimization, and catalog-management tools.
<b>Market Share</b>	The portion of a market controlled by a particular company or product.
<b>Market Value</b>	The highest estimated price that a buyer would pay and a seller would accept for an item in an open and competitive market.
<b>MIS</b>	Management Information System.
<b>Mutual fund</b>	A type of professionally managed investment fund that pools money from many investors to purchase securities.
<b>National Exchequer</b>	The account into which tax funds and other public funds are deposited.
<b>Net Asset Value</b>	The value of all tangible and intangible assets of a company minus its liabilities.
<b>Net Contributions</b>	Gross Contributions less all retakaful contributions payable.
<b>Net Premium Revenue</b>	Gross written premium less Reinsurance expense.
<b>Non-Life Insurance</b>	Non Life Insurance and General Insurance have the identical meaning.
<b>Open-end mutual fund</b>	Collective Investment Scheme which can issue and redeem shares at any time.
<b>Outstanding Claims</b>	A type of technical reserve or accounting provision in the financial statements of an insurer to provide for the future liability for claims.
<b>Paid up Capital</b>	The amount paid or contributed by shareholders in exchange for shares of a company's Stock.
<b>Pakistan Investment Bonds</b>	Long term instruments of the Government of Pakistan with tenors available in 3, 5, 10, 15 and 20 years.
<b>Participants' Takaful Fund(PTF)/Waqf Fund</b>	An account to credit a portion of contribution from the participant for the purpose of tabarru'.
<b>Premium</b>	The amount that has to be paid for the insurance cover provided by an insurer.
<b>Present Value</b>	Future amounts that have been discounted to the present.
<b>Proxy</b>	Power of attorney by which the shareholder transfers the voting rights to another shareholder.
<b>Qard-e-Hasna</b>	An interest free loan from the Takaful Operator to the Takaful Participant Fund in order to meet any short fall i.e. created in the fund.

<b>Quoted</b>	Being listed on a Stock Exchange.
<b>Registered Office</b>	The registered office is an address which is registered with the government registrar as the official address of a company.
<b>Reinsurance</b>	A method of insurance arranged by insurers to share the exposure of risks accepted.
<b>Re-takaful</b>	The arrangement under which a part of the risk is shared between the companies originally issuing the policy (the takaful operator) to another Takaful company (Re-Takaful) known as the re-takaful.
<b>Reinsurance Commission</b>	Commission received or receivable in respect of premium paid or payable to a reinsurer.
<b>Reinsurance Premium</b>	The premium payable to the reinsurer in respect of reinsurance contract.
<b>Related Party</b>	Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.
<b>Retrocession</b>	Transfer of risk from a reinsurer to another reinsurer.
<b>Revenue Reserves</b>	Reserve that is normally regarded as available for distribution through the profit and loss account, including general reserves and other specific reserves created out of profit and un-appropriated profit.
<b>Risk</b>	Condition in which there is a possibility of loss.
<b>Risk Management</b>	Includes analyzing all exposures to gauge the likelihood of loss and choosing options to better manage or minimize loss.
<b>Statutory levies</b>	Fee charged (levied) by a government on a product, income, or activity.
<b>Strategic Objectives</b>	A broadly defined objective that an organisation must achieve to make its strategy succeed.
<b>Subsequent Event-Non Adjusting</b>	Are events concerning conditions which arose after the balance sheet date, but which may be of such materiality that their disclosure is required to ensure that the financial statements are not misleading.
<b>Tabarru</b>	A portion of participant's contribution for the purpose of mutual helps and used to pay claims submitted by eligible claimants.
<b>Takaful</b>	An Islamic concept of insurance.
<b>Takaful Operator</b>	A legal entity, who underwrites, administers and manages the Takaful program on behalf of the participants.
<b>Takaful Policy</b>	The agreement entered into between the operator and the participant(s) for the purposes of Takaful arrangements.
<b>Tangibles</b>	An asset whose value depends on particular physical properties.
<b>Term Finance Certificate</b>	A debt instrument issued by an entity to raise funds.
<b>Underwriting Profit</b>	This is the profit generated purely from the General Insurance business without taking into account the investment income and other non- technical income and expenses.
<b>Unearned Premium</b>	It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the Balance Sheet date.
<b>Wakala</b>	Islamic terminology for agent-principal relationship, where a person nominates another to act on his behalf.

