

Jubilee
GENERAL INSURANCE

level next

ANNUAL
REPORT **2018**

Jubilee General Insurance Company Limited



LEVEL
NEXT





JCR-VIS



PACRA



A.M. BEST

MAP

Top Position in Financial Category 33rd MAP
Corporate Excellence Award

ICAP & ICMAP

Top Position in NBFCs
Best Corporate Report &
Sustainability Award

Lloyd's Register LRQA

ISO 9001:2015
(All Functions including Enterprise
Risk Management)

FPCCI

Outstanding Service in Insurance

Insurance Journal

Corporate Social Responsibility
Highest Donation (2013-2015)

SAFA

Certificate of Merit
(Insurance Sector)



A PREMIUM ACHIEVEMENT

It's customer TRUST we keep growing

At Jubilee General, we believe our success is a reflection of the trust invested in us by our customers and stakeholders. With our premium exceeding Rs. 10 billion, we thank everyone profoundly for this confidence. Thank you!

Our journey of growth over the last 66 years has been defined by this trust which drives us to forge ahead towards new achievements.

level next

The new era of digitalisation is intelligently taking over the world to function simply and efficiently. From basic documentation to expanding businesses; everything is now computerised, making it better and faster. The involvement of Artificial Intelligence, in routine tasks and in organisational platforms, is making life easier and wiser.

By outreaching possibilities in the digitalised world, Jubilee General has made its way towards Level Next while bringing remarkable advancements in the organisation which approach the global insurance industry standards. Apart from bringing proficiency and accuracy in performance, such advancements will promise convenience and customer satisfaction for greater tomorrows.

Financial Highlights 2018

**Written Premium /
Contribution**

Rupees

10,069 Million

**Net Premium /
Contribution Revenue**

Rupees

5,397 Million

Investment Income

Rupees

1,188 Million

Profit After Tax

Rupees

1,066 Million

**Shareholders'
Equity**

Rupees

7,908 Million

**Operating Cash
Flows**

Rupees

422 Million

Claims Paid

Rupees

3,997 Million

Underwriting Profit

Rupees

212 Million

Investments & Properties

Rupees

12,185 Million

Total Assets

Rupees

21,313 Million

Earnings Per Share

Rupees

5.91

Dividend Per Share

Rupees

4.00 Cash

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This Annual Report is an endeavour to enable our stakeholders to make comprehensive assessment of our ability to generate financial and non-financial value for them.



Organisation Overview

Storing Information Safely

Corporate Information

Chairman of the Board of Directors

Towfiq H. Chinoy (Non-Executive Director)

Directors

Sadruddin Hashwani (Non-Executive Director)

Akbarali Pesnani (Non-Executive Director)

John Joseph Metcalf (Non-Executive Director)

R. Zakir Mahmood (Non-Executive Director)

Amin A. Hashwani (Non-Executive Director)

Amyr Currimbhoy (Independent Director)

Farhan Talib (Non-Executive Director)

Managing Director and Chief Executive

Tahir Ahmed (Executive Director)

Chief Financial Officer

Nawaid Jamal

Company Secretary

Fahad Alam

Auditors

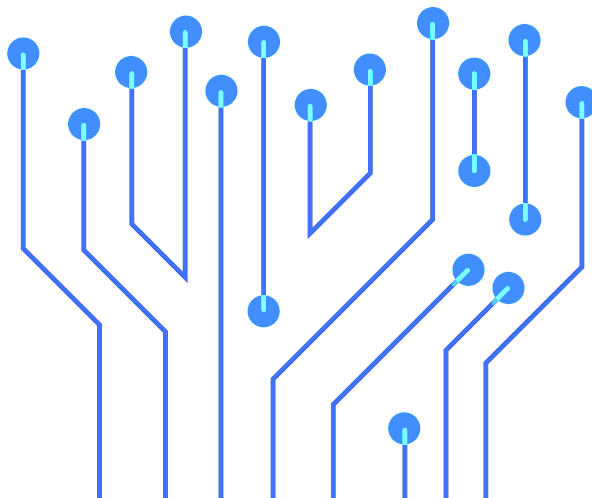
KPMG Taseer Hadi & Co.

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
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan 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

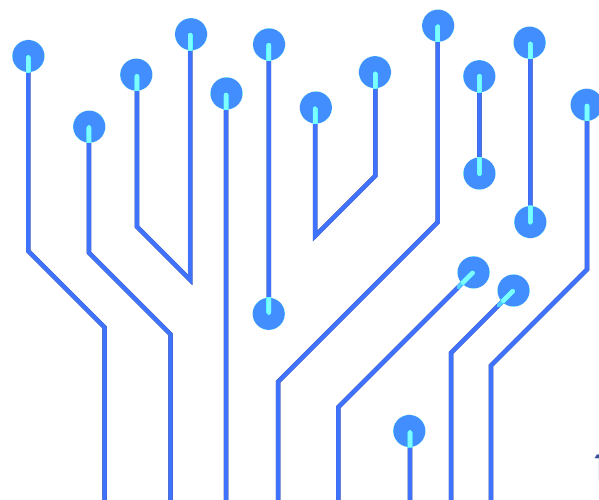
E-Mail: info@jubileegeneral.com.pk
Website: www.jubileegeneral.com.pk

National Tax Number

0711347-1

Sales Tax Registration Number

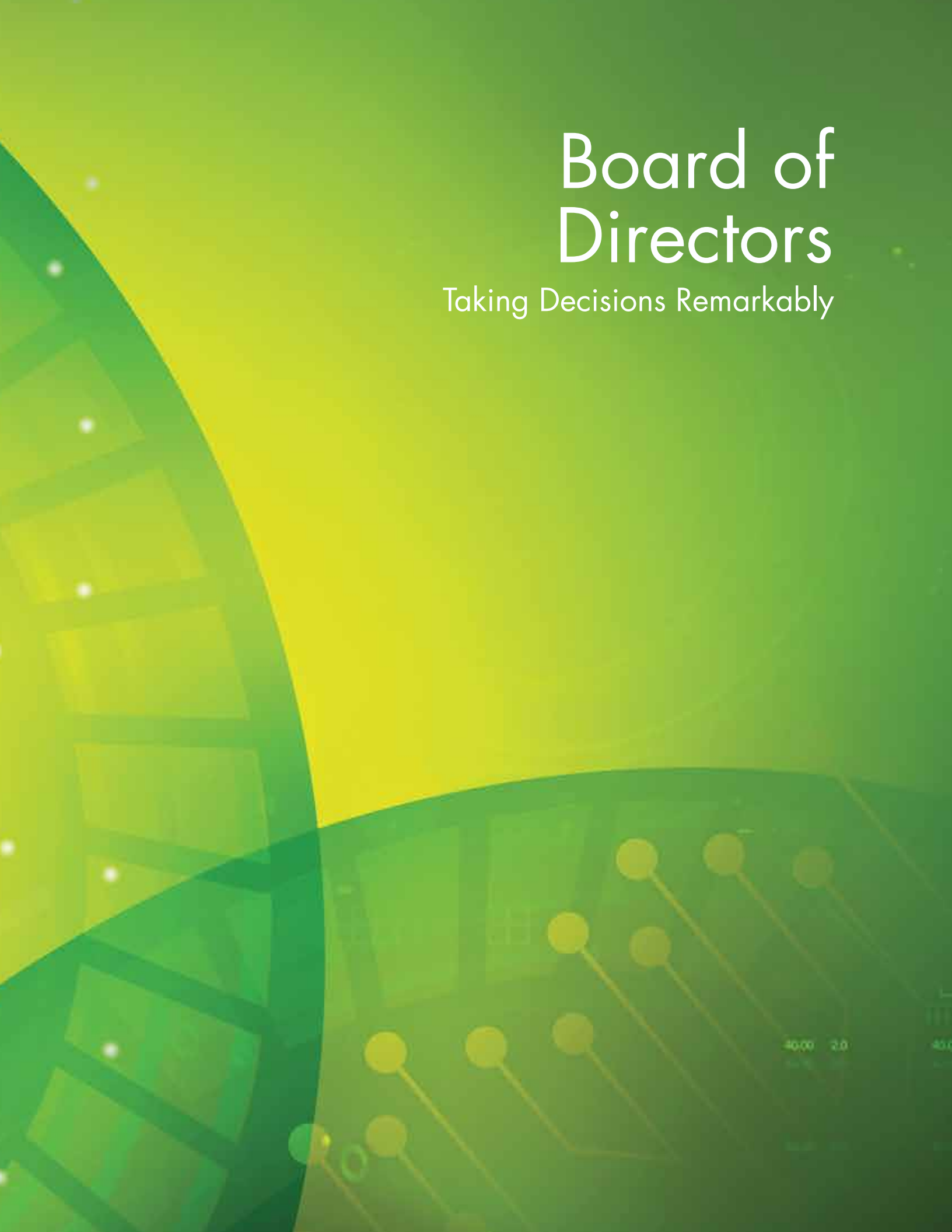
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Board of Directors

Taking Decisions Remarkably





Towfiq H. Chinoy
Chairman

(Director since: August 27, 1997)

Mr. Towfiq Habib Chinoy is a seasoned entrepreneur and businessman. He is presently the Chairman of Packages Limited and Vice Chairman of Pakistan Business Council. He is also 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, and Director on the Board of Port Qasim Authority, National Refinery Limited, Linde Pakistan Limited and Jubilee Life Insurance Company Limited.

Other Corporate Directorships include:

- Packages Limited
- International Steels Limited
- National Foods 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; and
- 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 37 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 and 2014. He has held the office of Chairman of Insurance Association of Pakistan (IAP) four times. He has also served as the Chairman of Insurance Reforms Sub-Committee of Securities & Exchange Commission of Pakistan (SECP).

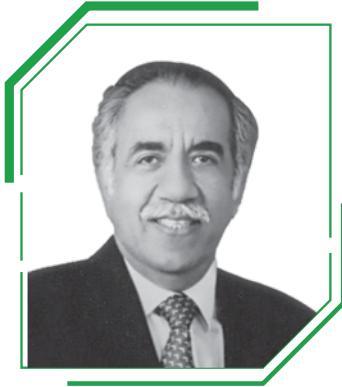
Other Corporate Directorship includes:

- 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; and
- 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
Non-Executive 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 include:

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



Akbarali Pesnani
Non-Executive 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 is presently Chairman of Aga Khan Culture Services - Pakistan. 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 include:

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



**John Joseph
Metcalf**
Non-Executive
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 continents of Africa and Asia.

Other Corporate Directorships include:

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



R. Zakir Mahmood
Non-Executive Director

(Director since: June 25, 2008)

Mr. R. 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 has served as director of various other organisations.

Other Corporate Directorship includes:

Jubilee Life Insurance Company Limited



**Amin A.
Hashwani**
Non-Executive
Director

(Director since: March 24, 2014)

Mr. Amin A. Hashwani belongs to a well-known business family of Pakistan. He is sole proprietor of Micro Grind Minerals. He has headed numerous business and non-business organisations, 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 include:

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



Aryn Currimbhoy
Independent Director

(Director since: June 25, 2017)

Mr. Aryn Currimbhoy is a Chartered Accountant (Institute of Chartered Accountants in England and Wales), having extensive experience in Finance and General Management in a manufacturing environment, with more than 18 years at a senior level.

Other Corporate Directorship includes:

Jubilee Life Insurance Company Limited



(Director since: March 02, 2018)

Mr. Farhan Talib has over 22 years of experience in Asset Management, Investment Banking, Financial Institutions and Management Roles. He is currently Head of Corporate and Investment Banking at HBL. He has an MBA from Institute of Business Administration Karachi and is a CFA Charter holder.

Other Corporate Directorship includes:

Habib Finance International Limited, Hong Kong

Farhan Talib

Non-Executive Director

Significant Changes in the Board of Directors

During the year, Mr. Salim Amlani (non executive and nominee director of Habib Bank Limited) resigned on February 13, 2018 and in place of him Mr. Farhan Talib (non executive director) has been appointed.

Matters Delegated by the Board of Directors

The Management is primarily responsible for implementing the strategies and long term plans as approved by the Board of Directors. It is the responsibility of the management to conduct the routine business operations of the Company in an effective and ethical manner in accordance with the strategies and goals as approved by the Board. The management is responsible to identify and administer the key risks and opportunities which could impact the Company in the ordinary course of execution of its business. The management is also concerned in keeping the Board members updated regarding any changes in the legal, regulatory and operating framework and related environment. It is also the responsibility of the management, with the oversight of the Board and its Audit Committee, to prepare financial statements that fairly presents the financial position of the Company in accordance with applicable accounting standards, relevant regulations and legal requirements.



Vision

Enabling people to
overcome uncertainty

Mission

To provide solutions that protect
the future of our customers



Values

Teamwork
Integrity
Excellence
Passion

Strategic Objective

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

Company Overview



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JUBILEE INSURANCE
HOUSE

Jubilee
GENERAL INSURANCE



Company Overview

Jubilee General Insurance Company Limited has entered its sixty seventh year of Operations marking a legacy of over six decade of living by its core values, of; 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 to ensure prompt service at the customers' doorstep. To ensure sustained long term existence, the Company is Enterprise Risk Management (ERM) Framework compliant, duly certified by LRQA with ISO 9001:2015.

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 one of the few insurers 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 15 year, 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 reinsures such as Swiss Re, Hannover Re, Lloyds, Asia Capital Re, Allianz Se, Kuwait Re and Korean Re. The Company is also supported by internationally acclaimed reinsurance brokers including RMS, AON Group, Willis, Marsh, Lockton, RKH Specialty, 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 & 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.

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.

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.

Jubilee General also takes pride in being one of the first in the industry to introduce Scratch Card based Takaful products. The Product line "Secure Scratch Card", is available to cover all personal needs through HomeCare, SelfCare, HealthCare (Individual) and Domestic Travel Takaful. These cards are structured and available at various convenience stores for ease of purchase for people from all walks of life.

Jubilee General recognises technological innovation is an ongoing process and we continue to invest in this endeavor with a view to improving efficiencies and provide our customers easy access to the entire insurance value chain from obtaining a quotation, selecting the right insurance product, payment options & reporting claims. Our technology suites contain an online motor renewal facility where any Jubilee client can renew their policy from the luxury of their home or office hassle free. Jubilee General has also developed a motor claims application which is available to all our customers on our website as well as on Google Playstore. Our customers can now report losses on real time basis on the application which automatically locates and appoints the nearest surveyor. For corporate clients, our marine cover-note application has made the process of establishment of LC hassle free as our customers can generate cover notes at their convenience 24/7. Jubilee General will continue on its Journey of technological innovation and digitalisation and the years ahead will witness an increasing range of end to end process automation. Jubilee General is also equipped with one of the most effective and efficient call center providing seamless servicing to the clients.

Jubilee General is cognisant of the need and responsibilities for organisations to return back & contribute to development of societies. Our focus areas for constructive intervention include education, health, culture & sports; as we believe these to be the foundation for wellbeing and development of future generations. Our social responsibility initiatives include contributing to various institutions involved in providing medical support to the needy. We are also aligned with a number of educational institutions that provide free/subsidised education to deserving communities. We also support snooker and squash to bring forth deserving sportsman and providing them opportunities to shine.

Jubilee General has been recognised as the highest contributor in the social responsibility category amongst all insurance companies of the country by "Insurance Journal".

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 Guarantee
- 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
- Purchase Protection
- Extended Warranty
- Cyber Risk



Mobile Apps

- Motor Android App
- Health App
- Musafir App
- Motor Claim App
- Marine Cover Note App



Careline (Retail Products)

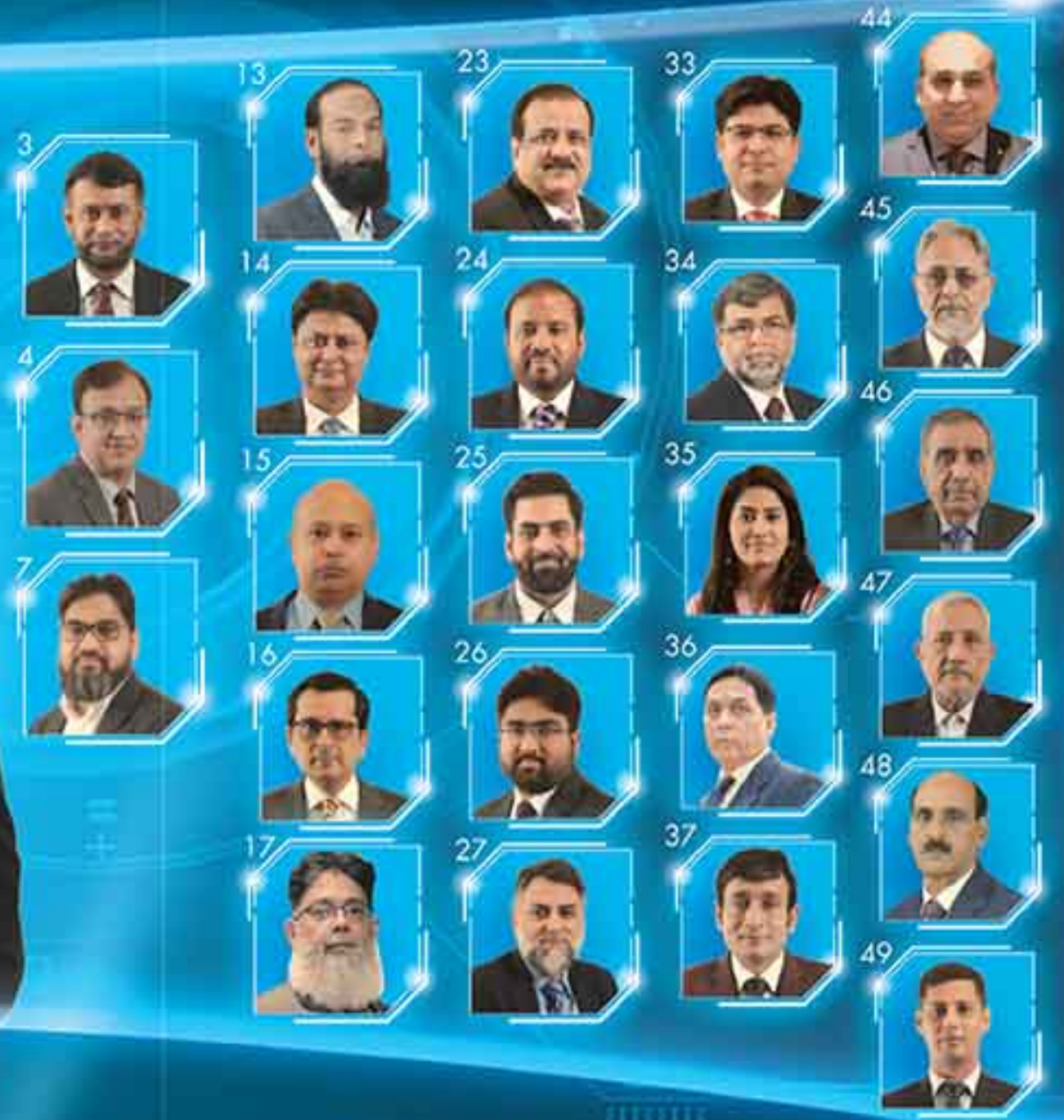
- SelfCare**
- SelfCare Plus
- HomeCare**
- ShopCare
- ShopCare Plus
- EducationCare
- AllCare
- ViaCare (International Travel)*
- ViaCare (Domestic Travel)**
- ViaCare Hajj & Umrah*
- ViaCare Ziarat*
- ViaCare Student Plan*
- ViaCare HomeTrip (For Pakistani expatriates)*
- CriticalCare*
- SehatCare
- CellCare
- Business Cover
- Pocket Secure Plus
- Cash Guard
- Cash Guard Plus
- Medi Cash
- ParentCare*
- HerCare*
- Personal HealthCare**
- Family HealthCare*
- Wallet Guard
- Pocket Secure
- Pocket Secure Plus

*available in branches and on online platform

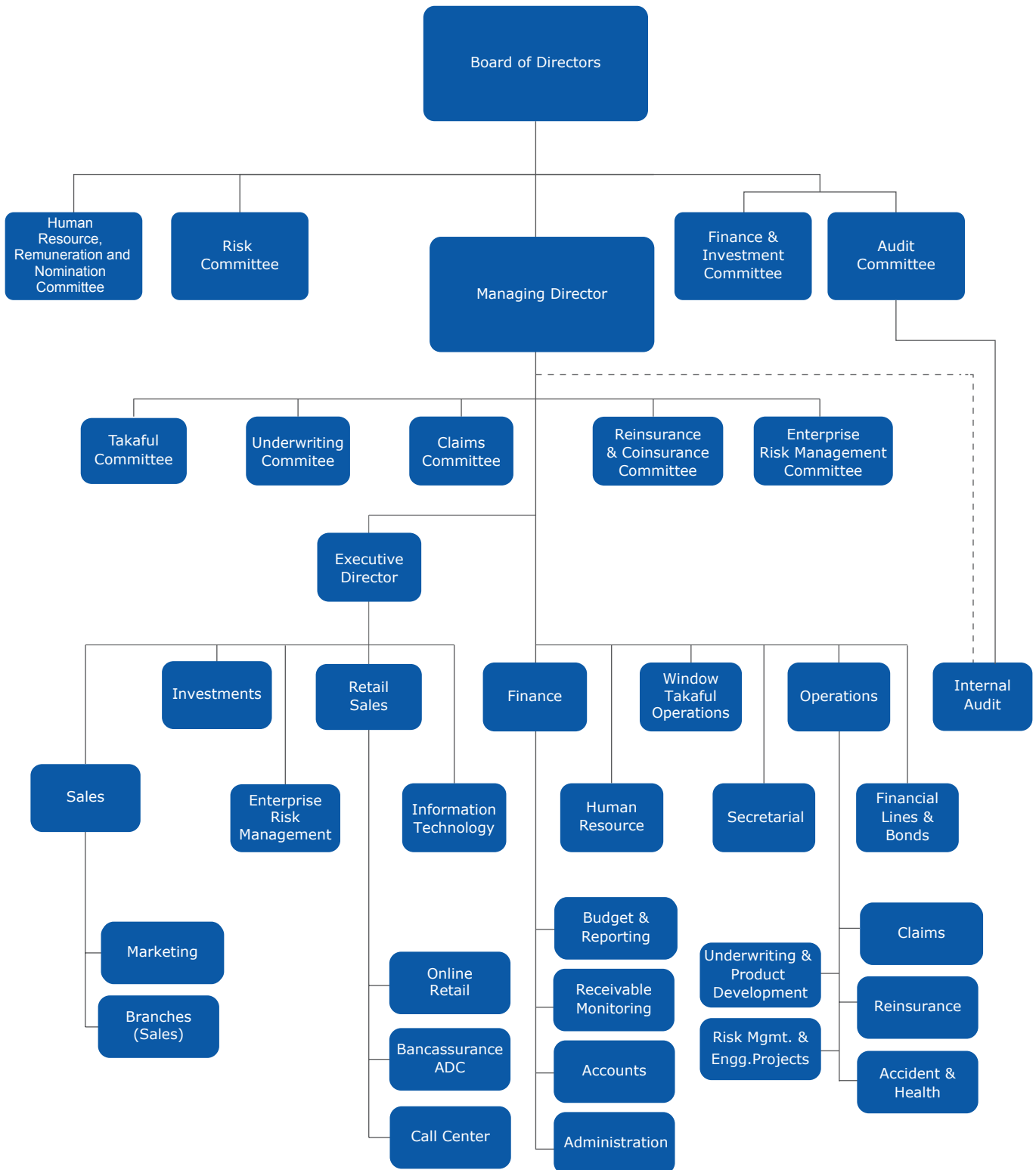
**available in branches and on online platform and Scratch Card variants

Management Team

1. Tahir Ahmed	Managing Director & Chief Executive
2. Hassan Khan	Executive Director
3. Azfar Arshad	Executive Vice President
4. Nawaid Jamal	Executive Vice President
5. Mohammad Safdar	Executive Vice President
6. Muhammad Uzair Mirza	Executive Vice President
7. Syed Sohail Ahmed	Executive Vice President
8. Syed Imran Rabbani	Executive Vice President
9. Muhammad Nadeem Irshad	Executive Vice President
10. Karim Merchant	Executive Vice President
11. Kamran Arif	Executive Vice President
12. Imran Mughal	Executive Vice President
13. Muhammad Adnan Junaid	Executive Vice President
14. Syed Ovais Bin Alam	Executive Vice President
15. Fayyiaz Ahmad Khan	Executive Vice President
16. Zafar Bashir	Joint Executive Vice President
17. Syed Abid Waseem	Joint Executive Vice President
18. Zahoor A Shaheen	Joint Executive Vice President
19. Ejaz Mehmood	Joint Executive Vice President
20. Muhammad Azfar Sabih	Joint Executive Vice President
21. Mirza Sajid Baig	Joint Executive Vice President
22. Muhammad Razzak Chaudhary	Joint Executive Vice President
23. Munir ul Haq	Joint Executive Vice President
24. Asif Ali	Joint Executive Vice President
25. Ahsan Ilyas	Joint Executive Vice President
26. Sajid Younus	Joint Executive Vice President
27. Syed M Haroon A Bokhari	Joint Executive Vice President
28. Dr. Syed Tanveer Rauf	Chief Medical Officer
29. Tauseef Hussain Shah	Senior Vice President
30. Fahad Alam	Senior Vice President
31. Safar Ali	Senior Vice President
32. Waqas ur Rehman	Senior Vice President
33. Laeeq Ahmad	Senior Vice President
34. Rizwan Ehsan Puri	Senior Vice President
35. Saima Tabassum	Senior Vice President
36. Tariq Zia	Senior Vice President
37. Zaheer Ahmed	Senior Vice President
38. Muhammad Amin Haroon	Senior Vice President
39. Muhammad Arif	Senior Vice President
40. Ghulam Qadir	Senior Vice President
41. Hashim Shamim	Senior Advisor
42. Saeed Jan Awan	Advisor
43. Major (R) Khalid Quadeer	Joint Senior Vice President
44. Farman Ahmed Jatoi	Joint Senior Vice President
45. Rai Zahoor Ali Khan	Vice President
46. Bashir Ahmed Khan	Vice President
47. Syed Rafiq Ali	Vice President
48. Aslam Hayat Khan	Vice President
49. Muzamil Memon	Vice President



Organisation Structure



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

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:

- 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 authorisation. 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.

Organisational Culture

An organisation's culture consists of the values, beliefs, attitudes and behaviours that employees share and use on a daily basis in their work. The culture determines how employees describe where they work, how they understand the business, and how they see themselves as part of the organisation. It also comprises the interactions of the employees with the outside world and their future expectations. Every organisation must have set guidelines for the employees to work accordingly.

In Jubilee General, focus on mission, vision, values and strategic objective play a pivot role to build a healthy culture in the Company. The "Code of Conduct" of the Company provides the basic structure and guidance to the employees in order to nourish a better culture in the Company. Pre-defined policies and procedures guide the employees and give them a sense of direction at the workplace and therefore every individual is clear about his/her role and responsibilities in the organisation and fully equipped to accomplish the tasks effectively and efficiently.

Above all, Jubilee General Insurance carries a very healthy culture and its improving day by day to become effective and efficient to meet future challenges.

Organisational Ethics

Organisational ethics are the principles and standards by which businesses operate. They are best demonstrated through acts of fairness, ingenuousness, trustworthiness, compassion, integrity, honor, honesty and responsibility. It reflects how an organisation responds to internal or external incentives.

In Jubilee General, the ethical values are kept at high level because generally it is among core requirements for an organisation working in a society and specially while working as insurer on whom people trust to a great extent.

The "Code of Conduct" of the Company is considered "Rule Book" for the organisational ethics which is adhered by all employees of the Company. Furthermore, a long working history of the organisation carries certain standards which are implied in working environment of the Company and are practiced with full strength. These implied rules are as follows:

Trustworthiness	– Honest in conduct
Integrity	– Reliability and Loyalty
Respect	– Civility, Autonomy and Tolerance
Responsibility	– Accountability, Pursuit of excellence
Fairness	– Impartiality and Equity



Insurance Cards **crafting customer convenience**

Insurance Prepaid cards are scratch cards with insurance code that requires activation through SMS.

One of the most recent innovations of Jubilee General are these Insurance Prepaid scratch cards that offer travel, health, home and personal insurance for everyone. It is made available at super stores of major cities with instant activation option.



Shareholders' & Investors' Information



Notice of Annual General Meeting

Notice is hereby given that the 66th Annual General Meeting of Jubilee General Insurance Company Limited will be held on Tuesday, April 23, 2019 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, 2018 together with the Auditors' and Directors' Report thereon.
2. To consider and approve the payment of final cash dividend of 40% (Rs. 4 per ordinary share of Rs.10/- each) for the year ended December 31, 2018, as recommended by the Board of Directors of the Company.
3. To appoint Auditors of the Company for the year ending December 31, 2019 and fix their remuneration. The retiring Auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants, have completed five years as Auditors of the Company and not eligible for reappoint, as per applicable law. The Board of Directors recommends that A.F. Ferguson & Co., Chartered Accountants (member firm of PWC network), who have indicated their consent to act as Auditors, be appointed as Auditors.

By Order of the Board



Fahad Alam
Company Secretary

Karachi: February 05, 2019

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 17, 2019 to April 23, 2019 (both days inclusive). Transfer received by the Share Registrar of the Company M/s. THK Associates (Pvt.) Limited (at the Address given below) at the close of business on April 16, 2019, will be treated in time for the purpose of Cash Dividend 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 Share Registrar of any change in their addresses.
5. **In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to the shareholders only through electronic mode i.e. directly into the bank account designated by the entitled shareholders. Please note that if Bank account details (IBAN) as per prescribed format have not been provided by the shareholders to the Share Registrar, their Broker (participant) or CDC, the Company would be constrained to act in accordance with the provisions of the law and withhold the cash dividend.**
6. 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 the Share Registrar. In case of non-submission of CNIC copy, dividend can be withheld. Corporate are also requested to submit their NTN certificate to the Share Registrar.
7. Members who want to claim Zakat exemption and have not yet submitted the declaration as per Zakat & Usher Ordinance, 1980, are requested to submit the declaration at the earliest.

8. Members have the 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 the Shares Registrar. Hard Copy/CDs of Audited Financial Statements will be provided free of cost within seven days of receipt of such request.
9. As per Section 150 of the Income Tax Ordinance, 2001 withholding tax on dividend will be deducted for filers and non-filers of income tax returns at 15% and 20% 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 the Share Registrar in writing by April 16, 2019. 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.

10. Members can exercise their right to poll subject to meeting the requirements of sections 143 to 145 of the Companies Act, 2017, and applicable clauses of Companies (Postal Ballot) Regulations, 2018.
11. Member(s) holding ten (10) percent individually or in aggregate of the total paid up capital residing in a same city; may demand the Company to provide them the facility of video-link for attending the meeting. If you wish to take benefit of this facility, please fill the attached form and submit it to the Company at its registered address at least ten (10) days prior to the date of the meeting. The Company will intimate to the members the venue of the video-link facility at least five (5) days before the date of the General Meeting along with all the information necessary to enable them to access the facility.

Consent for Video Conference Facility

I/We/Messrs. _____ of _____ being a member
 ber of Jubilee General Insurance Company Limited holder of _____ ordinary share(s)
 as per Registered Folio/CDC Account No. _____ hereby opt for video-link facility at
 _____.

 Signature of the Member(s)
 (Please affix company stamp in case of corporate entity)

Address of the Share Registrar of the Company;

THK Associates (Private) Limited
 1st Floor, 40-C, Block-6,
 P.E.C.H.S., Karachi-75400

Annual General Meeting will be followed by a Corporate Briefing for the Shareholders.

Calendar of Major Events

FINANCIAL

Results

First quarter ended 31 March 2018	Announced on	24 April 2018
Half year ended 30 June 2018	Announced on	16 August 2018
Third quarter ended 30 September 2018	Announced on	23 October 2018
Year ended 31 December 2018	Announced on	06 February 2019

Dividends

Final Cash 2018 (40%)	Announced on	06 February 2019
	Entitlement date	17 April 2019
	Statutory limit upto which payable	13 May 2019
Final Cash (2017) (40%)	Announced on	13 February 2018
	Paid on	14 May 2018

Issuance of Annual Report 66th Annual General Meeting

01 April 2019
23 April 2019

OPERATIONAL

Annual Sales Conference	Held in	February 2018
Motor Third Party Liability Insurance Online (Web-Access) Portal	Launched in	April 2018
Personal Accident Policy Co-branding Campaign with Hi-Tech Lubricants (ZIC)	Launched in	March 2018
Motor Underwriting online (Web-Access) for Dealers and Banks	Launched in	August 2018
Partnered with Jazz Cash as Payment Gateway	Partnered in	August 2018
Prepaid Takaful Scratch Cards	Launched in	October 2018

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Fulfill-a-Wish Campaign for Sirat-ul-Jannah Orphanage	Conducted in	June 2018
Ramadan Ration Drive	Conducted in	June 2018
Blood Donation Drive	Conducted in	July 2018
Tree Plantation Drive	Conducted in	December 2018
Free Medical Camp	Conducted in	December 2018

Access to Reports and Enquiries

Financial Reports

Annual report 2018 and Quarterly reports may be downloaded from the Company's website: 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 2018 is available on Company's website: 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.

Investors' Grievances Policy

At Jubilee General Insurance Company Limited, we want to ensure that our Investors receive exemplary services. Investor queries and complaints constitute an important voice for us. Following are our guiding principles:

- Investors are treated fairly at all times;
- Complaints raised by Investors are dealt in a timely manner; and
- 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 holding, 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
Fax No: 34168271

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

Company Secretary

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

Company has a designated email id info@jubileegeneral.com.pk for handling investor grievances on which investor can make a complaint.

Issues raised at the last Annual General Meeting

In the 65th Annual General Meeting of the Company held on Tuesday April 24, 2018, only ordinary business was conducted and no significant issue was raised by the members.

Presence of Chairman - Audit Committee in the Annual General Meeting

The Chairman Audit Committee has attended the 65th Annual General Meeting (AGM) of the Company held on Tuesday April 24, 2018, in order to answer any question on the Audit Committee's activities and on matter (if any) within the scope of the Audit Committee's responsibilities by the shareholder. However, no such question was raised in the AGM.

Share Price Analysis

Volume Analysis

JGI Share Price on the PSX in the year 2018

Months	Highest	Lowest	Per Day Average Volume
	-----Rupees-----		Number of Shares
January	89.88	80.10	2,393
February	89.90	79.00	69,562
March	83.84	77.50	3,024
April	82.50	78.50	4,033
May	81.50	78.00	4,381
June	80.80	77.00	3,672
July	80.80	75.85	3,938
August	78.97	68.38	6,743
September	70.01	67.30	2,696
October	68.00	63.78	3,210
November	68.00	62.01	10,276
December	62.33	60.01	6,176

Share Price Sensitivity Analysis

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

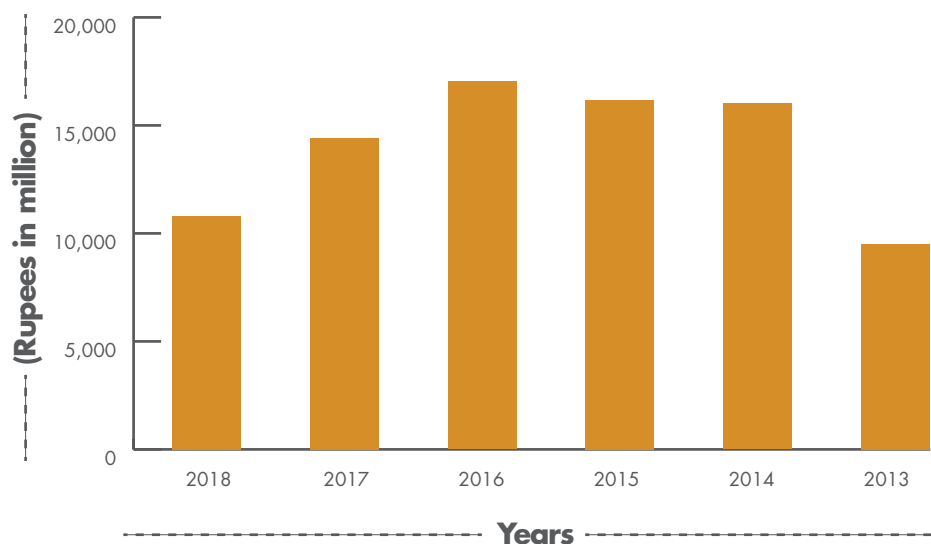
- Country's economic conditions.
- Stock market sentiments.
- Company's performance.
- Dividend announcements.
- Change in government policies and regulations relating to insurance business.
- Company's Financial Strength Rating.

Market Capitalisation

Market Capitalisation refers to the total market value of a company's outstanding shares. The amount of Market Capitalisation is considered to determine the company size as opposed to using sales or total assets. Although, the stock market remain volatile in 2017 and 2018 which definitely effect the market price of the Company's share in last two years, however, notable growth in market capitalisation of the Company's shares till the year 2016 can be witnessed from the following:

Particulars	Years					
	2018	2017	2016	2015	2014	2013
Number of Shares outstanding (in million)	180	180	157	157	157	136
Market closing price of share as on 31 December (PSX) (Rs)	60.01	80.00	108.50	103.00	102.00	70.00
Market Share Capitalisation (Rupees in million)	10,802	14,400	17,034	16,171	16,014	9,520

MARKET SHARE CAPITALISATION



Telematics

observing behaviours intelligently

Telematics is an Artificial Intelligence-based wireless communication system that is used for GPRS tracking and detecting customer driving patterns for consumer insights and producing consumer specific products and services.

Jubilee General is meeting its target of entering the telematics Artificial Intelligence for its customers by introducing a system in the near future that will record customer driving patterns at all times and reach out to them with the best insurance plans for their security.



Governance

The background features a gradient from deep red to dark purple. On the left, a large, semi-circular architectural structure with a grid of rectangular panels is visible. On the right, a network diagram with nodes and connecting lines is overlaid on a faint grid. The word "Governance" is centered in a white, sans-serif font.

Chairman's Review Report

For the Year Ended 31 December 2018

I am pleased to present the Chairman's Review to the stakeholders of Jubilee General.

During the year under review, the country went through largely peaceful national elections and uncertain economic conditions. Nevertheless, your Company crossed the milestone of achieving more than Rs 10 billion worth of Gross Written Premium and Contribution. This feat has been reached by posting a growth of over 20%. The Company's growth is supported by all classes of business. Takaful Window Operations continued to perform well and materially contributed to Company's growth and profitability. The Company expects to maintain growth momentum in Takaful segment as in its core insurance business.

Your Board carries out its fiduciary duties in a comprehensive manner and is assisted in its governance by four committees namely; Audit, Finance & Investment, Human Resource Remuneration & Nomination and Risk Committees. During the year under review, the Board has also designated two non-executive directors to provide guidance and oversight to management's initiatives in the realm of digitalisation. As you are aware, your Company is in the forefront of investing in digitalisation of processes with the objective of achieving efficiencies for the benefit of our customers.

Jubilee General has strengthened its market share and expects taking greater share by leveraging on innovation, technology and distribution channels.

The Board assesses and self evaluates its own performance in core areas of its functioning. The process is underpinned by transparency as all responses to questionnaires are sent in confidence to the external auditors by all directors for compilation of the cumulative result. The annual evaluation has been reviewed and discussed by the Board in their meeting held on October 23, 2018. The Directors expressed their satisfaction on the overall result against the set performance criteria.

I would like to thank all our business producers and employees for their professionalism and hard work. I also thank the shareholders and Board members for their commitment and confidence in the Company.



Towfiq H. Chinoy
Chairman

Karachi: 05 February 2019

چیئر مین کی جائزہ رپورٹ

سال منتمہ 31 دسمبر 2018

میں جو بلی جنرل کے اسٹیک ہولڈرز کو اس جائزے کو پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔

زیر جائزہ سال کے دوران، ملک عمومی طور پر پرامن انتخابات کے مرحلے سے گزرنے کے ساتھ غیر یقینی معاشی حالات سے دوچار رہا۔ تاہم آپ کی کمپنی نے 10 بلین روپے سے زائد کا کل مجموعی پربہیم اور کنٹری بیوشن حاصل کرنے کا سنگ میل عبور کیا۔ یہ شاندار کامیابی 20 فیصد اضافے کی بدولت حاصل کی گئی۔ کمپنی کی ترقی میں بزنس کے تمام شعبہ جات نے اپنا حصہ ملا یا۔ ہمارے نکافل ونڈو آپریشنز نے شاندار کارکردگی جاری رکھی اور کمپنی کی ترقی اور منافع میں اہم کردار ادا کیا۔ کمپنی نکافل کے شعبے میں ترقی کے اس سفر کو جاری رکھنے کی صورت حال کو برقرار رکھنے میں پرامید ہے۔

آپ کے بورڈ نے اپنے فرائض منصبی وسیع انداز میں انجام دیے اس نگرانی میں جسکی معاونت چاکریٹیوں، آڈٹ کمیٹی، فنانس اینڈ انوسٹمنٹ کمیٹی، ہیومن ریسورس ریسورس اینڈ نوٹیشن کمیٹی اور رسک کمیٹی نے کی۔ اس سال کے دوران بورڈ نے دونوں ایگزیکٹو ڈائریکٹرز ڈیویڈ ڈیویڈ کے لئے انتظامیہ کے اقدامات کی نگرانی اور رہنمائی کے لئے نامزد کئے ہیں۔ جیسا کہ آپ کو معلوم ہے کہ آپ کی کمپنی اپنے صارفین کے فائدے کے لیے صلاحیتوں میں بہتری کے مقصد سے اپنے امور کو ڈیویڈ سے لے کر بھر پور سرمایہ کاری کر رہی ہے۔

جو بلی جنرل جدت، یکساں لوجی اور ڈسٹری بیوشن چینلز پر توجہ بڑھا کر اپنے مارکیٹ شیئر کو مستحکم کرنے اور اس میں زیادہ سے زیادہ اضافے کی امید رکھتی ہے۔

بورڈ نے سوانامہ کے ذریعے خود تہیجی طریقہ کار کو اپناتے ہوئے اپنی کارکردگی کا جائزہ لینے کے لیے ایک خود کارمی کا نیزم تیار کیا ہے۔ تمام ڈائریکٹرز سے سوالنامہ کے ذریعے جانچ پڑتال کا یہ عمل ہر سال دہرایا جاتا ہے۔ اس عمل کی شفافیت اور رازداری کو قائم رکھنے اور مجموعی نتائج مرتب کرنے کے لئے، تمام ڈائریکٹرز کی جانب سے سوالنامے کے جوابات براہ راست آڈیٹرز کو بھیجے جاتے ہیں۔ 23 اکتوبر، 2018 کو منعقد ہونے والے بورڈ اجلاس میں سالانہ تہیجی جائزہ لیا گیا۔ بورڈ نے آڈیٹرز کی طرف سے مرتب کردہ رپورٹ پر تبادلہ خیال کیا اور متعین کارکردگی کے معیار کے مطابق مجموعی نتائج پراطمینان کا اظہار کیا۔

میں جو بلی جنرل کے تمام ملازمین اور کاروباری پیدا کاروں کی پیشہ ورانہ صلاحیت اور ان تھک محنت کو سراہتا ہوں۔ میں بورڈ ممبران کا ان کے عزم پر اور حصص داران کا ان کے کمپنی پر اعتماد کرنے پر بھی شکر یہ ادا کرتا ہوں۔



توفیق چنائے

چیئر مین

کراچی، 5 فروری 2019

The Directors' Report

For The Year Ended 31 December 2018

The Directors are pleased to present the Annual Report and the Audited Accounts for the year ended 31 December 2018.

Country Review

Pakistan's GDP posted a strong growth of 5.8% in fiscal 2017-18, with solid contribution from consumption and investment. Activity was supported by strengthening in agriculture and industrial sectors, and sustained growth in services. According to State Bank of Pakistan (SBP) the overall size of the economy stands at USD 313 billion. However, in the fiscal 2018-19 the macroeconomic imbalances are weighing on growth outlook and the International Monetary Fund (IMF) has revised the GDP growth projection to 4% as against budgeted 6.2%. The inflation is creeping higher and SBP has increased the discount rate to 10.25%. Pakistan has received solid help from friendly countries and lower international oil prices are helping contain inflation while Pakistan continues its talks with IMF for a funding package. With incumbent government's initiative in low cost housing, also a number of auto manufacturers seeking to start production in 2019 and activity under China Pakistan Economic Corridor (CPEC) picking up, the auto, cement and steel sectors are expected to perform better and this augurs well for general insurance industry.

Insurance Sector Review

Gross Written Premium (GWP) including Gross Contribution from Takaful Operations in the Pakistan non-life insurance sector grew by 12% in 2017 (11% in 2016) to Rs 76 billion. In 2018 industry growth is expected in the range of 6-8% slightly above inflation of 5.5%.

Insurance industry as a whole continues to experience underwriting profitability adding downward pressure on premium rates across the board. Although slowing growth of economy is posing challenges, but the industry is looking forward to reasonable performance in 2019.

Company Performance

Gross Written Premium (including Contribution Written in Takaful Operations) posted a robust growth of 21% to reach Rs 10.07 billion (2017: Rs 8.34 billion) while the combined net premium / contribution grew strongly by 10% and improved to Rs 5.40 billion (2017: Rs4.93 billion). The growth achieved is balanced with all portfolios contributing per expectation. Your Company's technical profit during the year under review stands at Rs 369 million (2017: Rs 502 million).

Despite the volatility of Pakistan Stock Exchange, your Company's investment income (including Window Takaful Operations) posted a 15% growth to achieve Rs 1.23 billion (2017: Rs 1.06 billion).

Insurance

Your Company's insurance business grew rapidly in the year under review. Hence, Company's GWP grew by 19% to Rs 9.16 billion (2017: Rs 7.7 billion) and the net premium increased by 7% to Rs 4.92 billion (2017: Rs 4.61 billion). We achieved underwriting profit of Rs 212 million (2017: Rs 409 million).

We are pleased to report that our balanced investment strategy yielded income of Rs 1.21 billion (2017: Rs 1.05 billion) by posting 15% growth.

The summarised results of the Company's insurance business for the year ended 31 December 2018 are as under:

	2018	2017
	(Rs. in '000)	
		(Restated)
Gross Premium	9,161,366	7,694,212
Net Premium Revenue	4,922,929	4,610,717
Underwriting Result	211,727	408,689
Investment Income including Capital Gain and Rent	1,187,743	1,041,638
Profit Before Tax	1,631,278	1,664,304
Profit After Tax for the year	1,066,305	1,116,985
Earnings Per Share of Rs 10 each	5.91	6.19

Takaful

Alhamdulillah! Takaful Window Operations continues to perform well and posted strong growth of 41% in gross written contribution to achieve Rs 907 million (2017: Rs 642 million) on the back of almost all classes. Net contribution also grew equally strongly by 48% to reach Rs 475 million (2017: Rs 321 million).

The Participant's Takaful Fund Surplus has increased to Rs 99 million (2017: Rs 45 million) in the year under review resulting in Operator's profit of Rs 59 million (2017: Rs 42 million).

The summarised results of Company's Window Takaful Operations for the year under review are as follows:

	2018	2017
	(Rs. in '000)	
Participants' Fund		
Gross Contribution	907,162	642,497
Net Contribution	474,514	320,710
Surplus before		
Investment Income	82,832	38,119
Investment Income	20,386	8,084
Surplus for the year	99,125	44,666
Operator's Fund		
Revenue Account	74,227	55,170
Profit Before Tax	82,411	60,109
Profit After Tax for the year	58,512	42,076

Fire & Property

This is the largest portfolio of the Company and contributes 29% of overall written premium and contribution.

Fire and Property portfolio posted a growth of 44% however, it was challenged by few major losses in the first half of the year under review.

Marine, Aviation & Transport

Marine portfolio grew by 24% and maintained its share of 8% in the overall business mix of the Company.

Long seen as a profitable portfolio, the premium rates continue to be discounted. Nevertheless, this portfolio yielded a technical profit of Rs.112 million inclusive of Window Takaful Operations.

Motor

Motor portfolio grew by 13% despite cut throat competition which is bearing immense downward pressure on premium rates. Currently Motor has a share of 20% in our business mix.

Motor portfolio yielded a handsome profit of Rs 360 million inclusive of surplus from Window Takaful Operations.

Liability

This class of business constitutes 4% of our overall business. This portfolio too grew by 11% and yielded an underwriting profit of Rs 20 million.

Accident and Health

Accident & Health business contributes 17% of our business. It grew by 6%. Being pioneers of this class of business, we expect this class of business to increase its share in our business mix.

Miscellaneous

This class of business contributed 23% to our overall business and posted a growth of 17%. The portfolio yielded a profit of Rs 228 million inclusive of surplus from Window Takaful Operations.

Under Miscellaneous portfolio, we write a number of lines including Engineering, Bonding, Bankers Blanket Bond, Directors & Officers liability etc.

Investment Income

Investment Income of the Company from all sources including dividends, return on bank deposits, realised capital gains and rental income stands at Rs.1.19 billion (2017: Rs.1.04 billion) despite volatility of Equity Market in 2018.

We foresee an uptick in inflation which will be tempered by lower international prices of oil. However, as the CPEC activity picks up and pending agreement with IMF is reached, the performance of equity market will improve giving us an opportunity to further improve our investment income. Furthermore, our balanced investment strategy is likely to benefit from expected upward revision in interest rates.

Market Share

The Company expects to strengthen its position as the third largest company of Pakistan.

Reinsurance

2018 produced a number of medium sized catastrophes which challenged the international reinsurers as much as 2017. Thus although new reinsurance capacity is still flowing in but there is flattening of reinsurance rates rather than soft conditions which prevailed in previous years.

Jubilee General, however, was able to continue its strategy of enhancing reinsurance and retakaful cover in line with the growing needs of our clients. Being a highly rated insurer, we rely on quality reinsurers like Swiss Re, Hannover Re, Llyod's of London, SCOR, ACR etc which represent highest security.

Product Development

We continue to develop innovative products leveraging on technology and efficient delivery channels. Being the only online insurer of the country, we continue to improve with the objective of providing seamless consumer experience.

Dividend & Appropriation of Profit

(Rupees in '000)

The amount available for appropriation is:

Amount brought forward from previous years (Restated)	43,213
Profit after tax for the year	1,066,305
Actuarial (Loss) on defined benefit plan	(20,617)
Adjustment of ledger D balance of an associate	(23,483)
	<u>1,065,418</u>

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

Transfer to special reserves	200,000
Transfer to general reserve	100,000
Proposed final cash dividend @ 40%	721,786
Carry forward to next year	43,632
	<u>1,065,418</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.

The Board of Directors has approved a meeting attendance fee for the non-executive directors, including the independent director, for attending the Board and its Committee meetings.

Board Meetings

During the year five (5) meetings of the Board of Directors were held, attendance details of which are as follows:

Name of Directors	Meeting Attended
Towfiq H. Chinoy	4
Tahir Ahmed	5
Akbarali Pesnani	5
R. Zakir Mahmood	4
John Joseph Metcalf	5
Amin A Hashwani	4
Amyr Currimbhoy	5
Salim Amlani (resigned on February 13, 2018)	-
Farhan Talib (Appointed on March 2, 2018)	3
M. Akhtar Bawany (Alternative Director to Sadruddin Hashwani)	3

Board Committees

During the year under review five (5) meetings of Finance & Investment Committee, four (4) meetings each of Board Audit Committee & Board Risk Committee and two (2) meetings of the Board Human Resource, Remuneration & Nomination 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 and Board Human Resource Remuneration & Nomination 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 of these committees 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:

- 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.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards as applicable in Pakistan have been followed in the preparation of financial statements. Accounting standards and such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, SEC (Insurance) Rules, 20017 and Takaful Rules, 2012. Any departure therefrom has been adequately disclosed.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There is no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Other Information Under Section 227 of the Companies Act 2017

The other information required under section 227 of the Companies Act, 2017 is disclosed under the sections, Pattern of Shareholding (including trading in the shares of the Company by its Directors and Executives), Internal Controls Framework, Sustainability and Risk & Opportunity Report, of this Report.