# Executives

## President & Managing Director

Tahir Ahmed, BE (MET), MBA, ACII,  
Chartered Insurer

## Executive Director

Atiq A Mahmudi, B Com, LLB, FCA

## Executive Vice Presidents

Azfar Arshad, BE (Mech), MBA  
Captain Mahmood Sultan, FCII  
Fayyiaz Ahmad Khan, BA  
Imran Mughal, B Com  
Kamran Arif, B Com  
Karim Merchant, BE (Mech), ACII  
Mohammed Safdar, MBA, ACII  
Muhammad Adnan Junaid, MBA  
Muhammad Nadeem Irshad, B Sc  
Muhammad Uzair Mirza, BE (Elec), MBA  
M Saifuddin Shafi, BS (Electronics)  
Nawaid Jamal, FCA  
Syed Ather Abbas, MBA  
Syed Imran Rabbani, MA  
Syed Sohail Ahmed, MBA  
Zulfiqar Ali Abdullah, MBA

## Joint Executive Vice Presidents

Abdul Aziz, B Com  
Dr Syed Tanveer Rauf, MBBS  
Ejaz Mehmood, BA  
Junaid Memon  
Muhammad Razzak Chaudhary  
Munir ul Haq, M Sc  
Syed Abdul Rahim, B Com  
Syed Abid Waseem, MBA  
Syed Ovais Bin Alam, BE (Chemical)  
Syed Zamin Zafar, MBA  
Zahoor A Shaheen, MBA

## Senior Vice Presidents

Abdul Wahid, FCA  
Ahsan Ilyas, BBA  
Ali Aasim Khan, BA  
Asif Ali, BA  
Azhar ul Islam, BA  
Chaudhary Sardar Ali, BA  
Fahad Alam, ACA, APA  
Ghulam Qadir  
Ghulam Shabbir Goraya  
Haji Muhammad Ramzan, BA  
Ilyas Mohammed  
Kashif Hasan, MBA

Muhammad Afzal Qureshi, MA  
Muhammad Amin Haroon, B Com  
Muhammad Arif, B Com  
Muhammad Arif Bashir, MBA  
Munawar Ali Siddiqui, MA, EMBA  
Nasimul Haq, B Com, LLB  
Rizwan Ehsan Puri  
Safar Ali, ACA  
Suleman Faisal, B Com  
Syed Hamid Hussain Zaidi, B Com  
Syed Kamran Ali, FCMA, ACIS  
Syed M Haroon A Bokhari, MBA  
Tariq Mahmood, MBA  
Tariq Mushtaq, M Com  
Tariq Zia, B Sc  
Tauseef Hussain Shah, MBA  
Waqas ur Rehman, ACCA, MBA  
Zafar Ahmed Qazi, B Sc, ACII

## Advisors

Hashim M Shamim  
M Jahangir Chughtai, MA  
Saeed Jan Awan, M Com  
Syed Wiqar Hyder Taqvi, B Sc  
Muhammad Afzaluddin, B Com

## Joint Senior Vice Presidents

Alamgir Anwar Shaikh, B Com  
Amar Mumtaz Piracha, BA  
Ghufranullah Khan, MBA  
Imran Arif, BE (Metallurgy)  
Irfan Mujeeb, M Com  
Major (R) Khalid Quadeer, M Sc  
Mazhar Ahmed Sabir, MBA  
Mirza Muhammad Khurshid, BA  
Muhammad Adnan Jamil, B Com  
Muhammad Afzal Panawala, BA  
Muhammad Ashraf Tahir, BA  
Muhammad Asif Akhtar  
Muhammad Azam Siddiqui, MBA  
Muhammad Khurram Siddiqui, B Com  
Muhammad Raza, B Com, LLB, ACII  
Munaf Ahmed Khokhar, M.A. M.Com  
M Sajjad Chaudhary  
Naeem Zafar, B Com  
Naveed Khan, B Com  
Qamar Saleem, B Com  
Saad Siddiqui, MBA  
Saima Tabassum, B Sc  
Syed M Tariq Ziauddin, M Sc  
Tariq Aziz Khan  
Tariq Rafiq, B Com  
Zulfiqar Anwar Ali, B Com