Board Performance Evaluation

The Board has developed a mechanism to evaluate its own performance and its committees by adopting a self-evaluation methodology, through questionnaire, which covers core areas of the functioning of the Board and its committees. 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 organisation 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 for improvement.

The Board has engaged the External Auditors to compile the cumulative result of the feedback from the directors, to enhance the accuracy and transparency of the evaluation.

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 & Nomination 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 has been affirmed as "AA+" with "Stable Outlook" by both rating agencies of Pakistan JCR-VIS and Pakistan Credit Rating Agency (PACRA).

Current rating of JCR-VIS takes into consideration our strong capitalisation and robust liquidity profile emanating from profitable underwriting operations and stable investment income support.

PACRA rating reiterates Jubilee General's robust risk management framework facilitating the Company in sustaining sound underwriting performance. It further states that Jubilee General has sound equity base and sufficient liquidity engendering strong risk absorption capacity.

A.M. Best states that Jubilee General's balance sheet strength is underpinned by very strong risk-adjusted capitalisation as measured by Best's Capital Adequacy Ratio (BCAR), and supported by good internal capital generation. It categorises our enterprise risk management (ERM) as appropriate and has affirmed our IFS rating as "B+ (Good)" with "Stable Outlook".

Information Technology

Jubilee General is the technology leader in general insurance business in Pakistan. Our ambitious 5 year road map aims digital transformation of processes in all our activities and in the way we communicate with our customers and the businesses.

Our various workflow applications are employed for the ease and benefit of our customers and business partners. We continue to use and improve our Micro Health Insurance App for bringing a positive change in the lives of under privileged population. Many other exciting applications are under development which are expected to provide positive customer experience and also enabling efficient integration with businesses.

Auditors

The existing auditors, Messrs KPMG Taseer Hadi & Co have audited the financial statements for the year 2018 and will retire at the conclusion of 66th Annual General Meeting on April 23, 2019. Since Messrs KPMG Taseer Hadi & Co were the auditors of the Company for five (5) years, therefore, in compliance with the requirement of Listed Companies (Code of Corporate Governance) Regulations, 2017, the change of the external auditors for the year 2019 has been considered.

The Audit Committee has suggested to the Board the name of AF Ferguson & Co., Chartered Accountants as the auditors of the Company for the year 2019 and the Board recommends their appointment subject to the approval of the members in the AGM. AF Ferguson & Co., Chartered Accountants being eligible, have given their consent to act as auditors.

Outlook

Pakistan's economy is expected to grow by almost 4%. Going forward this year. CPEC is gaining momentum and the incumbent government is planning to undertake low cost housing at a large scale which is expected to have a positive impact on cement and steel industry. A number of auto manufacturers are likely to enter Pakistan market which augurs well for this sector as well. It is also expected that agreement with IMF for assistance will be finalised in the first quarter this year which would assist in stabilising Pakistan Stock Exchange. Thus, we will continue our focus on construction projects and motor besides health portfolio. We foresee that Takaful will continue to grow rapidly and with enhanced capacity at our disposal, we expect positive growth in our Takaful portfolio.

As a market insurer providing products for all segments of society, Jubilee General will continue its push to develop retail market including microhealth to remain at the forefront of innovation.

Acknowledgements

We exist for our customers and their patronage has allowed Jubilee General to remain as one of the best rated general insurers of the industry. We thank all our clients for placing their confidence in us. We acknowledge our shareholders for their support which enables us to maintain our leading position. Professional assistance of our reinsurance brokers and reinsurers gives strength to our security for which we owe them our gratitude. Our gratitude and appreciation is also due to SECP for their guidance and cooperation. We achieve our goals with the assistance of our hard working and professional business development officers, staff members and executives. We thank all of them.

On behalf of the Board



Tahir Ahmed
Managing Director & Chief Executive

Karachi: 05 February 2019



Aryn Currimbhoy
Director



آڈیٹرز

سال 2018 کے اکاؤنٹس کو کے پی ایم جی تاثیر بادی اینڈ کمپنی نے آڈٹ کیا ہے، اور وہ 23 اپریل 2019 کو منعقد ہونے والے 66 ویں سالانہ اجلاس عام میں ریٹائرڈ ہو جائیں گے چونکہ یہ کمپنی گزشتہ 5 سال سے کمپنی کے آڈیٹرز کے طور پر کام کر رہی تھی لہذا ایڈوائس (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کی شرائط کی تعمیل میں سال 2019 کے لیے اپنے بیرونی آڈیٹرز کی تبدیلی زیر غور ہے۔

بورڈ آڈٹ کمیٹی نے سفارش کی ہے کہ سال 2019 کے لیے اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو قانونی آڈیٹرز کے طور پر مقرر کر لیا جائے۔ بورڈ نے اس سفارش کی سالانہ اجلاس عام میں ممبران کی منظوری سے مشروط توثیق کی ہے۔ اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بناء پر آڈیٹرز کے طور پر کام کرنے کی رضامندی ظاہر کی ہے۔

آؤٹ لک

پاکستان کی معیشت تقریباً 4 فیصد کی شرح سے بڑھنے کی توقع کی جارہی ہے۔ جاری سال کے دوران سی پیک میں تیزی دیکھی جارہی ہے اور نئی حکومت بڑے پیمانے پر سستے مکانات تعمیر کرنے کا ارادہ رکھتی ہے، اس سے سینٹ اور اسٹیل کی صنعت پر مثبت اثرات مرتب ہوں گے۔ دوسری جانب کچھ آٹو مینوفیکچررز کی بھی پاکستانی مارکیٹ میں آنے کی امید ہے، جس کی بدولت اس شعبے میں تیزی آنے کی توقع ہے۔ یہ بھی توقع ہے کہ آئی ایم ایف سے مالی تعاون کا معاہدہ بھی اس سال کی پہلی سہ ماہی میں طے پائے گا جس سے پاکستان اسٹاک ایکسچینج میں استحکام آئے گا۔ اس صورتحال میں ہیلتھ پورٹ فولیو کے ساتھ ہم تعمیراتی پروجیکٹس اور گاڑیوں کی صنعت پر اپنی توجہ مرکوز رکھیں گے۔ ہم امید رکھتے ہیں کہ تکافل کے کاروبار میں تیزی جاری رہے گی اور ہم نے اس سلسلے میں اپنی صلاحیت کو مزید فروغ دیا ہے جس سے ہم تکافل پورٹ فولیو میں مثبت ترقی کی توقع رکھتے ہیں۔

معاشرے کے تمام طبقات کے لیے انشورنس پروڈکٹ فراہم کرنے والی کمپنی کے طور پر، جو بلی جنرل ریٹیل مارکیٹ کے فروغ کے ساتھ مائیکرو ہیلتھ کے شعبے کو اپنے جدید پروڈکٹ کے طور پر متعارف کرائے گی۔

اظہار تشکر

یہ بنیادی طور پر ہمارے گاہکوں کے تعاون کی وجہ سے ہے کہ جو بلی جنرل کو مارکیٹ میں، صف اول کی جنرل انشورنس کے طور پر مانا جاتا ہے۔ ہم اپنے تمام گاہکوں کا شکریہ ادا کرتے ہیں جنہوں نے جو بلی جنرل پر اعتماد کیا۔ ہم اپنے حصص داروں کی حمایت پر بھی ان کے شکر گزار ہیں، جس کی وجہ سے ہمیں اپنی قائدانہ حیثیت برقرار رکھنے اور اسے بہتر بنانے میں مدد ملی۔ ہمارے ری انشورنس بروکرز کی پیشہ ورانہ مدد اور ری انشوررز کا استحکام، ہماری سیکورٹی کو مضبوط بناتا ہے اور ہم ان کے تعمیری کردار کے لئے شکر گزار ہیں۔ ہم ایس ای سی پی کی جانب سے رہنمائی اور تعاون کے لئے بھی ان کے بے حد شکر گزار ہیں۔ ہم اپنے برنس ڈیولپمنٹ آفیسرز، اسٹاف ممبرز، اور ایگزیکٹو کا بھی شکریہ ادا کرتے ہیں، جن کی انتھک محنت اور پیشہ ورانہ صلاحیتوں کی بدولت ہم اپنے مقاصد کو حاصل کرنے کے قابل ہوئے ہیں۔

بورڈ کی جانب سے



امین کریم بھائی
ڈائریکٹر



طاہر احمد
مینیجنگ ڈائریکٹر اینڈ چیف ایگزیکٹو

کراچی 5 فروری 2019

- کاروبار کے جاری رکھنے کے بارے میں کمپنی کی صلاحیت شکوک و شبہات سے بالاتر ہے؛ اور
- کارپوریٹ گورننس کے بہترین طریقوں کو اپنانے میں، جن کا اسٹاک کے ضابطوں میں تفصیلی ذکر موجود ہے، کوئی کوتاہی نہیں ہوئی۔

کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت دیگر معلومات

کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت درکار دیگر معلومات یعنی کہ بیٹرن آف شیئرز ہولڈنگ (بشمول کمپنی کے ڈائریکٹران، اور ایگزیکٹو کی کمپنی کے حصص میں خرید و فروخت کی تفصیلات) انٹرنل کنٹرول فریم ورک، سسٹیمٹیک اور رسک و مواقع 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 خود مختار مکیزم اختیار کیا ہوا ہے۔ جو بورڈ کے کام کرنے کے بنیادی امور 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 زیادہ موثر کردار ادا کر سکیں گے۔ سوالنامے میں جن اہم حصوں کو شامل کیا گیا ہے، جو کہ صرف 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 مجموعی 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 کے اقدامات کی تجویز
- بورڈ نے ڈائریکٹرز کی جانب سے بھیجی گئی تجویزوں کے نتائج مرتب کرنے کے لیے بیرون آڈیٹرز کو مشغول کیا ہے تاکہ اس عمل کی رازداری اور شفافیت کو مزید بہتر کیا جائے۔

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

بورڈ آف ڈائریکٹرز تین سال کی مدت کے لئے چیف ایگزیکٹو آفیسر مقرر کرتا ہے۔ بورڈ کی بیویمن ریسورس، میوزیشن اینڈ نامینشن کمیٹی، اس کی کارکردگی کا اندازہ لگانے کے انتظامی، معاشی اور کاروباری مقاصد متعین کرتی ہے۔ اور یہی کمیٹی سالانہ بنیاد پر سی ای او کی گمانی اور کارکردگی کا جائزہ لیتی ہے۔

کمپنی کا مالیاتی استحکام (آئی ایف ایس) ریٹنگ

جوہلی جزل 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 "AA+" مستحکم آؤٹ لک کے ساتھ بحال ہیں۔ جے سی آر۔ وی آئی ایس (JCR-VIS) کی حالیہ ریٹنگ ہمارے مضبوط سرمایہ کاری اور لیکویڈٹی، جو کہ منافع بخش انڈر رائٹنگ آپریشنز اور مستحکم سرمایہ کاری کی آمدنی کے تعاون سے ہے، کو ملحوظ خاطر رکھتے ہوئے کی گئی ہے۔ پاکر ریٹنگ جوہلی جزل کی مضبوط رسک مینجمنٹ فریم ورک اور اس کی انڈر رائٹنگ کی مستحکم کارکردگی کا اظہار یہ ہے۔ یہ باور رکھتی ہے کہ جوہلی جزل ایک مستحکم ایکویٹی اور مناسب لیکویڈٹی کے ساتھ رسک کو برداشت کرنے کی صلاحیت رکھتی ہے۔ ای ایم بیسٹ (A.M.BEST) کی ریٹنگ اس بات کا اظہار یہ ہے کہ کمپنی کی بیلس شیٹ کی مضبوطی کو اسکی ایڈجسٹڈ سرمائے (جو کہ بیسٹ کیپٹل ایکویٹی تناسب کے ذریعے متعین کیا گیا ہے) کے بل پر ہے اور یہ اچھے اندرونی سرمائے کی افزائش کے تعاون سے ہے۔ اس نے ہمارے انٹر پرائیز رسک مینجمنٹ کو کمپنی کے لئے مناسب قرار دیتے ہوئے ہماری مالیاتی استحکام کی ریٹنگ "B+(Good)" کے ساتھ مستحکم آؤٹ لک مانا ہے۔

انفارمیشن سیکینا لوجی

جوہلی جزل پاکستان میں جزل انٹرنس برنس میں ایک جدت پسند اور سیکینا لوجی لیڈر کے طور پر ابھر کر سامنے آئی ہے۔ ہمارے بلندنظر 5 سالہ شاندار روڈ میپ کا بنیادی نقطہ اپنی تمام سرگرمیوں کو ڈیجیٹل انداز میں انجام دینا اور اپنے صارفین اور برنسز کو اپنی بات پہنچانے کے مقصد کو حاصل کرنا ہے۔

ہم نے کام کے بہاؤ کو تیز کرنے اور اپنے صارفین اور کاروباری شراکت داروں کو سہولت دینے کے لیے کئی اپلیکیشنز شروع کی ہیں۔ ہم اپنے غریب عوام کی زندگیوں میں مثبت تبدیلی لانے کے لیے اپنی مائیکرو ہیلتھ انشورنس ایپ میں بہتری اور استعمال کو آسان کرنے کے لیے بھی کوشاں ہیں۔ اس کے ساتھ کئی دلچسپ اپیلیکیشنز بھی تیاری کے مرحلے میں ہیں جس سے صارف کے تجربے میں مثبت سہولت اور کاروباری امور کی انجام دہی میں سہولت کی امید ہے۔

بورڈ آف ڈائریکٹرز

کمپنی کا بورڈ آف ڈائریکٹرز، نو (9) افراد پر مشتمل ہے، جو علم، تجربے اور مہارت اور ادراک کے ساتھ کمپنی کی دور رس رہنمائی اور حکمت عملی کو ترتیب دینے کے لیے موجود ہیں۔ ماسوائے چیف ایگزیکٹو آفیسر، کمپنی کے تمام ڈائریکٹرز بشمول ایک خود مختار ڈائریکٹر کے نان ایگزیکٹو ہیں۔

کمپنی کے نان ایگزیکٹو ڈائریکٹرز بشمول ایک خود مختار ڈائریکٹر کے لئے بورڈ اور اس کی کمیٹیوں میں حاضری کی فہرست بورڈ آف ڈائریکٹرز کی منظور کردہ ہے۔

بورڈ کے اجلاس

دوران سال بورڈ آف ڈائریکٹرز کے پانچ (5) اجلاس منعقد ہوئے۔ جس میں حاضری کی تفصیلات مندرجہ ذیل ہیں:

ڈائریکٹرز کے نام	اجلاس میں شرکت
توفیق ایچ چنائے	4
طاہر احمد	5
اکبر علی پستانی	5
آرڈ آر محمود	4
جان جوزف میڈکاف	5
ایمن اسے ہاشوائی	4
ایمن کریم بھائی	5
سلیم عاملانی (13 فروری 2018 کو مستعفی ہوئے)	-
فرحان طالب (2 مارچ 2018 کو تعینات ہوئے)	3
ایم اختر باوانی (صدر الدین ہاشوائی کے متبادل ڈائریکٹر)	3

بورڈ کمیٹی

زیر جائزہ سال کے دوران فنانس اینڈ انوسٹمنٹ کمیٹی کے پانچ اجلاس ہوئے، بورڈ آڈٹ کمیٹی اور بورڈ رسک کمیٹی کے چار (4) اجلاس اور بورڈ ہیومن ریسورس، ریویژن اینڈ نامینیشن کے دو (2) اجلاس ہوئے۔ بورڈ کمیٹیوں کے ارکان کے نام اور ضابطہ کار اس رپورٹ کے ضمیمے میں دیئے گئے ہیں۔ بورڈ آڈٹ کمیٹی اور ریویژن اینڈ نامینیشن کمیٹی کے چیئرمین ایک نان ایگزیکٹو اور خود مختار ڈائریکٹر ہیں۔

مینیجمنٹ کمیٹی

کمپنی میں پانچ مینیجمنٹ کمیٹیاں ہیں، جو کاروبار کے اہم حصوں کا احاطہ کرتی ہیں۔ کمیٹیوں کے نام، اجلاسوں کی تعداد، ارکان کے نام اور ان کے ضابطہ کار اس رپورٹ کے ضمیمے میں دیئے گئے ہیں۔

ڈائریکٹرز کی ذمہ داریوں کا اظہار یہ

کوڈ آف کارپوریٹ گورننس کے مطابق مالیاتی رپورٹ کے ضمن میں ڈائریکٹر مندرجہ ذیل امور کی تصدیق کرتے ہیں:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، موجودہ جاری شفاف معاملات، آپریشنز کے نتائج، کیش فلوا اور ایکویٹی میں تبدیلیوں کی صحیح صورت حال کی عکاسی کرتے ہیں؛
- کمپنی کے اکاؤنٹس باقاعدہ طور پر مرتب کیئے گئے ہیں؛
- مالیاتی گوشوارے ترتیب دیتے ہوئے، مناسب اکاؤنٹنگ پالیسیوں کے تسلسل کو ملحوظ خاطر رکھا گیا ہے، اور مالیاتی گوشوارے اور اکاؤنٹنگ تخمینے مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں؛
- پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ کے معیارات کی مالیاتی گوشواروں کی تیاری میں بیرونی کی گئی ہے۔ یہ بین الاقوامی مالیاتی اکاؤنٹنگ اور رپورٹنگ معیارات (IFRS) جو کینیڈا ایکٹ 2017 کے تحت انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ بورڈ کی جانب سے جاری اور کینیڈا ایکٹ 2017 کے ذریعے مطلع کیئے گئے ہیں۔ اور اس کے علاوہ انٹرنیشنل آرڈیننس، 2000، ایس ای سی (انٹرنیشنل) رولز 2017 اور نکافل رولز، 2012 کے تحت جاری کردہ ہدایات، دفعات، اور کوئی تبدیلی یا کسی قابل ذکر مادی اختلاف کا مناسب اظہار کیا گیا ہے؛

متفرق

متفرق پورٹ فولیو (جس میں مختلف کاروباری شعبے جیسے تعمیرات، بوڈنگ، بینکرز، بلیٹنگ، بانڈ، مشینری کی خرابی وغیرہ شامل ہیں) نے کمپنی کے مجموعی پربیم میں 23 فیصد کا حصہ ڈالا ہے اور 17 فیصد اضافہ حاصل کیا ہے۔ اس پورٹ فولیو سے بشمول ونڈو کنٹائل آپریشنز 228 ملین روپے کا منافع حاصل ہوا ہے۔

سرمایہ کاری کی آمدنی

کمپنی کی سرمایہ کاری آمدنی بشمول بینک میں جمع شدہ رقم سے ہونے والی آمدنی، سیکورٹیز پریکٹس، گین، ڈیویڈنڈ اور ریٹیل اسٹیٹ کے کرایہ سے ہونے والی آمدنی 1.19 بلین روپے رہی (2017: 1.04 بلین روپے)۔ یہ کارکردگی 2018 کے دوران ایکویٹی مارکیٹ میں اتار چڑھاؤ کے باوجود حاصل کی گئی۔

ہمیں مہنگائی میں اضافہ نظر آ رہا ہے اور عالمی طور پر تیل کی گرتی ہوئی قیمتوں سے اس کا کچھ ازالہ ہوگا۔ تاہم سی پیک کی سرگرمیوں میں تیزی اور آئی ایم ایف کے ساتھ معاہدے پر پیش رفت سے ایکویٹی مارکیٹ میں تیزی آئے گی اور ہمیں اپنی سرمایہ کاری کی آمدنی میں مزید اضافے کا موقع میسر ہوگا، مزید برآں، سرمایہ کاری کی ہماری متوازن منصوبہ بندی شرح سود میں اضافے کے فوائد حاصل کرنے میں معاون ثابت ہوگی۔

مارکیٹ شیئر

ہم پر امید ہیں اور توقع رکھتے ہیں کہ کمپنی پاکستان کی تیسری بڑی کمپنی کے طور پر اپنی حیثیت برقرار رکھے گی۔

ری انشورنس

2018 میں بھی دنیا کو درمیانے درجے کی تباہیوں کا سامنا رہا جس کے سبب عالمی ری انشوررز 2017 کی طرح کے مسائل کا شکار رہے۔ اس کے باوجود ری انشورنس کی طلب برقرار ہے لیکن ری انشورنس گزشتہ سالوں کی ریٹس میں نرمی کے بجائے یکسانیت پائی جا رہی ہے۔

تاہم، جوہلی جنرل، اپنے صارفین کی بڑھتی ہوئی ضروریات کے پیش نظر ری انشورنس کی سہولیات اور کنٹائل کے تحفظ میں اضافے کی حکمت عملی کو جاری رکھنے میں کامیاب رہی ہے۔ ہم بین الاقوامی طور پر تسلیم شدہ ری انشورنس کمپنیوں، مثلاً سوئس ری، ہینورری، لائیڈ آف لندن، اے سی آر اور ریسٹری کی خدمات حاصل کرنے میں کامیاب رہے ہیں جو اعلیٰ تحفظ کی نمائندگی کرتی ہیں۔

مصنوعات کی ترقی

جوہلی جنرل ہیکنا لوجی اور موٹر ڈیلیوری چینلز کے ذریعے اپنے کاروبار میں جدید مصنوعات کو فروغ دینے میں کوشاں ہے۔ ملک کا واحد آن لائن انشوررز ہونے کی حیثیت میں، ہم اپنے صارفین کو بے مثال خدمات کی فراہمی کے معیار کو مزید بہتر بنانے کے لیے سرگرم عمل ہیں۔

منافع اور فوائد کا مختص کرنا

000 روپے میں

مختص کرنے کے لئے دستیاب رقم:

43,213
1,066,305
(20,617)
(23,483)
<u>1,065,418</u>

گذشتہ سال سے آنے والی رقم (ریٹھیڈ)

اس سال کا بعد از ٹیکس منافع

مقررہ فائدے کے پلان پر آپٹورٹیل خسارہ

ایسوسی ایٹس کے ڈی اکاؤنٹ گوشوارے کے بیلنس کے حصے کی ایڈجسٹمنٹ

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

200,000
100,000
721,786
<u>43,632</u>

خصوصی ڈائریکٹوریٹ

عمومی ڈائریکٹوریٹ

تجویز کردہ حتمی نقد منافع 40 فیصد

اگلے سال کے حساب میں منتقلی

حکافل

الحمد للہ! آپ کی کمپنی نے کاروبار کے تمام شعبہ جات کے توسط سے، ونڈ وٹکافل آپریٹرز میں 41 فیصد کی شرح کے شاندار اضافے سے مجموعی کنٹریبیوشن 907 ملین روپے (642:2017 ملین روپے) حاصل کیا۔ خالص کنٹری بیوشن بھی مساوی طور پر ترقی کرتے ہوئے 48 فیصد اضافے کے ساتھ 475 ملین روپے ہو گیا (321:2017 ملین روپے)۔

زیر جائزہ سال کے دوران کمپنی کے پارٹنر چھٹو حکافل فنڈ سرپلس میں 99 ملین روپے کا اضافہ ہو گیا، جس کے نتیجے میں آپریٹر کا منافع 59 ملین روپے (42:2017 ملین روپے) ہوا۔
زیر جائزہ سال کے لئے کمپنی کے ونڈ وٹکافل آپریٹرز کے نتائج درج ذیل ہیں:

2017 **2018**

('000 روپے میں)

642,497	907,162
320,710	474,514
38,119	82,832
8,084	20,386
44,666	99,125
55,170	74,227
60,109	82,411
42,076	58,512

پارٹنر چھٹو فنڈ

مجموعی کنٹری بیوشن

خالص کنٹری بیوشن

فنڈ میں اضافہ۔ سرمایہ کاری آمدنی سے قبل

سرمایہ کاری آمدنی

سال کا مجموعی سرپلس

آپریٹرز فنڈ

آمدنی کا اکاؤنٹ

قبل از ٹیکس آپریٹرز کا منافع

آپریٹرز کا سالانہ منافع

آتشزدگی اور جائیداد (فائر اینڈ پراپرٹی)

فائر اور پراپرٹی کمپنی کا سب سے بڑا پورٹ فولیو ہے اور کمپنی کے مجموعی پریمیم اور کنٹری بیوشن میں اس کا 29 فیصد حصہ ہے۔

اس پورٹ فولیو نے 44 فیصد ترقی اپنے نام کی۔ تاہم، زیر جائزہ سال کی پہلی ششماہی کے دوران چند بڑے نقصانات کا سامنا رہا۔

میرین، ایوی ایشن اور ٹرانسپورٹ

اس شعبے کا کمپنی کے مجموعی پریمیم اور کنٹری بیوشن میں 8 فیصد حصہ ہے۔ میرین پورٹ فولیو اس سال 24 فیصد سے بڑھا ہے اور دیرینہ منافع بخش رپورٹ فولیو ہونے کی وجہ سے اس شعبے میں پریمیم کی شرح میں کمی ہو رہی ہے، کاروبار کے اس شعبے بشمول ونڈ وٹکافل آپریٹرز کے 112 ملین روپے کا تکنیکی منافع حاصل ہوا ہے۔

موٹر

موٹر پورٹ فولیو نے شدید مقابلے کے ماحول میں اور پریمیم کی شرح میں کمی کے دباؤ کے باوجود 13 فیصد ترقی کی۔ مجموعی کاروبار میں موٹر پورٹ فولیو کا حصہ 20 فیصد رہا ہے۔

موٹر پورٹ فولیو نے بشمول ونڈ وٹکافل فنڈ کے سرپلس کے 360 ملین روپے کا مجموعی منافع حاصل کیا۔

ذمہ داری (لائسبلٹی)

لائسبلٹی (ذمہ داری) پورٹ فولیو کا مجموعی پریمیم اور کنٹری بیوشن میں 4 فیصد کا حصہ ہے۔ اس پورٹ فولیو میں 11 فیصد اضافے کے ساتھ انڈر رائٹنگ کی آمدنی میں 20 ملین روپے حاصل کی ہے۔

حادثات اور صحت (ایکسیڈنٹ اینڈ ہیلتھ)

آپ کی کمپنی کے ہیلتھ اور ایکسیڈنٹ کے شعبے نے مجموعی پریمیم اور کنٹری بیوشن میں 17 فیصد حصہ فراہم کیا۔ اس شعبے نے 6 فیصد کی شرح سے ترقی اپنے نام کی۔ اس کاروبار میں اولین کی حیثیت سے، ہم توقع رکھتے ہیں کہ یہ شعبہ ہمارے کاروبار کی مجموعی ترقی میں بھرپور اضافہ کرے گا۔

ڈائریکٹرز رپورٹ

برائے سال منجمد 31 دسمبر 2018

ڈائریکٹرز 31 دسمبر 2018 کو اختتام پذیر ہونے والے سال کی سالانہ رپورٹ اور آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

ملک کی صورتحال کا جائزہ

پاکستان کی مجموعی قومی پیداوار (جی ڈی پی) مالی سال 2017-18 کے دوران خریداری کی طاقت اور سرمایہ کاری کے شعبہ جات میں استحکام سے 5.8 فیصد رہی۔ یہ سرگرمی زرعی اور صنعتی شعبوں کے استحکام اور خدمات کے شعبہ میں مسلسل ترقی کی وجہ سے ہوئی ہے۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) کے مطابق معیشت کا مجموعی حجم 313 ارب امریکی ڈالر کا ہے۔ تاہم مالی سال 2018-19 میں میکرو اکنامک عدم توازن ترقی کو متاثر کر رہا ہے اور انٹرنیشنل مانیٹری فنڈ (IMF) نے جی ڈی پی ترقی کے 6.2 فیصد بجٹ کے مقابلے میں 4 فیصد کا تخمینہ لگا یا ہے۔ مہنگائی کی شرح میں اضافہ ہو رہا ہے اور اسٹیٹ بینک آف پاکستان نے ڈسکونٹ ریٹ کو بڑھا کر 10.25 فیصد کر دیا ہے۔ پاکستان کو دوست ممالک سے قابل قدر مدد حاصل ہونے اور عالمی سطح پر تیل کی قیمتوں میں کمی نے مہنگائی پر قابو پانے میں مدد فراہم کی جبکہ پاکستان نے فنڈنگ ہینکیج کے لیے آئی ایم ایف سے بات چیت جاری رکھی ہوئی ہے۔ نئی حکومت کی جانب سے سستے مکانات کے اقدام کے ساتھ گاڑیوں کے مینوفیکچررز کی جانب سے 2019 میں پروڈکشن شروع کرنے کے اعلان اور سی بی کے سرگرمیوں میں تیزی آنے سے سینٹ اور اسٹیل کے شعبہ جات میں ترقی کے واضح امکانات ہیں جس کی بدولت جزل انشورنس کی صنعت میں ترقی کی امید کی جارہی ہے۔

انشورنس سیکٹر کا جائزہ

پاکستان میں 2017 میں جزل انشورنس مارکیٹ کا کل مجموعی پرییم بشمول مجموعی کنٹریبیوشن کے 12 فیصد کے اضافہ (2016 میں بھی 11 فیصد) سے 76 بلین روپے تک پہنچ گیا۔ 2018 میں صنعتی ترقی کی شرح میں متوقع اضافہ 6 سے 8 فیصد کے درمیان ہے جو افراط زر کی شرح 5.5 فیصد سے قدرے زیادہ ہے۔

مجموعی طور پر انشورنس صنعت انڈر رائٹنگ منافع اور پرییم کی شرح میں کمی کی صورتحال سے دوچار ہے حالانکہ معاشی ترقی میں سست روی کے سبب ہمیں کئی چیلنجز کا سامنا ہے تاہم انشورنس کی صنعت 2019 میں مناسب کارکردگی کے لئے منتظر ہے۔

کمپنی کی کارکردگی

کمپنی کا مجموعی پرییم (بشمول ہیکائل آپریشنز کے کنٹریبیوشن) 21 فیصد کی شاندار اضافے کے ساتھ 10.7 بلین روپے تک پہنچ گیا (2017 میں 8.34 بلین روپے) جبکہ مشترکہ خالص پرییم / کنٹری بیوشن 10 فیصد کی مستحکم اضافے کے ساتھ 5.40 بلین روپے ہو گیا (2017 میں 4.93 بلین روپے)۔ کمپنی کو حاصل شدہ ترقی تمام پورٹ فولیوز کی جانب سے توقعات کے عین مطابق کارکردگی دکھانے کی مرہون منت ہے۔ زیر جائزہ سال کے دوران آپ کی کمپنی کا تکنیکی منافع 369 بلین روپے بنتا ہے (2017 میں 502 بلین روپے)۔

پاکستان اسٹاک ایکسچینج میں اتار چڑھاؤ کے باوجود، آپ کی کمپنی کو سرمایہ کاری سے حاصل ہونے والی آمدنی 15 فیصد اضافہ سے 1.23 بلین روپے حاصل ہوئی (2017 میں 1.06 بلین روپے)۔

انشورنس

زیر جائزہ مدت کے دوران آپ کی کمپنی کا انشورنس بزنس میں تیزی سے ترقی ہوئی، اس طرح کمپنی کا مجموعی پرییم 19 فیصد اضافے کے ساتھ 9.16 بلین روپے (2017 میں 7.7 بلین روپے) اور خالص پرییم 7 فیصد اضافے کے ساتھ 4.92 بلین روپے (2017 میں 4.61 بلین روپے) ہوا۔ ہم نے 212 بلین روپے کا انڈر رائٹنگ منافع حاصل کیا (2017 میں 409 بلین روپے)۔

ہمیں یہ بتاتے ہوئے خوشی ہے کہ سرمایہ کاری سے متعلق متوازن منصوبہ بندی کی بدولت ہمیں اس سال 15 فیصد اضافے کے ساتھ 1.21 بلین روپے (2017 میں 1.05 بلین روپے) کی سرمایہ کاری آمدنی حاصل ہوئی ہے۔

31 دسمبر 2018 کو ختم شدہ سال کے دوران کمپنی کے انشورنس کاروبار کے نتائج کا خلاصہ درج ذیل ہے:

2017	2018	
('000 روپے میں)	(ریٹیلینڈ)	
7,694,212	9,161,366	مجموعی پرییم
4,610,717	4,922,929	خالص پرییم آمدنی
408,689	211,727	انڈر رائٹنگ کے نتائج
1,041,638	1,187,743	سرمایہ کاری سے آمدنی (بشمول کرایہ آمدنی اور کپٹل گین)
1,664,304	1,631,278	قبل از ٹیکس منافع
1,116,985	1,066,305	بعد از ٹیکس سالانہ منافع
6.19	5.91	نی شیئر منافع فی 10 روپے کے شیئر

Board Committees

The Company has four Board committees, which cover the core areas of business. These Committees meet regularly 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:

- Determination of appropriate measures to safeguard the Company's assets.
- Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - i. major judgmental areas;
 - ii. significant adjustments resulting from the audit;
 - iii. any changes in accounting policies and practices;
 - iv. compliance with applicable accounting standards; and
 - v. compliance with listing regulations and other statutory or regulatory requirements.
- 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).
- Review of management letter issued by external auditors and management's response thereto.
- Ensuring coordination between the internal and external auditors of the Company.
- 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.
- Consideration of major findings of internal investigations and management's response thereto.
- Review of related party transactions prior to their approval from the Board of Directors.
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
- Review of the Company's statement of internal control system prior to endorsement by the Board of Directors.
- Determination of compliance with relevant statutory requirements.
- Monitoring and compliance with the best practices of corporate governance and identification of any significant violations thereof.
- Consideration of any other issue or matter as may be assigned by the Board of Directors.

The Committee comprises of three members, including the Chairman being an independent director. All other members are non-executive directors. Two Committee members are qualify as financially literate.

Name of Members	Attendance
Amyr Currimbhoy - Chairman	4/4
Akbarali Pesnani	4/4
John Joseph Metcalf	4/4

Finance & Investment Committee

Term of Reference

The terms of reference of this committee include 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 five years budget and plans of the Company.
- Review and approve proposals for opening of Branch Offices inside and outside Pakistan.

Investments:

- Define the strategic objectives of the Investment Policy.
- Allocate funds for investment in 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 five members, including the Chairman of this Committee, out of which three are non-executive directors and the Chief Executive and Chief Financial Officer.

Name of Members	Attendance
Akbarali Pesnani - Chairman	5/5
R. Zakir Mahmood	4/5
John Joseph Metcalf	5/5
Tahir Ahmed	5/5
Nawaid Jamal	5/5

Board Risk Committee

Term of Reference

The terms of reference of this committee includes the following:

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

- To brief the Board and make recommendation:
 - a) periodically reviewing and assessing the adequacy of the Terms of Reference of the Committee and based on review make recommendations to the Board for changes which would improve the performance of the Committee;
 - b) conducting an annual performance evaluation of the Committee and report its findings to the Board;
 - c) attending to such matters as the Board of Directors may from time to time determine; and
 - d) maintaining minutes of Committee meetings and report regularly to the Board.

The Committee comprises of six members, including Chairman of this Committee, out of which five are non-executive directors and one is the CEO.

Name of Members	Attendance
Towfiq H. Chinoy - Chairman	3/4
R. Zakir Mahmood	3/4
John Joseph Metcalf	4/4
Amin A Hashwani	1/4
Farhan Talib	1/4
Tahir Ahmed	4/4

Human Resource Remuneration and Nomination Committee

Term of Reference

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.
- Implement the Board's policy on Board's renewal so that the Board's members individually and collectively continue to maintain target skill levels and independence.
- Make recommendations to the Board with regard to the nomination for appointment or reappointment of members of the Board consistent with appropriate criteria established in their profiles and any succession plans.
- Ensure proper orientation of Board members in respect of their responsibilities.
- Establish a mechanism for the formal assessment of the effectiveness of the Board as a whole as well as the contributions of individual Board members.
- Make recommendations to the appropriate authority within the Company for dismissal and retirement of members of the Board, Chief Executive Officer, and senior management / key officers of the Company;

- Make recommendations to the Board with respect to succession planning for the Chief Executive Officer and other members of senior management and with respect to management development principles.
- Make recommendations to the Board on nominations of members of Board committees.
- Review the management development status and succession plans for key officers as well as general talent management of the Company.
- Ensure that all directors receive appropriate ongoing training as required for them to fulfill their role requirements

The Committee comprises of four members, including the Chairman of this Committee being an independent director, out of which three are non-executive directors and the Chief Executive Officer.

Name of Members	Attendance
Amyr Currimbhoy - Chairman	2/2
John Joseph Metcalf	2/2
Amin A. Hashwani	2/2
Tahir Ahmed	2/2

Board Meetings outside Pakistan

During the year, all Board and its Committees meetings have been arranged in Karachi – Pakistan except for one Board Strategy Meeting which was held in Istanbul – Turkey.

Directors' Training and Orientation

All the directors are compliant with necessary eligibility requirement of SECP with respect to Directors' Training Programme either by way of attending Director Training Programme conducted by local and foreign institutions that meet the criteria specified by the SECP or having minimum qualification and experience criteria for exemption stipulated in the Code of Corporate Governance (The Code).

During the year, the Company has arranged a session conducted by Pakistan Institute of Corporate Governance to update Board of Director and senior management of the Company with respect to the Code, other relevant corporate laws, respective regulations and recent changes therein.

Security Clearance of a Foreign Director

Jubilee General Insurance Company's Board of Directors consists of nine (9) individuals. Except one all are Pakistani Nationals. The Company has obtained security clearance from the Ministry of Interior Affairs – Government of Pakistan at the time of the appointment of the only foreign director on Board.

In respect of security clearance of foreign director, the Company has a general understanding and objective to comply with all the relevant requirements in order to maintain the eligibility of its foreign director.

Significant Changes in Board Committees

During the year following significant changes occurred in the Board Committees:

Human Resource Remuneration and Nomination Committee

Mr. Amyr Currimbhoy (independent and non-executive director) has joined as chairman in place of Mr. Towfiq Chinoy in April 2018.

Board Risk Committee

Mr. Farhan Talib (non-executive director) has joined the Committee in August 2018.

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 the 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 to determine 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. This Committee determines the appropriate undertaking measures to safeguard the interest of the Company.

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 may 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 claim disputes. It shall also oversee the implementation of the measures for combating fraudulent claims cases.

Claim Settlement Committee shall oversee the activities of "**Grievance Function**" of the Company. The Grievance Function shall be responsible for the resolution of complaints and grievance of the policyholders and prospective policyholders.

Following are the members of this Committee:

Name of Members
Tahir Ahmed - Chairman
Nawaaid 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's arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers and makes appropriate adjustments to those arrangements in the light of the market development. The committee will also assess the effectiveness of the reinsurance program for the future reference.

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 ensure the continuity of critical business functions and commercial activity of the Company and safeguard its assets. The Committee shall assess, review, record, rank and rate the physical, financial and reputational risks. It will conduct the business impact analysis; assess effects of impact of any physical disruption; its financial implications and people to be affected. It will also evaluate mitigation in place; lay down proactive approach and reactive actions. It will also continue to review and improve Business Continuity Plan of the Company from time to time.

Following are the members of this Committee:

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

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.

Following are the members of this Committee:

Name of Members	
Tahir Ahmed – Chairman	
Azfar Arshad	Nawaid Jamal
Syed Sohail Ahmed	

Human Resource Development

The long-term sustainability of any good organisation especially in a daunting business environment is not possible without its invaluable Human Capital. In line with this, the Company places a high priority in employees' training & development, enabling them to upgrade their knowledge and skills for better productive gains.

The Company's "enabling environment" offers various avenues to employees such as class room training, job rotation/sharing, cross-functional move, additional responsibilities, short attachment program, coaching, various business magazines, formal education, etc.

The Company has its in-house training facility and employees are also sent on external training programs both locally and internationally.

The Company also encourages its employees to acquire Post-Graduate Diploma in insurance from Karachi University in addition to the global recognition insurance qualification, Advanced Diploma – ACII, from the Chartered Insurance Institute, UK. Both qualifications are fully financed by the Company.

Succession Planning

A successful organisational roadmap is determined by its leadership especially in a volatile business environment that keeps evolving. Jubilee General has a structured succession planning in place wherein key positions and their successors are identified. The Company provides various crucial development opportunities to the successors, before assuming the higher positions that facilitate both professional development of individuals and organisation's growth trajectory. Succession Plan is regularly updated by the Management and reviewed by the Board.

Value of Investment in Provident & Gratuity Funds

The value of investments in employees' retirement funds, based on the audited financial statements for the year ended December 31, 2017, are as follows

	Rupees in '000
Staff Provident Fund	426,185
Employees' Gratuity Fund	233,538

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, if in any way, interested in any contract or arrangement to be entered by the Company, is required to disclose the nature of his/her concern or interest to the Board and bound not to take part in the discussion or vote on the matter. The Chairman informs the Board of the existence of conflict (if any) and it is duly reflected in the minutes of the meeting. A general statement is given by each director annually disclosing the names of the companies, firms and businesses to which they are associated. The independent director also confirm every year through declaration that he fulfills the criteria of independence.

Whistle Blowing Mechanism

Jubilee General Insurance is committed to the highest standards of honesty, openness and accountability. It aims to ensure that it operates in a responsible manner, taking into account ethical business standards set out in Company's Code of Conduct. The Company encourages its employees to report immediately any non-compliance/ wrongdoing that can harmful for the Company to the Ethics Committee which is gender-balanced.

The Company has formulated a policy outlining the procedures to be followed in this regard. The objective of the policy to create avenues and provide channels for stakeholders to report any unethical or wrongdoing activity related to the Company (if any).

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.

Safety of Records of the Company

The Company ensures maintenance of records as per the requirement of Companies Act 2017 and other applicable laws. For the safe custody of physical documents and files, record rooms having appropriate space and proper filing system are located at Head office and Zonal Offices.

During the year, the Company has implemented "Data Management System" (DMS) which will preserve underwriting records electronically.

The safety and maintenance of soft data also governed with a comprehensive IT Backup Policy. The Company also maintains data at Disaster Recovery Sites to ensure its availability at all the time.

Grievance Function

The Company is well prepared to handle the complaints / grievances of insured, (if any), not only to adhere the applicable requirements of the "Code of Corporate Governance for Insurer" (the code) but also for a deep association with them as their insurer and protector. By resolving their complaints / grievances effectively and efficiently within a short span of time, the Company also creates an everlasting bondage with them.

Under the "Grievance Function", complaints / grievance of the policyholders are received by the designated staff in writing or through call center of the Company. Afterwards, relevant staff resolves these complaints / grievances within the stipulated time and act according to the requirements of the Code. In order to make "Grievance Function" more effective and efficient, "Claims settlement Committee" comprising senior management, oversees its activities on regular basis and provides the guidance and assistance accordingly.

Engagement with Stakeholders

The Company has wide range of stakeholders particularly shareholders and investors, customers, suppliers and service providers including reinsurers and reinsurance brokers, financial institutions, media, regulatory bodies, analysts and employees as well. 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 Act 2017. The Company's interim results and reports are placed on Company's website and are also notified to the Pakistan 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 which is updated on timely basis. The Company will also brief the shareholders on Company's performance in the year 2018 in Annual General Meeting to be held on 23rd April, 2019.

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. The Company has also 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 their 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 the counter parties.

Media

The Company promotes its business activities by having strong presence in media. The Company ensures media presence while launching of its products, signing of major agreements with business partners and other organised 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 and business representative bodies.

Analysts

The Company communicates with both local credit rating agencies on regular basis to secure IFS rating as required by the law. The Company also interact 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 also disseminate their analysis through various publications.

As required by Pakistan Stock Exchange, the Company will arrange briefing on Company's performance and operations on annual basis. The First briefing will be held in year 2019.

Employees

Employees are prominent stakeholder of the Company and they work in the Company to earn their livelihood. The Company has extensive employees engagement schemes in place. The employees' issues revolve around work life balance, training and development and rewards. The Company has in-house and outside training programs. The long term services of employees are acknowledged through awarding them with token of appreciation. In order to keep update the employees with respect of the Company's achievements, important events, memoriam of employees passed-away and brief on award winning employees of the Company, an in-house bulletin "Farward" is published on quarterly basis. This bulletin is distributed among all the departments. The bulletin "Farward" keeps employees updated and connected with the Company. Furthermore, through annual employees gatherings, the employees of the Company are keep motivated and contended. These employees engagements improve the level of dedication and hard work among them.

Internal Control Framework

An internal control system comprises the whole set-up of systems and procedures established to provide reasonable assurance that the organisational objectives will be achieved.

The management of the Company always keen in establishing and strengthening the control 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 out 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
6. Adherence to the Company's policies and plans

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

1. Approval of Money Laundering and Countering Financing of Terrorism Policy by the Board of Directors and initiating the implementation of the same accordingly in order to adhere the requirements of the relevant regulations of SECP; and
2. Approval of policy for the related party transactions by the Board of Directors and reporting of related party transactions accordingly as per the requirements of the relevant regulations

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. In the Company, 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 close liaison with the other departments and ensures the compliances of regulatory requirements, internal policies and procedures with specific emphasis on SECP's regulations. CCO reviews system and procedures in order to update and make them more effective in preventing the occurrence of compliance lapses 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 internal and external uncertainties 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 takes advantage of opportunities.

Enterprise Risk Management (ERM) is the process of planning, organising, leading and controlling the activities of an organisation in order to minimise the effects of risk on an organisation's capital and earnings. In the Company, It is an integral part of Internal Control Framework. The Company has a well established Risk Management function which plays a vital role in further strengthening the internal controls in the Company. The Chief Risk Officer (CRO), responsible for the ERM in the Company, directly reports to the Chief Executive Officer under the supervision of the Board Risk Committee. During the year, Risk Control Cycle – risk governance process were remained operative. Moreover risk monitoring, analysis, measuring and reporting mechanism as per the framework were also well in placed.

Role of Internal Audit

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

Compliance Framework

A Compliance framework outlines the regulatory compliance standard relevant to the organisation and its business process. Regulatory Compliance is an organisation's adherence to laws, rules, regulations, guidelines and specifications relevant to its business. Violations of these often result in penalties, and sometime may harm Company's reputation. Therefore, compliance of the relevant regulatory requirements plays a vital role in an organisation and one of the pillars to build strong internal control framework.

The Company is working in a sector which is highly regulated. Securities Exchange Commission of the Pakistan (SECP) –Insurance Division is the sole regulator provides the guidelines under which insurance sector is operating in Pakistan. Along with SECP, being listed corporate, the Company is required to adhere the regulations/rules/guidelines of Pakistan Stock Exchange. In respect to the foreign exchange transactions/Investments and being a part of the financial sector of Pakistan, the Company is also required to comply certain limited requirements of the State Bank of Pakistan.

In addition to above, compliance with the requirement of Federal Board of Revenue with respect to Income Tax Ordinance and the relevant rules is also required. As Insurance services in Pakistan are chargeable to indirect taxes and the Company operates in province of Sindh, Punjab, Khyber Pakhtunkhwa and Islamabad Capital territory, the respective laws and relevant rules with regard to sales tax applicable in these provinces and Islamabad Capital territory are also to be adhered by the Company.

Compliance of all these laws and relevant rules is the foremost priority of the Company.

The Company has a well designed, implemented compliance frame work in order to adhere all the relevant laws, regulations, rules and guidelines. While formulating the policies and procedures with respect to each department/function, the specific compliance requirements have already been incorporated, therefore all the relevant compliance can be ensured while adhering departmental/functional policies and procedures.

The Chief Compliance Officer is responsible for the compliance function. Policies and Procedures of each department of the Company are amended and updated not only for effective, efficient and smooth operation of the Company but also to adhere the newly promulgated compliance requirements.

The Compliance framework is a part and parcel of the Internal Control Frame work of the Company which main purpose is to ensure and remain compliant while achieving its target as well as in day to day operations of the Company.

The Company is strengthening the compliance framework on regular basis. The Company is positive in implementing more robust systems and procedures for effective and efficient operations to avoid any non-compliance which may harm the Company financially or may have an impact on its reputation.

Shariah Compliance Mechanism for Window Takaful Operations

The Company, as operator, is required to carry out its Window Takaful Operations(WTO) under the strict shariah compliance not only to adhere the requirements prescribed by the regulator but also considering it as a primary responsibility towards its participants to provide them pure shariah complaint takaful services upto their satisfaction.

It view of above, it is a fundamental requirement of WTO that the whole business practices, products and operations should be based on shariah rules and principles under the regulatory framework and under the guidance and supervision of our worthy Shariah Advisor.

As an operator of WTO, the Company understands that being shariah compliant is its utmost responsibility. The relevant staff of the WTO is fully committed as their prime objective for its perfect and flawless processes. The Company, as operator of WTO continuously focuses on shariah compliance culture and all the efforts are made for its further improvements. The Shariah Compliance Officer as required under Takaful Rules, 2012, monitors day to day Takaful operations and ensure compliance of procedures laid down by the Shariah Advisor. The Shariah Advisor regularly conducts compliance training of the staff working in WTO.

During the year, as per the requirement of Takaful Rules 2012, the Operator has arranged an in-house training for the senior management of Takaful Operations conducted by our Shariah Advisor. In addition to that other staff and sales force has also been trained on continuous basis through a renowned institution duly approved by the SECP for takaful training.

High level of shariah compliance standards have been maintained during the year which is also reflected in the "Shariah Advisor's Report to the Board of Directors" and "Independent Reasonable Assurance Report to the Board of Directors on Statement of Managements' Assessment of Compliance with the Shariah Principles" are also attached to this Annual Report. The Shariah Advisor also briefs the Board of Directors on Shariah Compliance on annual basis.

Policy for Related Party Transactions

In order to comply with the requirements of the Companies Act 2017, Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 and explanation of the SECP with respect to related party transactions, the Company, during the year has devised a policy for the same which is duly approved by the Board of Directors and has been implemented accordingly.

Policy for related party transactions besides meeting all the applicable requirements of the relevant law and regulation also provide guidance with respect to Company's internal monetary limits for the related party transactions and information to be placed with the Board Audit Committee(BAC) for the approval of the same.

As per the policy, all the transactions under eligible criteria are presented to the BAC on quarterly basis. The BAC after thorough perusal recommends the same to the Board of Directors for their approval.

Related Party Transactions

During the year, the Company has entered into several transactions with its related parties in its ordinary course of business on an arm's length basis. These all Company's transactions / arrangements which have been made in accordance with the requirements of Companies Act 2017, related regulations and explanation issued by SECP. These transactions have been duly reported and approved by the Board of Directors on the recommendation of Board Audit Committee. A brief description of these transactions has been summarised as under:

1. Transactions

Insurance:	This includes issuance of insurance / Takaful policies, receiving premiums / contributions and /or paying refunds and payment of claims and commissions (if any).
Dividend:	Dividends have been paid to the related parties that are also shareholders of the Company, in accordance with dividend approved by the shareholders for 2017. Conversely dividends have been received from those related party entities wherein the Company has held its investments.
Directors' fee:	Payments of Directors' fee have been made as per policy approved by the Board of Directors.
Goods/Services:	Goods / service acquired from related parties during the year in ordinary course of business and payments made for the same.
Disinvestment	During the year, the Company disinvested in the shares of an associate and units of two mutual funds (managed by subsidiary of an associate).
Employer's Contribution:	During the year, the Company has made contributions to Employees' Staff Provident and Employees' Staff Gratuity Fund as per Company policy and advice of the appointed actuary.
Deposits / Returns:	During the year, bank deposits under current and Profit & Loss Sharing Accounts (PLS Accounts) have been maintained with related parties and profit earned on PLS Accounts.

2. Agreements /Arrangements

During the year, the Company has also continued following arrangements / agreements with its related parties:

Common Back Office Operations

The Company has continued an arrangement with Jubilee Life Insurance Company Limited whereby Common BackOffice Operations for Accident and Health business are jointly shared with them. This arrangement is duly approved by the Board of Directors. This arrangement has been made in order to avail cost and financial synergies arising due to carrying joint operations.