# Branch Network



# BRANCH NETWORK

## HEAD OFFICE

2nd Floor, Jubilee Insurance House, I. I. Chundrigar Road, P.O. Box 4795, Karachi-74000.  
UAN: 111 654 111, Tel: (9221) 32416022-26, Fax: (9221) 32416728, 32438738  
E-mail: info@jubileegeneral.com.pk Website: www.jubileegeneral.com.pk

## WINDOW TAKAFUL OPERATIONS

3rd Floor, Jubilee Insurance House, I. I. Chundrigar Road, P. O. Box 4795, Karachi-74000.  
UAN: 111 654 111, Tel: (9221) 32402004-09, Fax: (9221) 32402003  
E-mail: info.takaful@jubileegeneral.com.pk Website: www.jubileegeneral.com.pk

## SOUTHERN ZONE

### KARACHI (Main Office)

2nd Floor, Jubilee Insurance House,  
I. I. Chundrigar Road,  
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Karachi- 74000.  
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Tel: (9221) 32416022-26  
Fax: (9221) 32416728, 32438738

### NEW UNIT

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Fax: (9221) 32463010

### COMMERCIAL UNIT – I

3rd Floor, Jubilee Insurance House,  
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Karachi- 74000.  
Email: info.cu1@jubileegeneral.com.pk  
Tel: (9221) 32420393, 32422012  
Fax: (9221) 32420940, 32426654

### BFC

3rd Floor, Jubilee Insurance House,  
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Karachi- 74000.  
Email: info.bfc@jubileegeneral.com.pk  
Tel: (9221) 32472004-06  
Fax: (9221) 32471618

### JODIA BAZAR

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Karachi- 74000.  
Email: info.jb@jubileegeneral.com.pk  
Tel: (9221) 32422215-16, 32420371  
Fax: (9221) 32420451

### SHAHRAH-E-FAISAL

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Block 6, PECHS, Shahrah-e-Faisal,  
Karachi-75400.  
Email: info.sf@jubileegeneral.com.pk  
Tel: (9221) 34537040 & 50, 34391172  
Fax: (9221) 34541548

### PLAZA

5th Floor, Jubilee Insurance House,  
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P. O. Box 4795,  
Karachi- 74000.  
Email: info.plz@jubileegeneral.com.pk  
Tel: (9221) 32465568-70  
Fax: (9221) 32465572

### SADDAR

3rd Floor, Jubilee Insurance House,  
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Karachi- 74000.  
Email: info.sdr@jubileegeneral.com.pk  
Tel: (9221) 35650428-30  
Fax: (9221) 35223911

# BRANCH NETWORK

## CLIFTON

Suit No. 201-202, 2nd Floor,  
Shaheen Centre, Schon Circle,  
Kehkashan, Clifton  
Karachi.

Email: info.clb@jubileegeneral.com.pk  
Tel: (9221) 35862451-3  
Fax: (9221) 35862454

## KEPZ BRANCH

Plot 9, Sector B-II,  
Karachi Export Processing Zone,  
Landhi Industrial Area,  
Extension Mehran Highway,  
Karachi-75150.

Email: info.kepz@jubileegeneral.com.pk  
Tel: (9221) 35081349  
Fax: (9221) 35080117

## DHA BRANCH

19 C, 4th Floor, Main Khayaban-e-  
Ittehad, Phase VI, DHA  
Karachi-75500.

Email: info.dha@jubileegeneral.com.pk  
Tel: (9221) 35246415-8  
Fax: (9221) 35246420-35246419

## HYDERABAD

Mezzanine Floor, Sakhi Wahab Medical Centre,  
Doctor Line, Saddar, Hyderabad.