Allocation of Administrative and Employee Cost to Window Takaful Operations.

During the year, the Company as Operator has continued to allocate certain administrative expense to the Window Takaful Operations as per agreed terms and conditions. Furthermore, the Company also allocated personnel expenses of those employees of the Company who have invested their efforts in takaful business.

Rent Agreements

During the year, the Company has continued rent agreements with an associated company and Window Takaful Operations for providing office premises to them.

Related Parties and their basis of Association

The related parties with whom the Company has entered into transactions or has arrangements / agreements in placed during the year ended December 31, 2018 along with basis of association are as follows:

Name of Related Party	Basis of Association
Aga Khan Cultural Services - Pakistan	Common directorship
Aga Khan Fund for Economic Development	Associate due to investment in shares of the Company (14.05%)
Aga Khan Hospital & Medical College	Associate due to investment in shares of the Company (20.60%)
Aga Khan University Foundation	Associate due to direct 3.65% and in-direct investment in the shares of the Company.
Cherat Cement Company Limited	Common directorship
Cherat Packaging Limited	Common directorship
Gelcaps (Pakistan) Limited	Common directorship
Habib Bank Limited	Associated Banking Company having 19.80% direct investment in shares of the Company along with having a nominee director on the Board of Directors.
Habib Currency Exchange (Private) Limited	Wholly owned Subsidiary of an associate
Hashoo (Private) Limited	Common directorship
Hashoo Holdings (Pvt) Limited	Common directorship
Hashwani Hotels Limited	Common directorship
Hassanali & Company (Pvt) Limited	Common directorship
International Steel Limited	Common directorship
Jubilee General Window Takaful Operations	Window Operations
Jubilee Kyrgyzstan Insurance Company Limited	The Company having 19.50% shareholding and CEO of the Company is director of foreign investee company.
Jubilee Life Insurance Company Limited	The Company having 6.43% shareholding and three directors are common.
Mohatta Palace Gallery Trust	The Company's Chairman is a trustee of the Trust entity
Packages Limited	Common directorship
Pakistan Services Limited	Common directorship
Pearl Continental Hotels (Pvt) Limited	Common directorship
PICIC Growth Fund	Fund managed by wholly owned subsidiary of an associate.
PICIC Investment Fund	Fund managed by wholly owned subsidiary of an associate.
The First Micro Finance Bank Limited	Subsidiary of an associate
Staff Provident Fund	Defined Contribution Plan for the Company's Employees
Employees Gratuity Fund	Defined Benefit Plan for the Company's Employees

Anti-Money Laundering and Countering Financing Terrorism Policy

Modern world, due to the use of technological innovations is becoming easier particularly with respect to conducting financial transactions such as transfer of funds from one person to another within the country as well abroad. However, risk has been increased by so many times as compared to earlier that these financial transactions and transfers of money can be misused and may help in concealment of the origins of illegally obtained money, by involving banks, non-banking financial institutions and/or through legitimate businesses. These types of transactions are not only conducted to convert the money earned from illegitimate sources into legitimate one but there is an international consensus that such type of money is also utilise to finance terrorism and criminal activities against the society, country or any nation.

In order to stop money laundering as well as the funding to the group, people and organisations involved in the criminal activities and terrorism, anti-money laundering policies have been devised by the developed nations. Furthermore various resolutions passed in United Nation Security Council (UNSC) and conventions held globally which aimed at handling Money Laundering and Terrorism financing issues across the globe. Pakistan is also required to adhere these resolutions and particularly the recommendations of Financial Action Task Force on Money Laundering (FATF) which is an inter-governmental body whose purpose is combating money laundering, terrorist financing and other related threats to the integrity of the international financial system through recommendations and policies to be implemented nationally and internationally.

In Pakistan, State Bank of Pakistan and SECP being regulator of the banking and non-banking institutions respectively have also introduced the guidelines/regulations in the line with globally acceptable anti-money laundering policies and procedures. SECP has also issued various circulars for the implementation of Know Your Customer (KYC) Guidelines applicable on insurance companies working in Pakistan. However, recently SECP has issued Anti Money Laundering and Countering Financing of Terrorism Regulations, 2018 (AML & CTF Regulations, 2018) which are very comprehensive guidelines for AML and KYC. Although general insurance companies' nature of business does not completely attract these regulations as the estimated risk assessment is "low", however, the Company is required to implement these guidelines to an extent to cater the relevant risk and exposure.

Jubilee General Insurance is also keen to implement the modern tools and techniques of anti-money laundering not only to adhere the requirements of the SECP but also to contribute its due share for the safety and security of our people and beloved country.

In the Company, a very comprehensive Anti-Money Laundering and Countering Financing of Terrorism Policy (AML & CTF Policy) has been formulated which is duly approved by Board of Directors of the Company. The management has started to implement the same on fast track basis. In this connection, a task force has been formed which is comprised of senior officials headed by Chief Compliance Officer. The overall responsibility for the implementation of Anti-Money Laundering and Countering Financing Terrorism Policy is of Chief Compliance Officer.

Jubilee General Insurance Company is speedily implementing the AML & CTF Policy through the utilisation of relevant modern tools, techniques and by amending the operational procedures in the Company accordingly. The Company is also conducting / arranging trainings of its staff with regards to AML and CTF. We are working to make, Jubilee General Insurance Company as one of the organisations which are fully compliant with the relevant guidelines issued by the SECP in coming days.

Directors' Remuneration Policy

In order to adhere the relevant legal requirement, the Company has devised and adopted a policy in the form of a resolution with respect to the remuneration of non-executive directors including independent director of the company.

In the Company, besides the Board, there are four Board Committees. In order to discharge fiduciary duties and as required by the Board, meetings of Board and these committees are conducted. Directors' Remuneration Policy encompasses the determination of attending fee of Board and its sub-committees. As per the policy, the Board of Directors are authorised to determine the meeting attending fee for all non-executive including independent directors from time to time. As per the policy, no meeting attending fee is paid to the executive directors including Managing Directors and other senior executives of the Company which are required to attend the meeting of the board and/or these committees.

Corporate Social Responsibility Policy

The Company recognises the importance of its Corporate Social Responsibility towards the community. The Company considers that the society is one of the important stakeholders and is always keen to take steps for the welfare and betterment of the society.

The objective of CSR policy of the Company is to affect positively the society by contributing towards development of the country and its people. As per the approved CSR policy main areas for CSR activities of the Company would be Health, Education, Environment Sustainability, Ruler Support Programme and National heritage, Arts and Culture and Sports for the underprivileged people.

The Board approves the minimum annual fund available for the CSR activities. The Board reviews the disbursements of donations/contributions on a quarterly basis.

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 it would be able to function properly in the event of any disaster. BCP also provides the means of the recovery of business tools 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 other general insurance companies in Pakistan. The Company's BCP covers all the critical operational processes and procedures and it has been setup in accordance with the Company's need and modern business requirements. 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 actions they will need to take in the event of any disaster.

During the year, the Company has also availed the "Cloud Services" in order to create back-up of the major data of DR site. This facility will make our DRP and BCP as a whole more robust against related risks and threats.

The assigned department of the Company also does the mock exercise at the allocated DR site to ensure Business Continuity Test. Simulation Drills are conducted in a timely and effective manner. Results/outcomes of these activities are 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 (4) drills were carried out in the Company including a Simultaneous Evacuation drill to test Emergency Evacuation Plan and three (3) Business Continuity drills as per Business Continuity Plan in order to test on-premises/on-site and off-premises/off-site business continuity. Results of these drills were found satisfactory.

Implementing Governance Practices exceeding legal requirements

In Jubilee General, the Compliance of applicable laws and regulations are aimed at not only to avoid financial losses in shape of penalties and reputation risk to the Company but It is also to give more efficient, effective and valuable performance to its stakeholders.

Being an insurance Company, the responsibility with respect to abiding laws and regulations is become two fold as society in general and particularly bieng insurer put their trusts on the Company for covering their risks which threatens their valuable assets. Therefore, the Company is supposed to act with responsibility in respect of all laws and regulation so that it can play an efficient role when any loss arises to the people whose assets are under its insurance service coverage. In the Company, particularly the Compliance Officer and generally all the departmental heads are fully aware with the latest applicable laws and relevant regulations.

As best practice of good governance, the Company goes beyond the mandatory compliance with the Code of Corporate Governance in the following areas:

- A Board level Risk Committee has been established, which oversee the overall risk management of the Company.
- The compilation of the result of annual evaluation of Board's own performance is done through statutory auditors to ensure transparency and confidentiality of the process.
- The management committee has been formed to review the performance of Window Takaful Operations and advise the Board accordingly.

Pattern of Shareholding

As at 31 December 2018

Number of Shareholders	Shareholding(s)		Number of Shares held	Percentage
	From	To		
427	1	100	9,495	0.0053
219	101	500	56,808	0.0315
147	501	1,000	110,047	0.0610
356	1,001	5,000	867,283	0.4806
81	5,001	10,000	573,833	0.3180
64	10,001	15,000	735,164	0.4074
29	15,001	20,000	510,461	0.2829
27	20,001	25,000	591,192	0.3276
9	25,001	30,000	242,944	0.1346
6	30,001	35,000	194,739	0.1079
4	35,001	40,000	150,426	0.0834
11	40,001	45,000	463,490	0.2569
3	45,001	50,000	138,375	0.0767
3	50,001	55,000	158,785	0.0880
5	55,001	60,000	289,127	0.1602
4	60,001	65,000	254,074	0.1408
2	65,001	70,000	138,623	0.0768
1	80,001	85,000	82,202	0.0456
3	85,001	90,000	262,653	0.1456
1	90,001	95,000	94,176	0.0522
2	95,001	100,000	191,768	0.1063
2	100,001	105,000	204,645	0.1134
2	105,001	110,000	212,843	0.1180
1	110,001	115,000	114,364	0.0634
1	130,001	135,000	134,139	0.0743
1	135,001	140,000	136,451	0.0756
1	150,001	155,000	150,060	0.0832
2	155,001	160,000	317,948	0.1762
3	170,001	175,000	516,789	0.2864
1	185,001	190,000	185,304	0.1027
1	190,001	195,000	193,803	0.1074
1	195,001	200,000	198,374	0.1099
1	210,001	215,000	213,348	0.1182
1	215,001	220,000	217,144	0.1203

Number of Shareholders	Shareholding(s)		Number of Shares held	Percentage
	From	To		
2	225,001	230,000	456,737	0.2530
2	275,001	280,000	554,925	0.3075
1	290,001	295,000	293,092	0.1624
1	320,001	325,000	321,310	0.1781
1	325,001	330,000	329,327	0.1825
1	330,001	335,000	334,020	0.1851
1	345,001	350,000	348,875	0.1933
1	395,001	400,000	396,993	0.2200
1	410,001	415,000	411,061	0.2278
2	425,001	430,000	857,999	0.4754
1	480,001	485,000	480,113	0.2661
1	560,001	565,000	562,725	0.3119
1	670,001	675,000	671,350	0.3720
1	780,001	785,000	783,595	0.4343
1	855,001	860,000	857,765	0.4754
2	1,040,001	1,045,000	2,080,283	1.1529
1	1,365,001	1,370,000	1,367,257	0.7577
1	1,450,001	1,455,000	1,451,300	0.8043
1	1,465,001	1,470,000	1,465,130	0.8119
1	1,790,001	1,795,000	1,792,408	0.9933
1	1,885,001	1,890,000	1,887,432	1.0460
1	2,040,001	2,045,000	2,041,703	1.1315
1	2,155,001	2,160,000	2,160,000	1.1970
1	2,515,001	2,520,000	2,516,077	1.3944
1	2,595,001	2,600,000	2,598,731	1.4402
1	2,615,001	2,620,000	2,618,829	1.4513
1	3,315,001	3,320,000	3,316,284	1.8378
1	6,595,001	6,600,000	6,595,260	3.6550
1	9,915,001	9,920,000	9,919,210	5.4970
1	10,125,001	10,130,000	10,129,777	5.6137
1	13,685,001	13,690,000	13,687,874	7.5856
1	25,345,001	25,350,000	25,348,383	14.0476
1	35,730,001	35,735,000	35,734,543	19.8034
1	37,165,001	37,170,000	37,165,338	20.5963
<u>1,460</u>			<u>180,446,583</u>	<u>100.0000</u>

Pattern of Shareholding Additional Information

As at 31 December 2018

Categories of Shareholders	Number of Shareholders	No. of Shares held	Percentage
Associated Companies, Undertakings and Related Parties:	9	130,205,118	72.16
Hassanali & Company (Pvt.) Ltd		562,725	
Hashoo Holdings (Pvt.) Ltd		334,020	
Hashwani Hotels Limited		9,919,210	
Habib Bank Limited		35,734,543	
Aga Khan Fund for Economic Development		25,348,383	
Aga Khan Hospital and Medical College Foundation		37,165,338	
Jubilee Life Insurance Company Limited		857,765	
Aga Khan University Foundation		6,595,260	
Pakistan Services Limited		13,687,874	
NIT and ICP			
Investment Corporation of Pakistan	1	41	-
Directors, CEO & their Spouse and Minor Children	8	3,836,337	2.13
Towfiq H. Chinoy		40,643	
Sadruddin Hashwani		783,595	
Akbarali Pesnani		103,500	
R. Zakir Mahmood		271	
Amin A. Hashwani		2,598,731	
Amyr Currimbhoy		3,449	
Tahir Ahmed		279,625	
Sakina Pesnani w/o Akbarali Pesnani		26,523	
Executives	3	200,029	0.11
Azfar Arshad Inam		35,541	
Syed Sohail Ahmed		154,139	
Karim Merchant		10,349	
Public Sector Companies and Corporations		-	
Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas and ICP Mutual Funds	9	809,882	0.45
Individuals	1,404	40,943,991	22.68
Others	26	4,451,185	2.47
Total	1,460	180,446,583	100.00

Categories of Shareholders	No. of Shares held	Percentage
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Shareholders holding 5 percent or more shares in the Company

- Aga Khan Hospital and Medical College Foundation	37,165,338	20.60
- Habib Bank Limited	35,734,543	19.80
- Aga Khan Fund for Economic Development	25,348,383	14.05
- Pakistan Services Limited	13,687,874	7.59
- Hashwani Hotels Limited	9,919,210	5.50

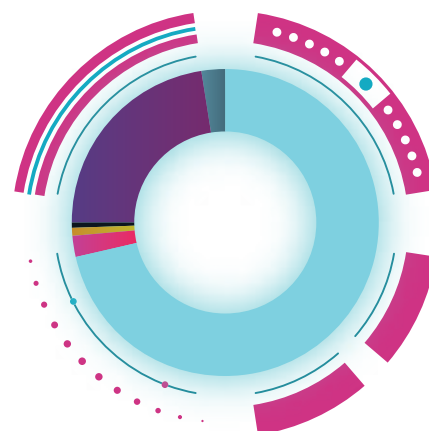
Trading in shares by Directors, CEO, CFO, Company Secretary & their spouses and minor children during the year 2018:

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

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
Individual	1,389	32,177,899	17.83
Insurance Companies	4	1,235,113	0.68
Joint Stock Companies	23	25,156,370	13.94
Financial Institutions	7	35,166,938	19.49
Modarabas & Mutual Funds	2	9,484	0.01
Non Resident Shareholders	27	39,127,195	21.68
Others - see below	8	47,573,584	26.37
	1,460	180,446,583	100.00

- 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

Associated Companies, undertakings and related parties	72%
Directors, CEO & their Spouse and minor children	2.13%
Executives	0.11%
Other companies	0.45%
General Public	22.68%
Others	2.47%



Automated Documentation ***innovatively managing data***

In a world where Artificial Intelligence is taking over drastically, system documentation is one of its advancement that is easing the insurance sector. It is facilitating the insurers to manage extensive customer data and study insights for development and innovation.

Jubilee General is advancing with system documentation to manage its clientele record and information for an organised database.



Sustainability



Corporate Social Responsibility

The Company has framed Corporate Social Responsibility Policy with an objective that it strives to positively impact the society by contributing to development of the country and its people, focusing the health, educational, environmental sustainability, rural development projects, national heritage, arts and culture and sports for underprivileged.

It also emphasises regarding its responsibility as a corporate citizen and to lay down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large.

The purpose of our CSR initiatives is to engage proactively with all stakeholders to actively contribute to the socioeconomic development of the community in which it operates. During the year, the Company donated Rs. **19.8 million** to an array of institutions in the education, health and community service sectors.

The Company financially supported one of the educational institutions, to expand their school capacity in the most under privileged areas of our up-country (Chitral), where they can enhance the enrolment of the deprived from the neighbouring beneficiaries.

The Company also encourages and supported institutions who offer free education to the street children and provide books, stationary, uniforms and shoes to the students and pay stipends to boost them to attend the school regularly. We also have been supporting schools and vocational training centers for the Blind & Deaf, Special and Disabled individuals.

Pakistan is among those low-income bracket countries that appallingly suffer from a dearth of blood donors. Despite having 70 per cent population under 29 years of age, only 10 per cent blood comes from voluntary donors. This year, like before, the Company collaborated with The Indus Hospital for the **"Blood Donation Drive"** at the Company premises.

The Company under the supervision of professionals, organised **"Medical Camps"** in different rural areas of the country for underprivileged patients, seeking consultation from Gynecologist, General Surgeon, ENT Surgeon and/or General Physicians and furnished free medicines as advice by the concern doctors. Moreover, Hepatitis is a leading cause of morbidity and mortality in Pakistan due to high prevalence. In the camp organised 2,530 patients were screened for Hepatitis B and C, free of cost.

The Company also volunteered to join hands in **"Tree Plantation Drive"** in what comes as a significant move to respond to the growing environmental challenges and improving ecological standards in Pakistan. The Government launched a country wide drive to plant 10 billion trees across the country within five years to counter challenges of global warming and deforestation. With the support of Deputy Director, District South Parks (Karachi), Gulmohar and Neem tree saplings were planted within the premises of **"Aram Bagh Park"** and **"Family Park - Nanakwara"**. These saplings will be collectively looked after by the Company and District South Parks (Karachi) till the time they become fully grown trees. Jubilee employees lived their values thoroughly by passionately volunteering themselves for this cause and came as a team and showed their commitment towards safeguarding the nature and as a Company we would contribute more for our beloved motherland Pakistan, to make it greener and counter the twin threat of climate change and pollution confronting our future generations.

The Company also encourages its employees to individually play a vital role as responsible citizens and participate for noble causes and therefore, the employees have been participating in **"Fulfill a Wish Campaign"** for Sirat-ul-Jannah Orphanage for three consecutive years. The drive was put into effect by the HR team on behalf of the Company and items as per their wish-list were bought and personally distributed to the respective children.

"Ramadan Ration Drive" was also conducted, where our employees came forward passionately to play a part in this cause not only by donating money munificently, but also took it to the end and appreciated the efforts for steering this Ration Drive. The HR team on behalf of the Company, went out on the streets of Karachi, meeting individuals who work on daily wages or have a very low income and ration packs that contained all the staple food items used in every household were distributed to a number of such people.

Sports Activities

The contributions that organisational team sport makes to an organisation are all requirements for an effective work force. We, at JGI, consider organisational team sports as a vehicle for improving trust, respect, commitment, friendships and communication between employees and establishes a strong bond between them.

The Company particularly organises such sports activities annually and participated and /or sponsored the following major sports events in 2018:

- **03rd National Junior (U-18) Snooker Championship 2018**
- **10th National Junior (U-21) Snooker Championship 2018**
- **02nd Masters (+40) National Snooker Championship 2018**
- **43rd National Snooker Championship 2018**
- **03rd Ranking Snooker Championship 2018**
- **20th Sindh Open Golf Championship 2018**
- **IAP Cricket Tournament 2018**
- **Jubilee General Cricket Tournament 2018**

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 and Light Emitting Diode (LED) Blubs in the office premises. The Company also ensures minimum utilisation 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 the Company carries the same message. The Company strongly discourages un-necessary use of paper and encourages re-cycling of paper for internal office use. The Company is also in the final stage of implementing a Computerised Document Management System (DMS) which will significantly reduce the use of physical papers.

Consumer Protection Measures

The Company understands its primary objective to protect the due interest of its policyholders. The Company's 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/or with the call centre.

In order to protect consumer as well as to comply the regulatory requirements, 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 person/authorities as designated to be contacted by the policy holder for complains (if any). The same "awareness message" is also available on the Company's website. The Company is also abide by the decision taken by the "Insurance Ombudsman."

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' needs 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 Customised 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. The Company is also first insurance company in Pakistan to secure "ISO 9001: 2015 Quality Management Certification".

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 and complies with all applicable legal requirements relating to appointment of special persons.

Occupational Safety and Health

The 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 under Health, Group life and Personal Accident Insurance coverage.
- Hygienic food is available for the employees at subsidised rates in the Head Office of the Company.
- Fire extinguishers along with smoke alarms duly installed at various points within the office premises.
- All the employees are provided mineral drinking water at the work place.
- High level of hygiene standards are maintained while serving tea, coffee to the employees and business guests.
- Smoking is prohibited within the office premises and areas are designated for this purpose.
- 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 rooms for male and female employees of the Company are maintained at Company's Head Office building.
- All offices are equipped with adequate security measures including CCTV monitoring.
- Access to office premises is restricted to staff/authorised persons through the use Radio-Frequency Identification (RFID) Cards to ensure high level of safety and security in the Company.

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 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 Anti-corruption measures. The Company follows **"Zero Tolerance Policy"** for any reported corruption incidence.

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 the 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

The Company 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 also the employees are actively participate in community services of different nature by donating their time and money. During the years, participations of Company's employees in fulfilling the wishes of orphans and under privileged childrens of 'Sirat ul Jannah' and the "Ramadan Ration Drive" were overwhelming.

Financial Contribution to the National Exchequer

The Company has contributed Rs. 2,143 million (2017: Rs. 1,777 million) to the National Exchequer during the year in the form of direct and indirect taxes and other mandatory contributions.

Natural Catastrophe Impact

A natural disaster is a major adverse event resulting from natural processes of the earth such as floods, earthquakes, tsunami and other geologic processes. These can affect several lives and economies. The Company arranges various studies/valuations to assess the potential impact of any natural catastrophe and ensure proper reinsurance protection which creates significant benefits for our customers as well society at large. No such catastrophe event has been reported during the year 2018 which has any significant adverse impact on the Company.

SWOT Analysis

SWOT Analysis is a framework for identifying and analysing the internal and external factors that can have an impact on the viability of an organisation. In the Company, great help is taken from SWOT Analysis in order to formulate future strategies. The management is ever striving to get maximum benefit out of the future business opportunities keeping in view its existing strength, overcoming its weaknesses and surmounting the threats ahead. Following is a concise SWOT Analysis of the Company as at December 31, 2018:

Strengths	Weaknesses	Opportunities	Threats
Strong and reputable Key Sponsors.	Operations are specific to Pakistan only.	Low Non-Life Insurance penetration to GDP.	Changing climate conditions due to global warming causing floods and earthquakes.
Visionary and Committed Board.	Geographically undiversified investments.	Clients' increasing needs of new insurance products.	Cut throat competition.
Corporate Brand Identity.		Large un-tapped retail market.	Rapid changes in laws and regulations.
Professional and Competent Management.		Re-engineering of Business processes.	Incidence of heavy direct/indirect taxes.
Highest Financial Strength Rating in Non-Life Insurance companies of Pakistan.		Growth potential in Takaful business.	Cross-border tensions
Country wide branch network.		Synergies amongst sister concerns.	
Strong re-insurance arrangements.		Increase in net retention.	
Pioneer in Online Non-Life products.		CPEC Projects.	
Efficient Claims Handling System.			
Effective Enterprise Risk Management System.			

Awards & Certificates

MAP Corporate Excellence Award

The Corporate Excellence Award instituted by Management Association of Pakistan (MAP) in 1982 with the sole aim to recognise and honour the companies showing outstanding performance and demonstrating progress and enlightened management practices. The Company, has secured top position in Financial Category in 33rd MAP Corporate Excellence Award. The Financial Category includes commercial banks, insurance companies, financial entities i.e. investment banks, leasing, modaraba and asset management companies. This is in continuation of last years performance as same top position was achieved in 32nd Map Corporate Excellence Award in 2017. Achievement of this prestigious award clearly demonstrates excellent performance and management practices of the Company in all areas of Insurance 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 through publication of timely information in a factual and user friendly manner.

The Company has a continuous aim to achieve this award every year. During the year 2018, the Company with its determined efforts achieved 1st position among Non Banking Finance Companies (NBFCs) for its 2017 Annual Report. This award is a worthy addition to the 1st position awards secured by the Company among NBFCs in 2017, 2009, 2010 and 2011. Overall, the Company has received this prestigious award nine times.

FPCCI Gold Medal on Android Application for Motor Insurance Claims

Federation of Pakistan Chambers of Commerce & Industry (FPCCI) is a business network, for the organisation of businesses in order to advocate and voice the collective opinion, concern and aspiration of the private sector. The FPCCI also encourages commercial enterprises for their efforts and achievements in providing innovative products and services for the consumers. In 2018, the Company had received Gold Medal from FPCCI for Motor Insurance Claims Android Application which facilitates its customers to get their Insurance Claims of vehicle insured with Jubilee with the help of few simple smart touches without visiting the premises of the Company. This award is also appreciation of the FPCCI over the Jubilee's effort for its insurance products available from internet (Web Access).

This Gold Medal is a commendable addition to the Gold Medal received by the Company in 2017, from FPCCI for Motor Android Application which facilitates its customers to get their motor vehicle insured hassle free.

These Gold Medals reflect the Company's solid dedication to provide innovative products and services to its customers in order to make their lives easy and hassle free.

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. This year, the Company has achieved Certificate of Merit Award on its Annual Report for the year 2017. Including this year, the Company is now having a gleaming history of securing eight (8) Certificates of Merit from SAFA for the "Best Presented Annual Report" in "Insurance Sector".

Lloyd's Register Quality Assurance Certificate of Approval

Lloyd's Register Quality Assurance (LRQA) is the world's leading provider of independent assessment services including certification across a broad spectrum of standards and schemes, with recognition from over 50 accreditation bodies. In 2018, the Company had received "Certificate of Approval" from LRQA wherein management systems of the Company have been approved by LRQA that are upto the requirements of ISO 9001:2015. This certification has been received for all the functions of the Company including Enterprise Risk Management as Non-Life Insurance Company with a validity uptill 2020. This Certification for 3 years long validity from LRQA reflects Company's firm commitment towards the standardisation of management processes, procedures and their strict compliance.

Memberships and Affiliations

The Company carries memberships and affiliations of different organisations and institutions not only for business and operational purposes but also to contribute its due share for the welfare of the society, environment protection and to keep itself updated with respect to emerging modern management practices.

In respect of the business, certain institutions provide platform to address issues currently being faced by the business organisations in Pakistan in general and insurance companies in particular. Memberships of these institutions enable the Company to play its role in the collective organised efforts made to resolve these issues. Memberships of certain institutions have been obtained to keep updated with respect to modern business management techniques and to train the relevant staff accordingly. These institutions conduct trainings, conferences and learning sessions through which employees of the Company gain more knowledge and techniques in order to face future challenges of the modern business world and become more valuable for the Company while discharging their duties. Membership of certain welfare and environment protection organisations helps the Company to contribute for wellbeing and betterment of the society. During the year, the Company has carried following memberships:

- Insurance Association of Pakistan
- Pakistan Business Council
- Federation of Pakistan Chambers of Commerce & Industry
- Karachi Chamber of Commerce & Industry
- Management Association of Pakistan
- Pakistan France Business Alliance
- Pakistan Belgium Business Forum
- Employers' Federation of Pakistan
- Pakistan Centre of Philanthropy
- World Wildlife Fund
- Karachi Insurance Institute
- Federation of Afro-Asian Insurers & Reinsurers
- Asia Insurance Review



Customer Services – Chatbots **communicating with advancements**

Globally, customer service is managed by chatbots which are systemised with Artificial Intelligence to communicate with the customer in the featured language to support them with their queries.

At Jubilee General, we have introduced a key function of chatbots systems for our customer services department that will be available at all times to answer customer queries regarding their preferred products and services.



Management Review & Representations

The background is a vibrant green with a dark green gradient. On the left, a large, semi-transparent light green circle overlaps the edge. In the bottom right, there are faint, light green line graphs and data points, including a line graph with several points and a bar chart with four bars. The overall aesthetic is clean, modern, and professional.

Management Objectives and Strategies

Following are the management objectives with strategies and the relationship between the Company's financial 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 Results and Objectives
Maintaining growth levels particularly in Gross Written Premium (GWP) and Contribution from Window Takaful Operations.	In order to maintain the GWP growth, efforts will be made to generate qualitative and quantitative business through various channels of distribution including Window Takaful Operations and Retail Sales.	Gross Written Premium including Takaful Contribution has increased enormously by 21%.
Maintaining healthy 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.	Although the underwriting profit including technical profit of Window Takaful Operations has contracted by 31% due to reporting of few major losses in the fire class. However, on overall basis with the increase in investment income, the Company has been able to manage the level of after tax profit at Rs. 1.06 billion.
Maintaining healthy Investment returns with limited exposure to the uncertainties of the stock and money market.	Opportunities in stock market and money market whenever available will be tapped effectively and efficiently to optimise the returns keeping the stock market exposure within the tolerable limits.	Investment income has increased by 14% over the last year due to judicious investment decisions made during the 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.	IFRS Rating of AA+ from both local rating agencies and B+ (good) rating from an international rating agency were maintained.
Increasing premium/contribution retention.	The retention capacities will be enhanced by underwriting balanced business mix for the overall portfolio.	Net premium including net Takaful Contribution has increased by 10% over the last year.
Increasing shareholders' wealth.	The management will make strenuous efforts to increase the profitability and financial strength of the Company.	Healthy cash dividend of 40% for the year 2018 has been 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, a number of new innovative products/services were introduced which include Motor Third Party Liability Insurance Online (Web-Access) Portal, Motor Underwriting online (Web-Access) for Dealers and Banks, addition of various features on the portal of the Company for online payment of insurance premium. The Company also launched Prepaid Takaful Scratch Card so that the customer can avail and activate their required insurance policy hassle free. Furthermore, various improvements have also been made during the year in the existing products/services offered to the customers.
Retaining and attracting best employees	The management will make the 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.	The Company is counted as one of the most reputable employers in Insurance sector of Pakistan. During the year the employee turnover ratio has remained very insignificant.

Critical Performance Indicators

Critical Performance Indicators (CPIs) are measurable values that demonstrate how effectively an organisation is achieving key business objectives. These objectives are critical for the existence and future growth of an organisation. Organisations use CPIs to evaluate their success at reaching targets.

Jubilee General, in order to measure its magnitude of achievements, has identified CPIs which are calculated on monthly, quarterly and annual basis in order to measure the performance of the Company against targeted goals. Variances are calculated by comparing actual results with budgeted targets so that the strategies and operational techniques can be modified in order to get better results in future.

Company's Critical Performance Indicators

The Company 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 the Company's performance and setting the targets ahead:

Management Objectives	CPIs
Maintaining growth levels particularly in Gross Written Premium (GWP)/Takaful Contribution to increase market share.	Growth
Maintaining strong profitability of the business.	Profitability
Increasing premium/contribution retention.	Net Premium/Contribution earned
Maintaining healthy Investment returns with limited exposure to uncertainties of stock and money market.	Investment income/return
Maintaining Insurer Financial Strength Ratings.	Financial Strength Ratings
Increasing shareholders' wealth.	Healthy profit distribution and robust capital structure
Meeting and exceeding customer expectations.	Product development and innovation
Retaining and attracting best employees.	Adequate Human Balance Sheet

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

Method, Assumptions in Identifying and Compiling CPIs

Identification and selection of the relevant CPIs is dependent on industry in which the organisation operates. In Jubilee General certain CPIs are well-known indicators which are considered in the insurance sector as critical for the growth of an Insurance Company which are **Gross Written Premium / Contribution** and **market share** of the Company. Targeted rate of growth and percentage of share in market is set after a profound process considering the economy of the country and with the consultation of the business producers. These targets are part of the organisation long term plan which is duly approved by the Board of Directors.

The second important CPI is **profitability of business**. The profit of the Company is dependent on the underwriting results and investment income. Magnitude of underwriting income represents the quality of underwriting and it is one of the key factors reflecting viability of core business. Target of underwriting income is set on year to year basis and these are also part of approved long term plan of the Company. Underwriting income is heavily dependent on the **premium / contribution retention ratio** (the ratio to measure the level of risk in monetary terms which is being carried by an insurer rather than being passed to reinsurer). It is a great challenge for an insurance Company to increase the retention ratio without jeopardising the underwriting results of the Company. Therefore, retention ratio is set very carefully keeping in view all the relevant factors. Another important factor in profitability is Management Expenses. The Company set limits for each expense considering the revenue targets. The amount of expenses and expenses ratio are monitored vigilantly. Performance against this CPI is evaluated against targeted ratio on quarterly and annual basis.

The **Investment Income** reflects the level of efficient utilisation of funds of the Company. The investments returns are set with stock market and money market bench marks. The actual investment income is compared with these bench marks on quarterly basis and variances are worked out to improve the performance accordingly. Furthermore, a realistic target is set for the investment income at the beginning of the year and which is monitored on quarterly basis for performance evaluation purposes.

Monitoring of **Insurance Financial Strength Ratings (IFS)** is one of important CPIs as due to a strong financial strength rating, the Company would be able to underwrite large risks and avail better re-insurance terms from the re-insurers. Furthermore, clients while obtaining insurance cover for their assets are necessarily consider the IFS rating of the Company. Therefore, it is necessary that the Company monitors in IFS rating and the same is renewed on yearly basis with the both local rating agencies and one international rating agency for its un-doubted affirmation. The management on period basis also carried in-house evaluation for certain indicators which are considered vital for good IFS rating.

It is ultimate goal of a listed Company to **increase the shareholders' wealth**. Therefore, all the CPIs are evaluated keeping in view that the Company announcements in the Pakistan Stock Exchange for profit or/and dividend declaration cause to increase the shareholders' wealth.

In order to face to modern technological changes coming in the insurance sector, the Company is all the time spirited for **meeting and exceeding customer expectations**. Under this CPIs, the performance of Company is dependent on the number of new innovative products introduced during the year and their quality and acceptability in the market. Each product's performance is reviewed thoroughly and variances are considered to increase future performance accordingly.

Human Capital of the Company is one of the key source to carry overall operations. In service sector, the quality of human resource is directly proportionate to the growth of the Company. Therefore, it is aimed in Jubilee General that adequate human balance sheet should be maintained by **retaining and attracting best staff**. The HR matters and performance of management with respect to Human Resource Management, is monitored and evaluated with the relevant CPI by the Board Human Resource and Nomination Committee heading by an independent director.

All the above, CPIs have been identified under normal circumstances and have been set considering the assumptions such as appropriate economical growth, stable political condition, improved law and order situation in the country, catastrophic peril remain under averaged limits, adequate performance of stock market without witnessing any intense volatility. However, if any condition deviate from its normality, the impact is evaluated with the performance of peer group under the same CPIs.

Above all, through the monitoring of these CPIs, the Company is able to compete in the industry and create value for all its stakeholders and society.

Organisational Resources

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

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

1. Financial Resources

All the financial resources of the Company are utilised effectively and efficiently under the policies and guidelines framed by the Board of Directors. Following are the brief description of major financial resources and their management by the Company:

a) Cash and Liquidity Management

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

In the Company, cash and liquidity management is a 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 managers and guidance of the Chief Financial Officer.

The Company actively manages liquidity risk to ensure adequacy of cash flows to meet the policyholders' obligation (including takaful participants) and to pay healthy dividends to the shareholders. During the year, Rs.4,374 million and Rs. 706 million (2017: Rs. 3,533 million and Rs. 539 million) cash outflows have been made on account of payments of claims to policyholders/takaful participants and dividends to the shareholders respectively. Currently, the Company has maintained liquid ratio of 1.02 and 63% of the total assets are liquid assets as at December 31, 2018.

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 market of the country. The Head of Investments is responsible for the investment function and which is oversee by Board Investment Committee.

The investment functions works as per the requirement of Code of Corporate Governance and during the year this function has been segregated into Front, Middle and Back Office to ensure high level of internal controls as per required by the Code of Corporate Governnace. The investment position and its performance are reviewed regularly by the Board of Directors.

2. Human Resources

In the Company, there is a team of technical, trained and professional staff in their related respective fields to run day to-day operations of the Company. The management is keen in development of the Human Resource and continuously arranging extensive trainings for the staff. The Human Balance Sheet has been well structured to cater the need of human resources for the thriving future and continuous growth of the Company. All the Human Resource related policies and procedures are properly documented and implemented throughout the organisation. This function is oversee by Board Human Resources & Nomination Committee.

3. Physical Resources

All the Assets of the Company including intangibles are under the safe custody and adequately covered against any internal and external threat. The physical assets of the Company are utilised effectively and efficiently for business purposes. Through the Installation of door control devices, access to the Company's premises is restricted to the staff/ authorised persons only by the use of Proximity Cards. In order to maintain record of fixed asset effectively and efficiently an integrated software module of "Fixed Asset Register" is implemented in the Company.

In addition to tangible and intangible fixed assets of the Company, following are important and valuable constituent of the Company's total assets.

a) Real Estate Properties

Most prominent and valuable among the physical assets are Company's properties which include land and buildings. JGI, being insurance company holds these properties are maintained mainly for investment purposes whereby major portions are rented-out to earn rental income for the Company. However, as business of the Company is extended all over the country, therefore, Company also utilises these properties as office premises of its difference branches so that rent expense can be also reduced. All these properties of the Company are in the Company's name and duly registered under the relevant law. Legal titles of these properties are secured under valid registered documents.

Intellectual properties

Intellectual property refers creations of mind such as inventions, designs, logos, name and images which are use in commerce and service industry. The Company spends its financial resource to develop innovative insurance products and services. In order to make these products and services prominent and for effective marketing purpose, unique name and logos are developed and assigned to these products and services. These name and logos identify and distinguish the Jubilee General's products and services from the product and services of others. These name, design and logos are also called trademarks and service-marks. Furthermore, the Company has also developed various Android Applications and introduced Web-Access/Portals of its different insurance products/services for its customers. All these products, services and their names and related logos are valuable intellectual properties of the Company.

In order to safeguard these intellectual properties, all trade and service marks are duly registered under the relevant laws in respect of the registration of trade and service marks in Pakistan so that these cannot be copied and/or utilised by any other organisation.

4. Information Resources

All the information and data available within the Company and/or acquired by the Company is utilised for business purpose only 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 as well as arranged through the modern IT techniques/tools to make it more useful, effective and valuable for meeting the requirements of the relevant departments. Proper DRP sites are maintained for backup of data. IT systems are protected against any cyber attack threats. Third party audit are also carried out to ensure safety and security of the information available in the IT system.

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	1,804,465
Capital Reserve	9,384
Revenue Reserves	6,094,206
	<hr/>
Shareholders' Equity	<u>7,908,055</u>

The Revenue Reserves include Rs. 1 billion Special Reserves created for meeting catastrophic loss and dividend equalisation in future. 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 passionate to make it more robust to support the future growth in operations. The Company's financial strength is reflecting from the confidence of the stock market where its share market price is 1.37 times of its break-up value as at December 31, 2018.

Significant Changes in Assests & Liabilities

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:

- 8% growth in book value of total assets
- 2% growth in market value of total assets
- 23% growth in Technical Reserves
- 2% growth in investments

Liquidity Management Strategy

Our core liquidity policy is to retain sufficient funds in the form of unencumbered liquid assets to meet potential funding requirements arising from range of obligations and therefore, the Company is not supposed to be exposed to any liquidity shortfall.

The Company has maintained optimum liquid investments and deposits which make it 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. Special emphasis is given to diversification of the liquid assets to meet our residual funding needs. All long term liquidity requirements are taken into account, both in our planning process and while managing financial market risk. Early Warning System is in place to timely indicate any expected short fall of the liquidity in future. The liquid asset ratio as at December 31, 2018 is 1.02 times (2017: 1.24 times).

The economic outlook of Pakistan is positive and the country's economy is expected to grow by almost 4%. Going forward this year. CPEC is gaining momentum and the incumbent government is planning to undertake low cost housing at a large scale which is expected to have a positive impact on cement and steel industry. Furthermore, a number of auto manufacturers are likely to enter Pakistan market which augurs well for this sector as well. It is also expected that agreement with IMF for assistance will be finalised by the second quarter of 2019 which would assist in stabilising Pakistan Stock Exchange. Thus, we will continue our focus on construction projects and motor besides health portfolio. We foresee that Takaful will continue to grow rapidly and with enhanced capacity at our disposal, we expect positive growth in our Takaful portfolio.

As a market insurer providing products for all segments of society, the Company will continue its push to develop retail market including microhealth to remain at the forefront of innovation.

We believe, the Company is well positioned to avail upcoming business opportunities in the market. The Company is leveraging on its high IFS rating, investment in technology and experienced manpower to expand its market share and profitably. The Company is spending to obtain excellent IT technologies and utilisation of the modern e-business methodology and infrastructure which would have a long lasting productive impact on the ability to generate more business in coming years. Special areas of focus will remain infrastructure projects, Retail and Takaful in 2019. We are confident that the Company's prudent investment strategy will provide stable and healthy investment returns to increase the wealth of shareholders. Keeping positive view on the economy of Pakistan, the Company is looking forward to give an exemplary performance in the following manner in 2019:

Growth	in Gross Written Premium / Contribution of the Company.
Healthy	Investment returns with vigilantly monitored exposure due to uncertainties in the stock and money markets.
Stable	financial strength duly affirmed by both local and International rating agencies through their standard rating procedures.
Increase	in shareholders' wealth by generating stable Return on Equity and making handful dividend payments and constructing more sound and balanced capital structure in future.
Spread	insurance coverage to protect well being of middle and under privileged class by increasing penetration in retail and micro insurance.
Innovation	in the products and services for meeting and exceeding customer expectations.
Focus	on CSR activities to effectively discharge its Corporate Social Responsibility to the society.
Best	Employer for the competent professionals and hardworking personnel.

Analysis of Prior Year's Forward Looking Disclosure

Including 2018, premium rates across the board were shown a downward trend due to which the pressure on the underwriting was enormous. During the year, the Company has witnessed robust **growth** of 21% over the last year in Gross Written Premium including contribution written in Window Takaful Operations. In 2018, the Company has also achieved the mile stone of underwriting Rs. **10 billion** gross premium / contribution.

Investment income of the Company from all sources including dividend, return on bank deposits, realised capital gains and rental income reflected a very healthy growth of 14% over the prior years despite volatility of equity market in 2018.

During the year, as targeted of having a **stable** financial strength, the Company's IFS (Insurer Financial Strength) Rating of AA+ from the both local rating agencies and B+ (Good) from an international rating agency were maintained.

A **healthy** cash dividend of 40% for the year has been declared by the Board of Directors will definitely increase the shareholders' wealth.

The Company has continued its efforts to **increase** the penetration in personal insurance through the introduction of various retail products particularly prepaid scratch cards, payment facilitation features into online insurance products etc. Furthermore, by contributing in the welfare projects through our business in relation to Microfinance Institutions and Rural Support Network Programme for the individual and families of our people living just above or below the poverty line in rural areas to **spread** benefit of insurance to them.

During the year, introduction of number of new **innovative** insurance products, along with Android Applications and introducing valuable payment methods and other related features are definitely milestones on the road of innovation in providing products and services to the customers for meeting and exceeding their expectations.

As a part of society, the Company is always **focused** on the welfare of the Community. Therefore, during the year many CSR activities conducted and the Company has given its due share for the wellbeing of the society. Details of such activities are given in the CSR report.

Being one of the **Best** employer for the competent professional and hardworking personnel, working environment in the Company is improving, more in-house and external training arrangements were made to nurture the capabilities and qualities of existing employees and enabled them to play a vital role in future growth of the Company.



Statement of Management Responsibilities towards the Preparation and Presentation of Financial Statements

The preparation and presentation of accompanying financial statements of the Company (including financial statements of Window Takaful Operations) are the responsibility of the management and have been approved by the Board of Directors.

The financial statements have prepared in accordance with the approved accounting policies which are in accordance and conform in all material respects with International Accounting Standards(IAS), certain International Financial Reporting Standards (IFRS) as applicable in Pakistan and provisions of and directives issued under the Companies Act 2017, the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2017, Insurance Accounting Regulations 2017 and Takaful Rules, 2012. The significant accounting policies, which management believes are appropriate for the Company, have been described in Note 3 of the accompanying financial statements.

The Management is responsible for the integrity and objectivity of the financial statements. Estimates that are necessary in the preparation of financial statements are based on careful judgments and have been properly reflected. Explanations regarding these key uncertainties along with estimation and respective judgments have been provided under the "Key Sources of Uncertainty" of this Annual Report in the Risk & Opportunity Section of this Annual Report

The Management has established systems of internal control in the Company that are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorised use, and to produce reliable accounting records for the preparation of financial information.

The Management recognises its responsibility for conducting the Company's affairs in compliance with established financial standards and applicable laws, and maintains proper standards of conduct for its activities.

The Financial Statements are duly audited by external auditors of the Company in accordance with the International Standard on Auditing as applicable in Pakistan. In their opinion the external auditors has confirmed that the financial statements are prepared in conformity with the accounting and reporting standards applicable in Pakistan.

The financial statements of the Company have been duly signed, by Chief Executive Officer and Chief Financial Officer, in confirmation of the above statement

Statement of Adherence with the International Integrated Reporting Framework <IR>

Jubilee General Insurance is pushing ahead with a strategy for generating sustainable corporate value by pursuing sustainable economic value, along with the sustainable social and environmental value to its stakeholders. To ensure that readers are able to correctly understand these activities, we must take a systematic view of financial information linked directly to business activities and non-financial information, and provide explanations accordingly. Therefore, we have incorporated elements of our sustainability report into our conventional annual report since 2016 in order to enhance the non-financial information in the annual report.

In preparation of this report, we have referred to the International Integrated Reporting Framework (International <IR> Framework) advocated by the International Integrated Reporting Council (IIRC). Going forward, the Company intends to ensure that the content of the integrated report serves as a communications tool that clearly conveys the Company's activities to create value over the medium and long term.

In Annual Report 2018, we have covered following elements of International Integrated Reporting Framework.

- Organisational Overview
- Governance
- Risk and Opportunities
- Strategy and Resource allocation
- Financial Performance
- Future Outlook
- Basis of Preparation and Presentation

In the future, we will continue to make improvements to this report so as to make it even easier to understand, while taking into account the opinions of stakeholders regarding this report.

Significant Changes in the basis of Preparation and Presentation of Financial Statements

Upto year 2017, the Company has followed accounting policies and presentation as per the format of the financial statements issued by the SECP through repealed SEC (Insurance) Rules, 2002 vide SRO 938 dated 12 December, 2002. However, for the preparation of financial statements of year 2018, the Company has followed SRO 89 issued 9 February, 2017. The said SRO has prescribed new format of the presentation of annual financial statement which is applicable on insurance companies from the year 2018.

The Company has adopted Insurance Rules 2017 and Accounting Regulations 2017 applicable from 1st January, 2018 and accordingly has changed its accounting policies in following areas:

- **Available for sale investments**

According to Insurance Accounting Regulations 2017, the Company has changed its accounting policy for subsequent measurement of available for sale investments from lower of cost or market value to fair value as per the requirement of IAS 39 and any unrealised gain or loss arising on remeasurement are taken to revaluation reserve through other comprehensive income.

- **Premium income**

The Company has changed its accounting policy for recognition of premium under an insurance policy / cover note as written from date of issuance to the date of attachment of risk to the policy / cover note.

- **Investment in associates**

The Company has incorporated in its financial statements all the changes of accounting policies in the financial statements of an associate due to adoption of Insurance Accounting Regulations 2017 by the associate.

The complete details of changes in accounting policies and its financial impact is disclosed in relevant notes to the accompanying financial statements.

The significant changes in presentation of accompanying financial statements include:

- Rearrangement in sequence of assets and liabilities
- Presentation of single profit and loss account instead of segment-wise presentation
- Discontinuation of separate statements of premiums, claims, expenses and investment income.
- The segment-wise financial information is now included in notes to the financial statements.

Android Application for Motor Insurance ***providing instant assistance***

The happening advancements within the insurance industry revolve around convenience and proficiency. High-end applications that are developed to assist with insurance solutions are simply a click away.

At Jubilee General Insurance such advancements are applied in the form of Android applications for ease and convenience that bring instant solutions for motor insurance specifically made as per need.



Risk & Opportunity Report



Enterprise Risk Management - ERM

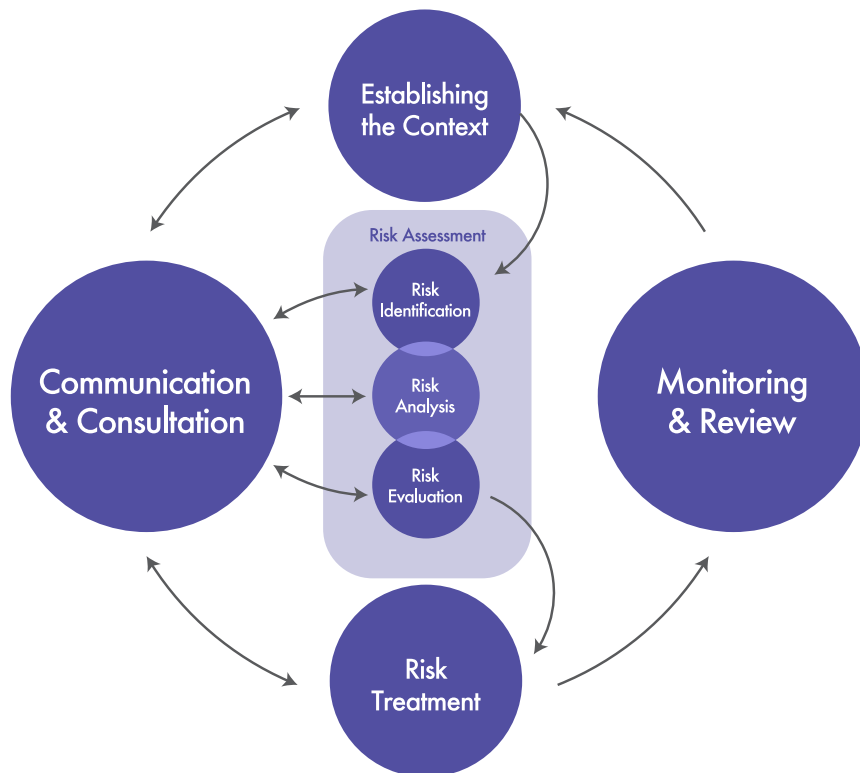
The Board of Directors has approved a Comprehensive Risk Management Policy & Framework. The objectives of the policy include assurance that the business activities are undertaken within approved risk appetite and tolerance levels.

Formally established ERM program within the Company has designated oversight of the Board to monitor the risk management process. The ERM framework serves as a base of ERM program ensuring comprehensive, consistent and efficient management of all material risks and opportunities. The key objective of the risk management system is to support business success and protect the Company through an opportunity-focused but risk-aware decision-making process.

The risk management system is intended to systematically and continually identify, assess, control, monitor and report risks and opportunities; sets risk tolerances based on our overall corporate targets, in order to support the achievement of strategic objectives and to enhance risk awareness throughout the Company.