Email: info.hyd@jubileegeneral.com.pk  
Tel: (9222) 2785621 - 2781982  
Fax: (9222) 2730605

## SUKKUR

A-6, City Survey No. 426/1,  
Mezzanine Floor, Madina Complex,  
Near Makki Masjid, Minara Road,  
Sukkur.

Email: info.sk@jubileegeneral.com.pk  
Tel: (9271) 5623851  
Fax: (9271) 5626294

## MULTAN ZONE

### MULTAN (Main Branch)

Office No. B.F 2/2, 4th Floor  
ChenOne Tower,  
74 - Abdali Road,  
Multan.

Email: info.mul@jubileegeneral.com.pk  
Tel: (9261) 4549594, 4549874, 4546040  
Fax: (9261) 4588965

### BAHAWALPUR

Flat No. 2, 1st Floor, 19-D Shahab Plaza,  
Commercial Area, 1-Unit Chowck,  
Bahawalpur.

Email: info.bwp@jubileegeneral.com.pk  
Tel: (9262) 2284020  
Fax: (9262) 2285020

### BAHAWALNAGAR

Khan Baba Road,  
Bahawalnagar.

Email: info.bwn@jubileegeneral.com.pk  
Tel: (9263) 2272762  
Fax: (9263) 2273762

### RAHIMYAR KHAN

26 Shahi Road,  
Rahimyar Khan-64200.

Email: info.ryk@jubileegeneral.com.pk  
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Fax: (9268) 5872243

## LAHORE ZONE

### MAIN BRANCH, (SALES UNIT-I)

2nd Floor, 1 Capt. Anwarul Haq,  
Shaheed (Montgomery) Road, P.O. Box 368,  
Lahore-54000.

Email: info.lzo@jubileegeneral.com.pk  
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Fax: (9242) 36283660

# BRANCH NETWORK

## LAHORE ZONE

### SALES UNIT – II

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Shaheed (Montgomery) Road, P.O. Box 368,  
Lahore-54000.

Email: info.su2@jubileegeneral.com.pk

Tel: (9242) 36283527-29, 36283227

Fax: (9242) 36283292

### SALES UNIT – III

1st Floor, 1 Capt. Anwarul Haq  
Shaheed (Montgomery) Road, P.O. Box 368,  
Lahore-54000.

Email: info.su3@jubileegeneral.com.pk

Tel: (9242) 36283871-2 & 36283691-2

Fax: (9242) 36283285

### MALL MANSIONS

(Sales Unit-IV) 4th Floor, Cricket House,  
Canal Bank, 20-Jail Road, Lahore

Email: info.mall@jubileegeneral.com.pk

Tel: (9242) 35407141-46 & 35407148-50

Fax: (9242) 35407147

### SALES UNIT – V

1st Floor, 1 Capt. Anwarul Haq  
Shaheed (Montgomery) Road, P.O. Box 368,  
Lahore-54000.

Email: info.su5@jubileegeneral.com.pk

Tel: (9242) 36283713-4, 36283691-2 & 36283255

Fax: (9242) 36283285

### COMMERCIAL UNIT – II

1st Floor, 1 Capt. Anwarul Haq,  
Shaheed (Montgomery) Road, P.O. Box 368,  
Lahore-54000.

Email: info.cu2@jubileegeneral.com.pk

Tel: (9242) 36310125-8

Fax: (9242) 36310129

## FAISALABAD

P – 68, 2nd Floor,  
Above National Bank of Pakistan  
Kotwali Road, Faisalabad.

Email: info.fsd@jubileegeneral.com.pk

Tel: (9241) 2643020, 2640782, 2617017

Fax: (9241) 2638782

## NORTH ZONE

### ISLAMABAD

26-D, 1st Floor, Kashmir Plaza, Jinnah Avenue,  
Blue Area, Islamabad.