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

- **Establishing the context:** To understand the organisational 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 **(likelihood and the impact)**.
- **Analysis:** 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	Risks Type	Risks Category	Risks Level	Impact	Mitigation Strategy
<p>Economic and Political Risk Difficult business conditions resulting from economic and political instability may prove to be an impediment in the plans of the Company to achieve its business objectives.</p>	Operational	External	High/Low	Unfavourable impact on business objectives	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>Strategic Risk The uncertainties and untapped opportunities are challenge for the Company, such as increased competition from existing players and new entrants including Takaful companies/operations in takaful /insurance market.</p>	Strategic	External	Low	Unfavourable impact on business objectives	The Company relies on its personalised service and customised 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>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 risks for a period of one year.</p>	Operational	External	Low	Unfavourable impact on profitability	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>Reinsurance Risk 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>	Operational	External	Low	Unfavourable impact on profitability	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 and remaining by "BBB" rated.

Risks	Risks Type	Risks Category	Risks Level	Impact	Mitigation Strategy
<p>Capital Adequacy Risk The risk of not meeting the regulatory requirements for Capital, Solvency, underwrite large risks and/or discharge Company's obligations.</p>	Financial	Internal	Low	Unfavourable impact on financial strength	The Company maintains its Capital adequately to meet the regulatory requirements with safe margins. The Company ensures to maintain Solvency Margin well over and above the regulator's requirement. The Company also assess Capital adequacy using different Capital models.
<p>Credit Risk 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>	Credit	Internal	Medium	Unfavourable impact on profitability	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>Investment Risk The changes in stock market variables and interest rates may affect future cash flows of financial instruments.</p>	Financial	External	High	Unfavourable impact on profitability and net wealth	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>Reserve Risk The Risk of inadequate reserve to meet future insurance obligation.</p>	Financial	Internal	Low	Unfavourable impact on profitability	The Company has developed a policy to monitor and enhance reserves periodically to control this risk.
<p>Liquidity Risk The Company may encounter difficulty in meeting financial obligations associated with insurance and reinsurance.</p>	Financial and Reputational	Internal	Low	Unfavourable impact on profitability and reputation	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>IT Risk The development in Information Technology and its emerging challenges may affect the Company's operational process.</p>	Operational	Internal / External	Low / Medium	Unfavourable impact on operational activity	The Company continuously upgrades its IT systems which are managed by able officers and regulated by a formal policy with Disaster Management System.

Risks	Risks Type	Risks Category	Risks Level	Impact	Mitigation Strategy
Regulatory Risk 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.	Operational and Reputational	Internal	Low	Unfavourable impact on operational activity and reputation	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.
Safety and Security Risk Risk of loss/damage to the resources of the Company from external deliberate/accidental attack/threats.	Operational and Financial	External / Internal	Low	Unfavourable impact on operational activity and profitability	The Company ensures proper safety and security of all its organisational resources. Systems are placed to handle any threat of cyber attacks.

Opportunity Report

According to the State Bank of Pakistan, the overall size of Pakistan's economy stands at US \$ 313 billion and its middle class is growing rapidly with increasing purchasing power. This factor alone indicates the huge potential in non-life insurance especially in the context of large population of over 200 million people majority of whom is under 30 years of age. Jubilee General is geared to tap this potential powered by digitisation and by leveraging on innovative digital products and distribution channels.

More purchasing power of middle class also means higher demand for motor vehicles. Similarly, increasing momentum in CPEC projects is fuelling uptick in cement and steel manufacturing. Jubilee General is cognisant of opportunities and is in the forefront of non-life insurance industry providing both traditional and state-of-the-art insurance solutions to individuals and corporations.

We are convinced that insurance gap in Pakistan can be reduced by expanding the role of personal and micro insurance. Jubilee General continues to make important and enhanced contribution in this area.

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 and efficient manner.

Key Sources of Uncertainty

Preparation of the financial statements requires the management to make certain estimates and judgments and the Board of Directors is required to authorise the financial statements based on these estimate and judgment. These estimate 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 the management and Board consider that 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 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 SECP Insurance Accounting Regulations, 2017.

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

A liability for outstanding claims is recognised 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, are in accordance with the SECP's guidelines for estimation of Incurred but not reported claims reserve. As per the guidelines the actuarial valuation as at 31 December, 2018 has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

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/contribution. The liability of premium/contribution 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 are 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. A receivable is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that receivable amount.

Management Expenses

Management Expenses 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 higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account.

In respect of 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.

During the year, the management has also devised an impairment policy for investments in equity market which has been approved by the Board of Directors and the same has also been implemented. The policy is in line with the impairment requirements described in IAS 39 "Financial Instruments: Recognition and Measurement".

Sensitivity Analysis of Company's Profitability

Various critical and non-critical variables have potential to impact profitability of the Company. The major components of the Company's profitability are Underwriting and Investment Income. Further, impact of direct tax is significant keeping in view the current applicable tax rate on the corporate sector. Changes in the amount of the underwriting, investment income and direct taxes play a vital role to determine the overall profitability of the Company. Underwriting Income and Investment Income both are affected by various external variables which are beyond the control of the management. The management while comparing the actual results with budgets and forecasts also analyse the intensity of these variables in order to measure their impact on the profitability of the Company. This measurement also helps to develop the future strategy of the Company. Future budgets of the Company are also based on the thorough study of these variables.

Key Sensitivities for Underwriting Income

Gross Written Premium

The amount of Gross Written Premium (GWP) is one of the key variables that play a vital role in building Underwriting Income of the Company. The amount of GWP is dependent on the economic growth of the country that causes to grow existing business, however, the Company's ability to avail new business will further improve the level of GWP. During last four years premium rates are under pressure and became one of the important factor affecting underwriting business. In these situations, the management has to adopt a prudent approach to underwrite business, not only with a view to increase GWP but also to manage underwriting risk effectively and efficiently at appropriate price. The impact of GWP on Underwriting Income is dependent on net premium of the Company. Net premium is the amount of policies/premiums that remains after amount of premium ceded to reinsurers. While taking decision to set the level of net exposure many factors i.e. magnitude of expected claims, reinsurance cost and quality of underwriting risk are considered by the management.

Claims

The whole insurance concept is based on the expectation of claims. Claims are not in the control of the Company. Natural calamities, floods and earthquakes may cause to increase in the amount and number of claims at a great extent. Furthermore, law and order situation in the country is also one of the important factors that affect the amount and number of claims. The impact of claims on the Underwriting Income is managed through appropriate, effective and efficient reinsurance arrangements. Furthermore, prudent underwriting is essential to keep the claims under controllable limits. A numerical presentation of the sensitivity of Company's profitability to variation in incidence of insured events and severity/size of claims has been given in the relevant notes to the financial statements for the year ended December 31, 2018.

Management Expenses

Management expenses directly impact the Underwriting Income of the Company. Increase in inflation and incident of indirect taxes increase the size of management expenses which directly causes to decrease Underwriting Income of the Company. Inflation and taxes are beyond the Company's control. Expenses are categorised into fixed, variable, controllable and uncontrollable to facilitate the control function of the Company over these expenses. All expenses are monitored vigilantly and under strict control in order to avoid any unnecessary cost. Major expenses of the Company include employees' salaries and benefits and advertisement expenses.

Key Sensitivities for Investment Income

Capital Gains

i) Equity Securities

Capital Gains on listed Equity Securities are totally dependent on the performance of equity market. If stock market performs well particularly in long run, the Company would be able to get benefit from stock market in shape of capital gain, however in case of declining market, prudent approach is adopted to avoid taking excess exposure in the stock market which also affects profitability of the Company. Performance of stock market is beyond management's control. In order to earn short term capital gain from the equity market, the Company also maintains held-for-trading portfolio. Capital gain from held-for-trading portfolio is highly dependent on the performance of equity market in short term.

ii) Money Market Securities

In order to earn capital gain by getting advantage from favorable fluctuation of interest rates in the money market, the Company also maintains Available-for-Sale portfolio of Treasury Bills. Therefore, the Company is now well equipped to manage its interest rate risk on its money market investment portfolio.

Dividend Income

Returns from Company's diversified available-for-sale equity investments are dependent on the dividend income from the shares of the companies in which Company is invested. The amount of dividend income depends upon the respective entity's annual performance which is beyond the Company's control. Since its inception, the Company is in the process of maintaining a suitable investment portfolio by taking wise, efficient, and timely decisions with respect to investment/disinvestment.

Interest Income

The Company earns interest income on the government securities and bank deposits. It maintains a government securities portfolio which includes Pakistan Investment Bonds and Treasury bills. These are maintained not only to earn the interest income but also to adhere solvency requirement as prescribed by the SECP. Income from government securities is dependent on the discount rate. The discount rate is beyond the Company's control and mostly dependent on the country's economic condition. However, the Company's investment department vigilantly monitors prevailing discount rate and takes appropriate decisions to maximise the interest income.

The Company also maintains term and other type of deposits with commercial banks in order to earn profit along with meeting cash requirement needed to perform day-to-day operations. Profit on bank deposits depends on the prevailing KIBOR and liquidity status in the money market. These deposits are kept with various banks having sound credit worthiness in order to maximise the profit without compromising the safety and security of the Company's funds.

A numerical presentation of the sensitivity of the Company's profitability to a reasonably possible change in interest rates has been given in the relevant notes to financial statements for the year ended December 31, 2018.

Prospects of the Company including Targets for Financial and Non-Financial Measures

Keeping in view the long term positive outlook on the backdrop of CPEC, increase in direct foreign investments expected political stability in the country and improvement in law and order situation, the growth prospects of the Company are bright. We expect that socio-economic agenda of the current government will create awareness on importance of the insurance in general public. Further, expected tax reforms and regulatory changes to improve index of ease of doing business in Pakistan will also contribute favourably. The Company is first insurance company in Pakistan which understands the importance of "Insurtech" and has become highest technology driven company of Insurance industry. The management is keen to provide innovative, advanced and contemporary IT based solutions to its customers enable them to get benefited from the quality insurance services of the Company. Furthermore, the management is proactively evaluating and implementing various innovative IT Solutions to further accelerate the processes of claims settlement in order to provide the quality services upto the complete satisfaction of the insured.

Keeping in view the above, the Company is expecting to further grow its market share in future. Furthermore, with the help of more better and appropriate reinsurance arrangements, implementation of effective cost controls, the Company is also expecting to increase its Underwriting Income in the future.

Investment Income of the Company is dependent on the performance of stock market, and economic conditions of the country. The Company, through effective diversification, timely, wise and prudent investment decisions has built a sustainable investment portfolio which has a capability to generate healthy income from the future opportunities in the stock market and expected change in markup rates.

The Company is also projecting a growth in its Window Takaful Operations which is evident from the fact that proportion of the Gross Written Contribution to the total Gross Written Premium/Contribution has increased to 9% (2017: 8%). We are expecting WTO to be one of the major contributors in the long-term profitability of the Company.

Financial Measures

Budgets/Targets of the year were set after consideration of various factors and variables. Majority of them are outside the control of the Company while other can either be monitored or their impact can be alleviated to a possible extent with the help of proactive and timely remedial measures.

Fluctuation in taxes, incidence of latest direct/indirect taxes and levies, natural calamities and deterioration in law and order situation in the country with the particular reference to claims, level of inflations, discount rate, and stock market performance all are external factors affecting the cost of doing business and profitability of the Company.

The Company's management will energetically work to achieve the targets and its efforts will be continued for growth and better profitability of the business in future.

Non-Financial Measures

The Company has identified the following areas as key non-financial performance measures:

- Compliance with regulatory framework.
- Strong association with customers and business partner.
- Customer satisfaction.
- Corporate Social Responsibility.
- Effectiveness of Enterprise Risk Management framework.
- IT based solutions for its customers to receive quality insurance services of the Company.
- Transparency, accountability and good governance.
- Employees contentment and wellbeing.
- Enhancing brand equity.

Sensitivity to the Fluctuation in Foreign Currency Exchange Rates

The operations of the Company are within the territory of Pakistan and mostly dominated in Pak Rupee, therefore, financial statements of the Company are not significantly exposed to the fluctuation of the foreign currency exchange rates hence the amount of asset, liabilities, revenues and expenditures are not sensitive to the fluctuation in exchange rate of foreign currencies particularly US Dollar. During the year, the Company has recorded exchange gain of Rs. 21.8 million (2017 Rs. 6.4 million) which is 1.34% (2017: 0.39%) of the profit before tax. The Company's exposure to the foreign currency fluctuation risk is limited to following areas:

Operations in Karachi Export Processing Zone (KEPZ)

The Company operates a branch office in KEPZ and provides insurance and takaful services to the entities situated there. An increase in USD exchange rate may increase the value of the Assets and Liabilities in KEPZ which are required to be reported by the Company in the financial statements after translating the same into local currency at US dollar exchange rate prevailing at reporting date. This is in line with requirements of "IAS 21 - The Effects of Changes in Foreign Exchange Rates". The Gross Written Premium (GWP) of KEPZ branch including contribution from Window Takaful Operations is Rs. 45.175 million which is 0.43% of the total GWP including contribution written from Window Takaful Operations hence the exposure to fluctuation of exchange rates is insignificant to the financial statements.

Investment in foreign associates

All the investments of the Company are in Pakistan except investment in the equity of Jubilee Kyrgyzstan Insurance Company (JKIC) – CJSC, an associated company which is in Kyrgyz SOM (official currency of Kyrgyz Republic). As at December 31, 2018, the amount of the investment in JKIC is Rs. 126.605 million which is 0.59% of the total assets and 1.10% of aggregate investments of the Company in equity and money market, therefore, the exposure due to fluctuation in foreign currency rates is negligible to the financial statements.

Reinsurance payments and recoveries

All ceded premiums payable to reinsurers and amount recoverable from them on account of claims are curbed in Pak Rupee, therefore, there is no exposure of the currency exchange rates on the Company with respect to the settlement with reinsurers. However, in certain cases, where high fluctuation in exchange rate effects the settlement amount received from/by the reinsures, the Company is fully covered under the agreement with the respective reinsurer and/or agreement of insurance with the client whichever the case may be.

Overseas Claims Payment

The Company discharges its certain marine and travel claims liabilities through its overseas loss adjuster (third party). The reimbursement is made in foreign currency at the prevailing exchange rate. The Company regularly monitors exchange rate fluctuations in these claims on regular basis to update its claims reserves accordingly.

Business Intelligence Tool (BI Tool) **controlling business efficiently**

Business Intelligence Tool is commonly used in the insurance business as a dashboard that brings all the business management and performance details in one place, making it convenient to focus and control tasks simply with a touch.

At Jubilee, the BI Tool (Business Intelligence Tool) is introduced as a smart real-time tool which assists in managing data, get daily updates, statistics and analysis of the entire business.



Financial Performance

The background is a deep red color with a gradient. On the left side, there is a large, semi-circular graphic composed of several horizontal, slightly curved rectangular segments, resembling a stylized globe or a modern architectural element. In the bottom right corner, there is a graphic of a circuit board or network diagram, featuring several red circular nodes connected by thin red lines. The overall aesthetic is clean, modern, and tech-oriented.

Key Financial Data

(Six Years)

	2018	2017	2016	2015	2014	2013
	(Restated)					
	(Rupees in million)					
FINANCIAL DATA						
Paid-up Capital	1,804	1,804	1,569	1,569	1,569	1,364
General & Capital Reserves	6,104	6,509	7,204	5,485	5,122	4,181
Equity	7,908	8,313	8,773	7,054	6,691	5,545
Total Liabilities	13,405	11,385	11,743	9,822	8,740	8,458
Investment - at carrying value	11,564	11,371	12,861	10,521	9,814	8,616
Investment Properties - (at book value)	657	659	665	672	678	156
Cash and Bank	1,839	2,042	1,578	1,391	876	889
Other assets - Current	7,001	5,415	5,210	4,099	3,900	4,171
Other assets - Non - Current	181	188	180	168	137	140
Intangible Assets	71	23	22	25	26	31
Total Assets (Book value)	21,313	19,698	20,516	16,876	15,431	14,003
Total Assets (Market value)	25,534	25,077	24,612	20,900	18,943	16,185
OPERATING DATA (UNDERWRITING)						
CONVENTIONAL						
Gross Premium Revenue	9,161	7,694	7,851	7,979	6,961	6,569
Net Premium Revenue	4,923	4,611	4,171	4,151	3,645	3,526
Net Claims	2,691	2,450	2,030	2,174	2,083	2,156
Management Expenses	1,607	1,360	1,257	1,085	957	837
Underwriting Results	212	409	473	468	275	223
COMBINED*						
Gross Premium / Contribution Revenue	10,068	8,336	8,253	8,094	6,961	6,569
Net Premium / Contribution Revenue	5,637	5,107	4,353	4,185	3,645	3,526
Net Claims	3,082	2,743	2,160	2,188	2,083	2,156
Management Expenses	1,693	1,415	1,292	1,106	957	837
Underwriting Results (Technical Profit)	369	502	468	462	275	223
OPERATING DATA (CONVENTIONAL)						
Investment Income	1,188	1,041	1,316	1,220	966	979
Profit before Taxation	1,631	1,664	1,854	1,713	1,270	1,220
Taxation - Net	(565)	(547)	(675)	(361)	(191)	(175)
Profit After Taxation	1,066	1,117	1,179	1,352	1,079	1,045
CASH FLOW SUMMARY						
Operating Activities	422	(373)	229	926	405	465
Investing Activities	(80)	952	(758)	(459)	4	(369)
Financing Activities	(706)	(539)	(462)	(844)	(401)	(349)
Cash & Cash Equivalents at the year end	1,691	2,054	2,014	1,490	948	940
Free Cash Flow	315	(439)	159	857	372	430

* Inclusive of Window Takaful Operations

		2018	2017	2016	2015	2014	2013
FINANCIAL RATIOS							
Profitability (Conventional)							
Underwriting Result / Gross Premium	%	2.31	5.32	6.02	5.87	3.95	3.39
Underwriting Result / Net Premium	%	4.31	8.87	11.34	11.27	7.54	6.32
Combined Ratio	%	95.69	91.13	88.66	88.73	92.46	93.68
Net Claims / Net Premium	%	54.66	53.13	48.67	52.37	57.15	61.15
Management Expense / Net Premium	%	32.64	29.49	30.14	26.14	26.26	23.74
Profitability (Combined)*							
Underwriting Result / Gross Premium & Contribution	%	3.67	6.02	5.67	5.71	3.95	3.39
Underwriting Result / Net Premium & Contribution	%	6.55	9.83	10.75	11.04	7.54	6.32
Combined Ratio	%	93.45	90.17	89.25	88.96	92.46	93.68
Net Claims / Net Premium & Contribution	%	54.67	53.71	49.62	52.28	57.15	61.15
Management Expense / Net Premium & Contribution	%	30.03	27.71	29.68	26.43	26.26	23.74
Overall Profitability (Conventional)							
Profit Before Tax / Gross Premium	%	17.80	21.63	23.61	21.47	18.24	18.57
Profit Before Tax / Net Premium	%	33.13	36.09	44.45	41.27	34.84	34.60
Profit After Tax / Gross Premium	%	11.64	14.52	15.02	16.94	15.50	15.91
Profit After Tax / Net Premium	%	21.65	24.22	28.27	32.57	29.60	29.64
Profit Before Tax / Total Income	%	26.69	29.44	33.79	31.89	27.54	27.08
Profit After Tax / Total Income	%	17.44	19.76	21.49	25.17	23.40	23.20
Return to Share Holders							
Return on Equity - (after tax)	%	13.48	13.44	13.44	19.17	16.13	18.85
Earnings Per Share (pre tax)	Rs.	9.04	9.22	11.82	10.92	8.09	8.94
Earnings Per Share (after tax)	Rs.	5.91	6.19	7.51	8.62	6.88	7.66
Earnings Per Share (pre tax)-Restated	Rs.	9.04	9.22	10.28	9.50	7.04	6.76
Earnings Per Share (after tax)-Restated	Rs.	5.91	6.19	6.54	7.49	5.98	5.79
Earning growth	%	(4.57)	(5.26)	(12.80)	25.30	3.25	26.36
Price Earning Ratio - PAT	Times	10.16	12.92	16.60	13.74	17.05	12.08
Price to Book Ratio	Times	0.51	0.73	0.83	0.96	1.04	0.68
Breakup value per share (Book value)	Rs.	43.84	46.08	55.91	44.96	42.64	40.65
Breakup value per share (Market value)	Rs.	67.23	75.90	82.02	70.61	65.03	56.65
Return on Assets (Book value)	%	5.00	5.67	5.75	8.01	6.99	7.46
Return on Assets (Market value)	%	4.17	4.45	4.79	6.47	5.70	6.46
Market Data							
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.	60.01	80.00	108.50	103.00	102.00	70.00
Market Price per share - Highest during the year	Rs.	89.99	128.00	120.00	127.98	122.37	72.90
Market Price per share - Lowest during the year	Rs.	60.01	76.00	95.30	76.00	71.01	52.70
Pakistan Stock Exchange Index	Points	37,067	40,471	47,807	32,816	32,131	25,261
Market Capitalisation	(Rs. M)	10,826	14,432	17,024	16,161	16,004	9,548
Cash Dividend Per Share	Rs.	4.00	4.00	3.50	4.50	4.00	3.00
Cash Dividend	%	40.00	40.00	35.00	45.00	40.00	30.00
Stock Dividend Per Share	Rs.	-	1.50	-	-	1.50	1.50
Stock Dividend	%	-	15.00	-	-	15.00	15.00
Dividend Yield	%	6.67	5.00	3.23	4.37	3.92	4.29
Dividend Pay out	%	67.69	64.60	53.55	60.04	66.88	51.79
Dividend Cover	Times	1.48	1.55	1.87	1.67	1.50	1.93
Performance / Liquidity							
Current Ratio	Times	1.55	1.74	1.83	1.72	1.80	1.70
Liquid Ratio	Times	1.02	1.24	1.34	1.28	1.32	1.18
Cash / Current Liabilities	%	13.94	18.82	14.68	14.99	10.79	11.04
Total Assets Turnover	Times	0.43	0.39	0.38	0.47	0.45	0.47
Fixed Assets Turnover	Times	10.43	9.00	9.30	9.66	12.52	22.52
Total Liabilities / Equity	Times	1.70	1.37	1.34	1.39	1.31	1.53
Return on Capital Employed (RoCE)	%	20.11	19.48	23.43	24.93	20.76	27.70
Liquid Assets / Total Assets	%	62.89	68.09	70.38	70.59	69.28	67.88
Paid-up Capital / Total Assets	%	8.46	9.16	7.65	9.30	10.17	9.74
Earning assets / Total Assets	%	65.97	71.44	73.62	74.57	73.67	68.99
Equity / Total Assets	%	37.10	42.20	42.76	41.80	43.36	39.60
Solvency							
Solvency Ratio (Based on Market Value)	Times	6.94	8.23	7.92	8.38	10.88	8.89

Financial Statement Analysis

(Six Years)

Vertical Balance Sheet

	2018		2017	
	(Rupees '000)	%	(Rupees '000)	%
Tangible and Intangible Fixed Assets	241,992	1.14	198,596	1.01
Investment properties	656,871	3.08	658,873	3.34
Investments	11,527,926	54.09	11,340,106	57.57
Insurance / reinsurance receivables	1,718,328	8.06	1,782,824	9.05
Other Assets	5,176,859	24.29	3,556,443	18.06
Cash and Bank	1,669,039	7.83	1,893,276	9.61
Total assets of Window Takaful Operations - Operator's Fund	322,137	1.51	267,446	1.36
Total Assets	21,313,152	100.00	19,697,564	100.00
Total Equity	7,908,055	37.10	8,312,970	42.20
Underwriting Provisions	7,997,798	37.53	6,503,336	33.02
Deferred liabilities	209,388	0.98	533,565	2.71
Insurance / Reinsurance Payables & Advances	1,949,273	9.15	1,294,932	6.57
Other Creditors and Accruals	1,229,204	5.77	1,032,519	5.24
Deposits and other payables	1,616,174	7.58	1,665,900	8.46
Taxation - provision less payments	236,052	1.11	227,839	1.16
Total liabilities of Window Takaful Operations - Operator's Fund	167,208	0.78	126,503	0.64
Total Shareholders' Equity & Liabilities	21,313,152	100.00	19,697,564	100.00
Profit & Loss Account				
Net premium revenue	4,922,929	100.00	4,610,717	100.00
Net claims	2,691,068	54.66	2,450,107	53.14
Expenses	1,606,545	32.63	1,360,183	29.50
Net commission	413,589	8.40	391,738	8.50
Investment income including rental & bank deposits returns	1,187,743	24.13	1,041,638	22.59
Other income including share of profit of associates	219,414	4.46	219,114	4.75
General and administration expenses	70,017	1.42	65,246	1.42
Profit / (loss) from Window Takaful Operations	82,411	1.67	60,109	1.30
Profit before tax	1,631,278	33.14	1,664,304	36.10
Taxation - net	(564,973)	(11.48)	(547,319)	(11.87)
Profit after tax	1,066,305	21.66	1,116,985	24.23

Horizontal Balance Sheet

	2018	2017	2016	2015
	----- (Rupees in ' 000) -----			
Tangible and Intangible Fixed Assets	241,992	198,596	187,010	164,627
Investment properties	656,871	658,873	665,263	671,653
Investments	11,527,926	11,340,106	12,827,410	10,475,735
Insurance / reinsurance receivables	1,718,328	1,782,824	1,528,452	1,154,438
Other Assets	5,176,859	3,556,443	3,617,407	2,931,232
Cash and Bank	1,669,039	1,893,276	1,504,687	1,360,712
Total assets of Window Takaful Operations - Operator's Fund	322,137	267,446	185,969	117,342
Total Assets	21,313,152	19,697,564	20,516,198	16,875,739
Total Equity	7,908,055	8,312,970	8,773,381	7,054,156
Underwriting Provisions	7,997,798	6,503,336	6,289,692	5,653,766
Deferred liabilities	209,388	533,565	995,906	540,118
Insurance / Reinsurance Payables & Advances	1,949,273	1,294,932	1,470,100	1,063,194
Other Creditors and Accruals	1,229,204	1,032,519	969,121	760,593
Deposits and other payables	1,616,174	1,665,900	1,693,482	1,506,839
Taxation - provision less payments	236,052	227,839	240,029	266,723
Total liabilities of Window Takaful Operations - Operator's Fund	167,208	126,503	84,487	30,350
Total Shareholders' Equity & Liabilities	21,313,152	19,697,564	20,516,198	16,875,739
Profit & Loss Account				
Net premium revenue	4,922,929	4,610,717	4,170,928	4,150,808
Net claims	2,691,068	2,450,107	2,030,292	2,174,381
Expenses	1,606,545	1,360,183	1,256,675	1,084,952
Net commission	413,589	391,738	410,982	423,751
Investment income including rental & bank deposits returns	1,187,743	1,041,638	1,315,975	1,219,632
Other income including share of profit of associates	219,414	219,114	125,048	118,510
General and administration expenses	70,017	65,246	76,064	79,575
Profit / (loss) from Window Takaful Operations	82,411	60,109	16,187	(14,999)
Profit before tax	1,631,278	1,664,304	1,854,125	1,711,292
Taxation - net	(564,973)	(547,319)	(674,694)	(358,642)
Profit after tax	1,066,305	1,116,985	1,179,431	1,352,650