Email: info.isb@jubileegeneral.com.pk

Tel: (9251) 2270365-7

Fax: (9251) 2275317, 2270277

### MARGALLA

Saif Gold Tower Lower Ground  
Commercial Plot # 26  
Sec G 6/4, Shaheed-e-Millat Road  
Islamabad.

Email: info.mrg@jubileegeneral.com.pk

Tel: (9251) 2828512-6

Fax: (9251) 2828600

### PESHAWAR

TF : 9 & 10, 3rd Floor Deans Trade Centre  
Peshawar Cantt

Email: info.pw@jubileegeneral.com.pk

Tel: (9291) 5253132-5









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# Proxy Form

JUBILEE GENERAL INSURANCE COMPANY LIMITED  
JUBILEE INSURANCE HOUSE  
I.I. CHUNDRIGAR ROAD,  
KARACHI

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a member of Jubilee General Insurance Company 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 Jubilee General Insurance Company Limited, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on April 25, 2017 at 09:00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

## WITNESS

1. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC No: \_\_\_\_\_

Signature

Revenue  
Stamp

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 Computerised National Identity Card or Passport with this proxy form before submission to the Company.

## مختار نامہ (پراکسی فارم)

جوبلی جنرل انشورنس کمپنی لمیٹڈ  
جوبلی انشورنس ہاؤس  
آئی آئی چندریگر روڈ  
کراچی۔

میں رہم \_\_\_\_\_ ساکن \_\_\_\_\_ بحیثیت رکن  
جوبلی جنرل انشورنس کمپنی لمیٹڈ اور حامل \_\_\_\_\_ حصص \_\_\_\_\_ بمطابق شیئر رجسٹر فوئیو نمبر \_\_\_\_\_ اور یا سی ڈی سی پارٹیسپیٹ (شرکت)  
آئی ڈی نمبر \_\_\_\_\_ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر \_\_\_\_\_  
محترم ہر محترمہ \_\_\_\_\_ ساکن \_\_\_\_\_ یا ان کی غیر حاضری کی صورت میں  
محترم ہر محترمہ \_\_\_\_\_ ساکن \_\_\_\_\_ جو کہ خود بھی جوبلی جنرل انشورنس کمپنی لمیٹڈ کا رکن ہے۔

۲۵ اپریل ۲۰۱۷ء، صبح ۹:۰۰ بجے منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء میں اپنا ہمارا بطور مختار (پراکسی)  
مقرر کرتا ہوں کرتے ہیں۔

آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ ۲۰۱۷ء کو دستخط کئے گئے۔  
گواہان:

۱۔ دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

\_\_\_\_\_

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر:

\_\_\_\_\_

۲۔ دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

\_\_\_\_\_

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر:

\_\_\_\_\_

### نوٹ:

- ۱۔ دستخط کمپنی کے پاس پہلے سے محفوظ۔ دستخطی نمونے کے مطابق ہونے ضروری ہیں۔
- ۲۔ یہ پراکسی فارم مکمل پر شدہ کمپنی کے رجسٹرڈ آفس میں میٹنگ سے ۴۸ گھنٹے قبل جمع کرایا جانا لازمی ہے۔
- ۳۔ ضروری ہے کہ پراکسی جس کو دی جائے وہ بھی کمپنی کا ممبر ہو۔
- ۴۔ CDC میں اکاؤنٹ رکھنے والے کارپوریٹ ممبران کیلئے مندرجہ بالا کے علاوہ درج ذیل شرائط کو پورا کرنا بھی ضروری ہے۔  
ا۔ پراکسی جس کے حق میں ہو اس کا شناختی کارڈ یا پاسپورٹ کی ایک تصدیق شدہ نقل پراکسی کے ساتھ لگائی جائے۔  
ب۔ پراکسی اجلاس میں شریک ہوتے وقت اصل شناختی کارڈ یا پاسپورٹ پیش کرے۔

ریونیو اسٹیٹ

دستخط