2016		2015		2014		2013	
(Rupees '000)	%	(Rupees '000)	%	(Rupees '000)	%	(Rupees '000)	%
187,010	0.91	164,627	0.98	138,281	0.90	139,406	1.00
665,263	3.24	671,653	3.98	678,043	4.39	156,427	1.12
12,827,410	62.52	10,475,735	62.08	9,815,503	63.61	8,615,389	61.52
1,528,452	7.45	1,154,438	6.84	1,129,413	7.32	1,141,308	8.15
3,617,407	17.63	2,931,232	17.37	2,794,408	18.11	3,061,869	21.86
1,504,687	7.33	1,360,712	8.06	875,593	5.67	889,285	6.35
185,969	0.91	117,342	0.70	-	-	-	-
20,516,198	100.00	16,875,739	100.00	15,431,241	100.00	14,003,684	100.00
8,773,381	42.76	7,054,156	41.80	6,690,825	43.36	5,546,338	39.61
6,289,692	30.66	5,653,766	33.50	5,237,385	33.94	5,579,012	39.84
995,906	4.85	540,118	3.20	624,565	4.05	405,525	2.90
1,470,100	7.17	1,063,194	6.30	873,344	5.66	672,570	4.80
969,121	4.72	760,593	4.51	601,160	3.90	558,651	3.99
1,693,482	8.25	1,506,839	8.93	1,241,324	8.04	1,065,084	7.61
240,029	1.17	266,723	1.58	162,638	1.05	176,504	1.26
84,487	0.41	30,350	0.18	-	-	-	-
20,516,198	100.00	16,875,739	100.00	15,431,241	100.00	14,003,684	100.00
4,170,928	100.00	4,150,808	100.00	3,644,630	100.00	3,525,777	100.00
2,030,292	48.68	2,174,381	52.38	2,082,704	57.14	2,154,726	61.11
1,256,675	30.13	1,084,952	26.14	957,122	26.26	836,998	23.74
410,982	9.85	423,751	10.21	329,657	9.05	310,778	8.81
1,315,975	31.55	1,219,632	29.38	966,192	26.51	980,036	27.80
125,048	3.00	118,510	2.86	79,568	2.18	61,416	1.74
76,064	1.82	79,575	1.92	51,085	1.40	44,525	1.26
16,187	0.39	(14,999)	(0.36)	-	-	-	-
1,854,125	44.45	1,711,292	41.23	1,269,822	34.84	1,220,202	34.61
(674,694)	(16.18)	(358,642)	(8.64)	(190,703)	(5.23)	(174,887)	(4.96)
1,179,431	28.28	1,352,650	32.59	1,079,119	29.61	1,045,315	29.65

2014	2015	2018	2017	2016	2015	2014	2013
----- (Rupees in ' 000) -----			% increase / (decrease) over preceeding year				
138,281	139,406	21.85	6.20	13.60	19.05	(0.81)	0.56
678,043	156,427	(0.30)	(0.96)	(0.95)	(0.94)	333.46	4.97
9,815,503	8,615,389	1.66	(11.59)	22.45	6.73	13.93	30.27
1,129,413	1,141,308						
2,794,408	3,061,869	45.56	(1.69)	23.41	4.90	(8.74)	30.99
875,593	889,285	(11.84)	25.83	10.58	55.40	(1.54)	(20.19)
-	-	20.45	43.81	58.48	-	-	-
15,431,241	14,003,684	8.20	(3.99)	21.57	9.36	10.19	23.92
6,690,825	5,546,338	(4.87)	(5.25)	24.37	5.43	20.64	25.30
5,237,385	5,579,012	22.98	3.40	11.25	7.95	(6.12)	21.18
624,565	405,525	(60.76)	(46.42)	84.39	(13.52)	54.01	113.40
873,344	672,570	50.53	(11.92)	-	21.74	29.85	11.19
601,160	558,651	19.05	6.54	27.42	26.52	7.61	14.72
1,241,324	1,065,084	(2.98)	(1.63)	12.39	21.39	16.55	24.77
162,638	176,504	3.60	(5.08)	(10.01)	64.00	(7.86)	31.16
-	-	32.18	49.73	178.38	-	-	-
15,431,241	14,003,684	8.20	(3.99)	21.57	9.36	10.19	23.92
3,644,630	3,525,777	6.77	10.54	0.48	13.89	3.37	14.30
2,082,704	2,154,726	9.83	20.68	(6.63)	4.40	(3.34)	12.79
957,122	836,998	18.11	8.24	15.83	13.36	14.35	14.09
329,657	310,778	5.58	(4.68)	(3.01)	28.54	6.07	8.50
966,192	980,036	14.03	(20.85)	7.90	26.23	(1.41)	25.16
79,568	61,416	0.14	75.22	5.52	48.94	29.56	42.84
51,085	44,525	7.31	(14.22)	(4.41)	55.77	14.73	29.60
-	-	37.10	271.34	(207.92)	-	-	-
1,269,822	1,220,202	(1.98)	(10.24)	8.35	34.77	4.07	28.99
(190,703)	(174,887)	3.23	(18.88)	88.12	88.06	9.04	46.35
1,079,119	1,045,315	(4.54)	(5.29)	(12.81)	25.35	3.23	26.48

Comments on Key Financial Data and Performance Ratios

(Six Years)

Performance Ratios

- The Combined and Claims ratios have declined from 94% to 91% and 61% to 53% respectively from 2013 to 2017 reflecting strength in the underwriting profitability of the Company up till 2017. However, combined and Claims ratio for 2018 increased to 95% and 54% respectively due to reporting of few major claims reported during the year.
- The Company is able to maintain its expense ratio 26% and below till the year 2015. However, the expense ratios for the years 2016 and 2017 have increased to 30% and 29% respectively which is mainly due to lower growth in the gross premium in both the years. In 2018, the expense ratio has increased to 32% reflecting more than proportionate increase in business cost as compared to increase in gross written premium. However expense ratio of the Company including Window Takaful Operations reflecting 30% which is considered appropriate at this level of overall operations of the Company.
- The return on equity in 2018 has slightly improved to 13.48% as compared to last year (13.44%) despite heavy claims incurred and decline in stock market witnessed during this year.
- The Pre tax earnings per share have increased to Rs. 9.04 per share in 2018 from Rs. 8.94 in 2013. The after tax earnings per share have decreased as compared to last year mainly due to impact of super tax imposed.
- Cash Dividend per share to the shareholders ranges from 30% to 40% from the years 2012 to 2017 reflecting a healthy dividend payout ratio over these years. In current year, 40% dividend demonstrates a long-established steadiness of the Company in distributing handful amount of profit to the shareholders of the Company.

Balance sheet

- The Company's assets have increased by 52% to Rs. 21.31 billion at the end of 2018 from Rs. 14 billion at the end of 2013.
- The carrying value of total investments has increased to Rs. 11.56 billion as at 31 December 2018 in comparison to Rs. 8.6 billion as at 31 December 2013 reflecting increase of 34% over the period of six years.
- The total equity and technical reserves stood at Rs. 15.91 billion as at 31 December 2018 in comparison to Rs. 11.12 billion as at 31 December 31, 2013 which reflects increase of 43% in last six years.
- A continuous improvement in the size of investments has been witnessed over the years uptill 2016. However, in the year 2017 and 2018, the size of investment has slightly decreased which reflect prudent investment management due to volatile condition of stock market.
- Total assets of the Company in terms of market value have grown to Rs. 25.53 billion depicting remarkable growth of 58% over the year 2013.



Profit and loss Account

- The gross net premium / contribution increase by 53% and 60% respectively over the period of 6 year.
- The underwriting profit has decreased by 5% as compared to the year 2013 mainly due to heavy claims incurred during 2018. However, the underwriting result including Window Takaful Operation's (technical profit) reflecting an increase of 65% over the period of six years.
- The investment income has increased by 21% over the last six years. This reflects better utilisation of the Company's earning assets despite the volatile equity market in 2018.
- The profit before tax reached to Rs. 1.631 billion for the year ended 31 December 2018 in comparison to Rs. 1.220 billion for the year of 2013, which reflects increase of 34% 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. 1.07 billion and maintained the glowing history of high profit earnings.

Cash Flows

- Cash Inflow of Rs 422 million from Operating activities is the outcome of management's efforts to collect the premium well in time.
- 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.
- Cash & bank deposits has increased by 107% to Rs. 1.839 billion at the end of 2018 from Rs. 889 million at the end of 2013 reflects Company's strong footing as well as adequate liquidity position keeping in view the growth of the Company since 2013.

Solvency

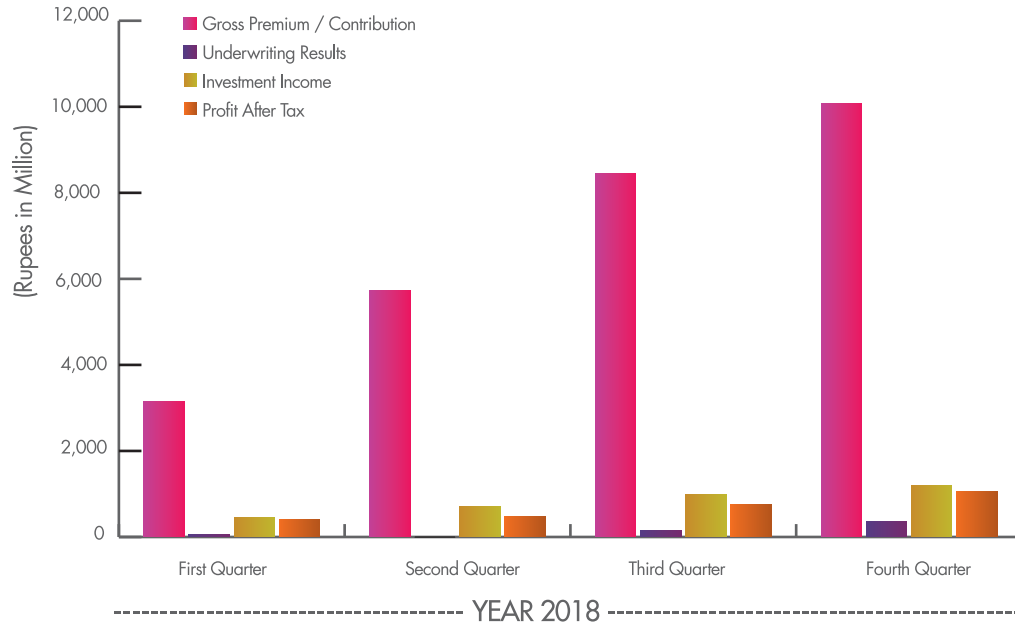
- The market value of the Company's assets has increased by 58% to Rs. 25.5 billion at the end of 2018 from Rs.16.45 billion at the end of 2013 reflecting a strong footing. This is also evident from the robust solvency of the Company which stood at 6.94 times in 2018.

Comments on Free Cash Flow

Free Cash Flow of the Company in 2018 has reached to Rs. 315 million by increasing 1.71 times over the last year which is mainly due to vigorous efforts in collecting outstanding premiums

Free Cash Flow for 2018 is 75% of the total operating cash flow which is due to the reason that healthy amount of capital expenditure made in order to meet the technological requirements as the Company is striving for becoming "insurtech" in future.

Quarterly Analysis



The major amount of premium/contribution is underwritten in first and third quarter of the year. However, the Company has also written significant amount of premium/contribution in the second quarter. The contribution of total premium /contribution at the end of each quarter in terms of percentage is remained consistent to past trend; however, due to growth of premium/contribution witnessed in the first three quarters, the Company is able to achieve the most covenant milestone of Rs. 10 billion Gross Premium/Contribution which is first time in history of the Company.

Underwriting Results

Major improvement witnessed in second half of the year where underwriting results have grown considerably as compared to first two quarters of the year. Unfortunately, due to few major fire claims incurred, the Company faced underwriting loss at the end of the second quarter. However, with the help of better underwriting measures, the Company closed the year by posting underwriting profit including technical profit from Window Takaful Operations aggregating to Rs. 369 million.

Investment Income

A remarkable increase in investment income has been witnessed in the first and second quarters of the year due to realisation of Capital Gains and dividend income and the same contributed significantly in achieving total annual investment income of Rs. 1.19 billion. This level of investment income reflects better investment decisions despite the unfavorable trend in the stock market during the year.

Profit after Tax

The profit after tax has witnessed tremendous growth in the first and second quarter mainly due to investment income and the same has played a vital role with the support of underwriting profit in third and last quarter to cross the profit after tax of Rs. 1.0 Billion mark in the sixth consecutive year.

DuPONT Analysis

2018 and 2017



Comments on Dupont Analysis

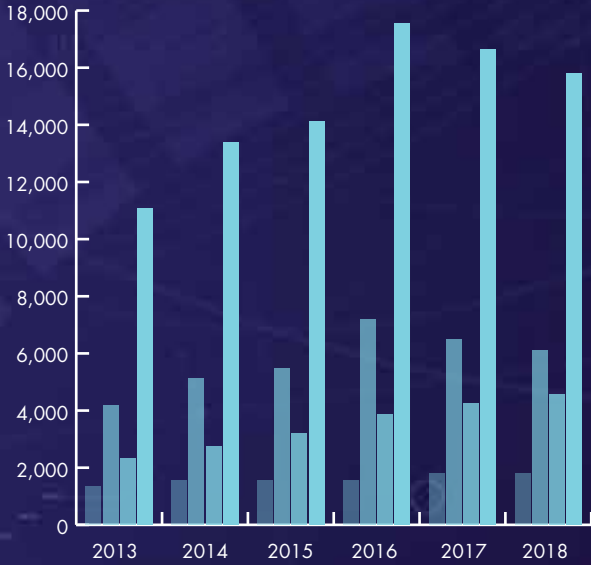
- The Net Profit Margin reduced by 2% from last year due to few major claims incurred and slight increase in management expenses during the year 2018.
- The Company's Return on Equity for the year 2018 is 13% remain same as compare to preceding year. Although, the return on assets has decreased by 1%, however, it still reflects better utilisation of earning assets despite the slow economic growth and volatile condition of equity market during the year 2018.
- The ownership ratio has decreased by 5% from the last year due to the distribution of healthy cash dividend during the year 2018. Furthermore, equity also decreased due to recording unrealised loss on investment portfolio of the Company as an impact of significant decline in the stock market as at December 31, 2018.

Performance at a Glance - Six years

Capital & Reserves

- Paid-up Capital
- Voluntary Reserves
- Technical Reserves
- Total

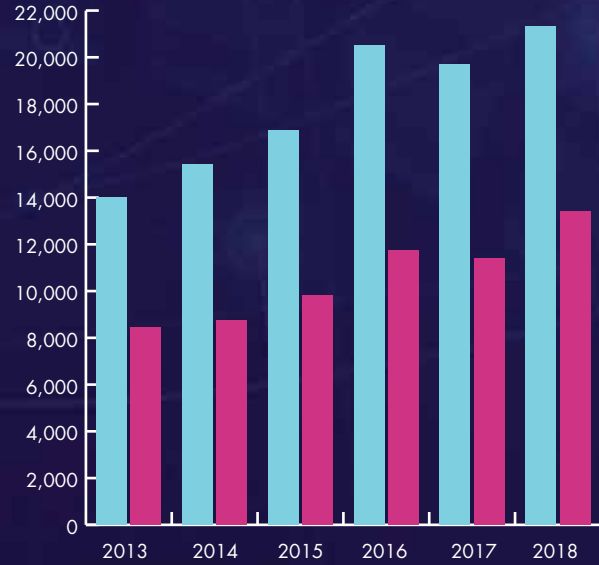
(Rupees in million)



Assets & Liabilities

- Assets
- Liabilities

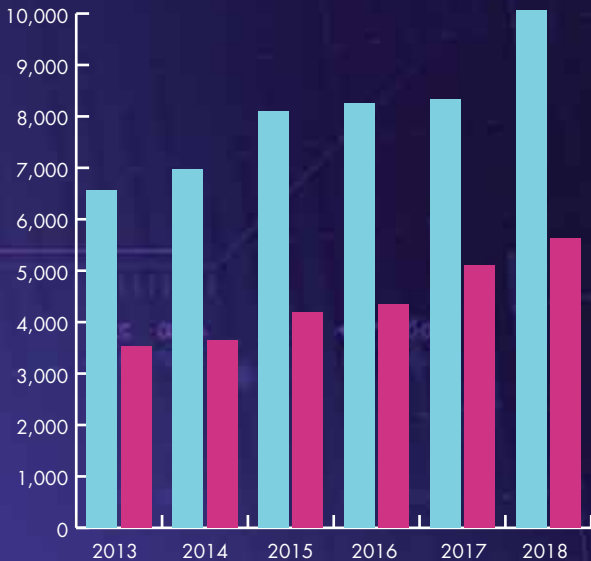
(Rupees in million)



Gross Premium and Net Premium

- Gross Premium
- Net Premium

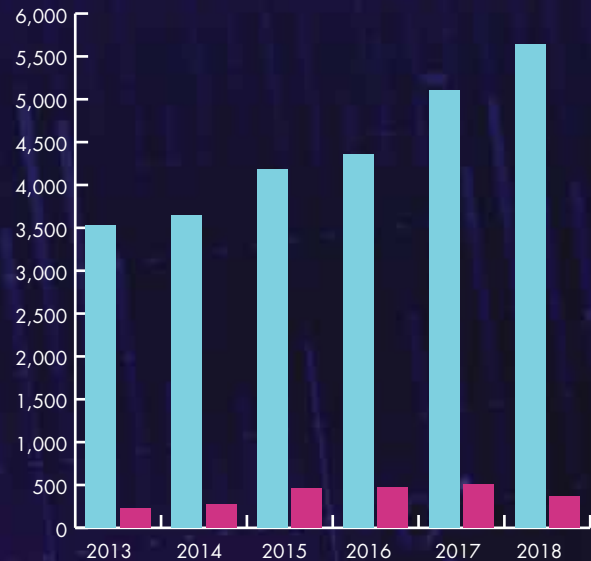
(Rupees in million)



Net Premium and Underwriting Result

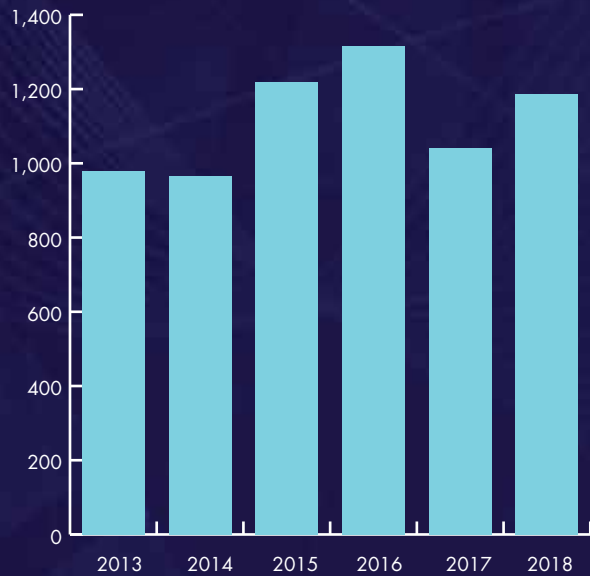
- Net Premium
- Underwriting Result

(Rupees in million)



Investment Income

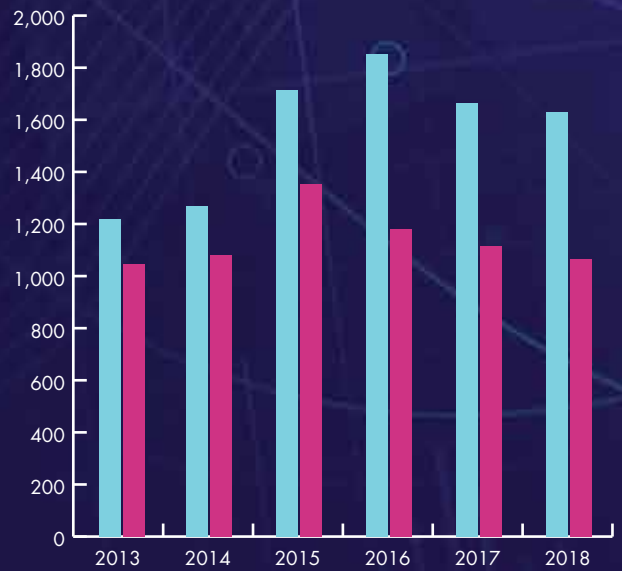
(Rupees in million)



Profit before Tax and after Taxation

■ Profit before Taxation
■ Profit after Taxation

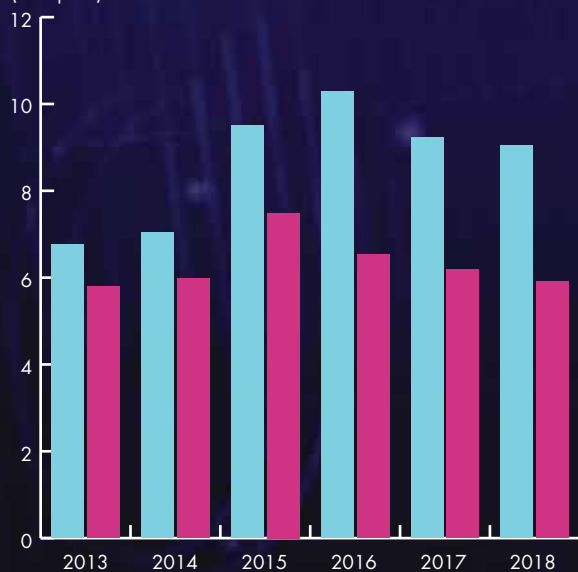
(Rupees in million)



Earning Per Share: Pre Tax and After Tax

■ Pre Tax
■ After Tax

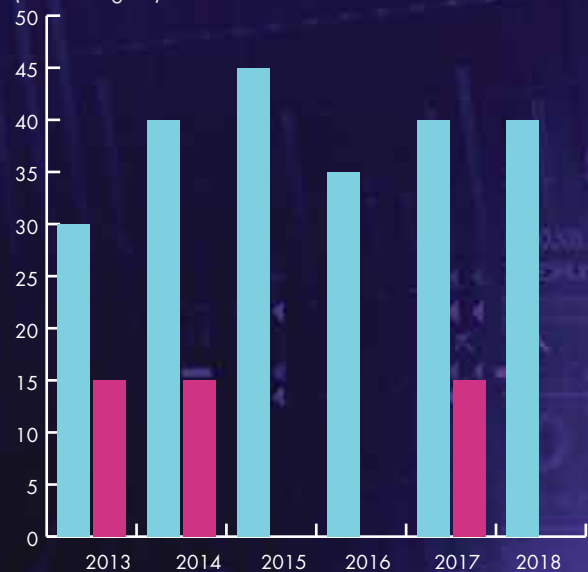
(In Rupees)



Dividend

■ Cash Dividend
■ Stock Dividend

(In Percentage %)



Performance at a Glance - Six years

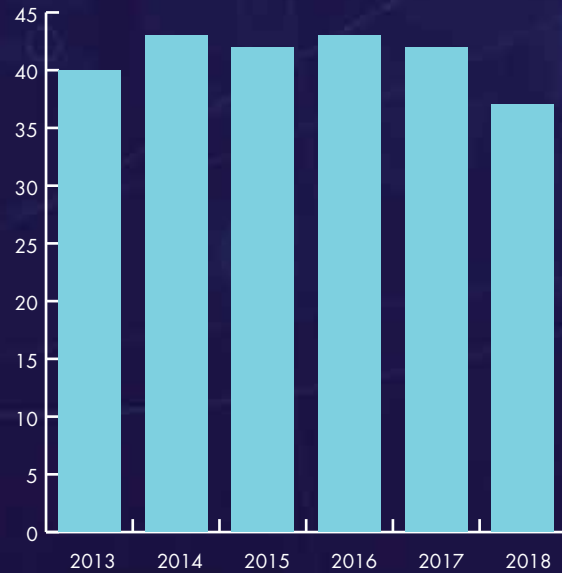
Liquid Assets / Total Assets

(In Percentage %)



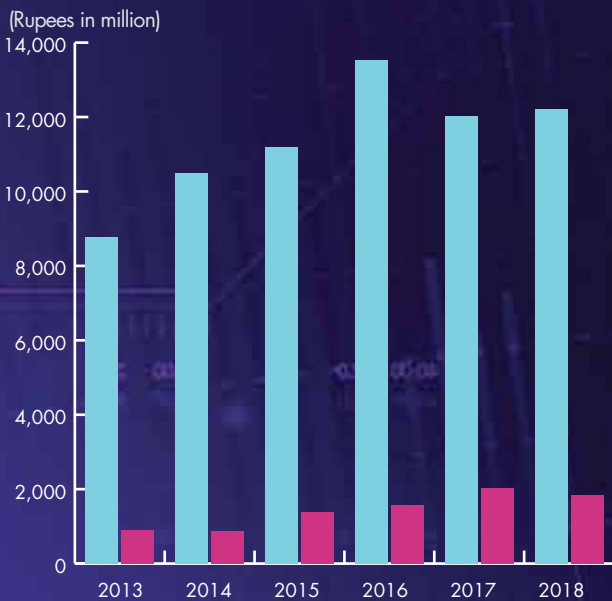
Equity / Total Assets

(In Percentage %)



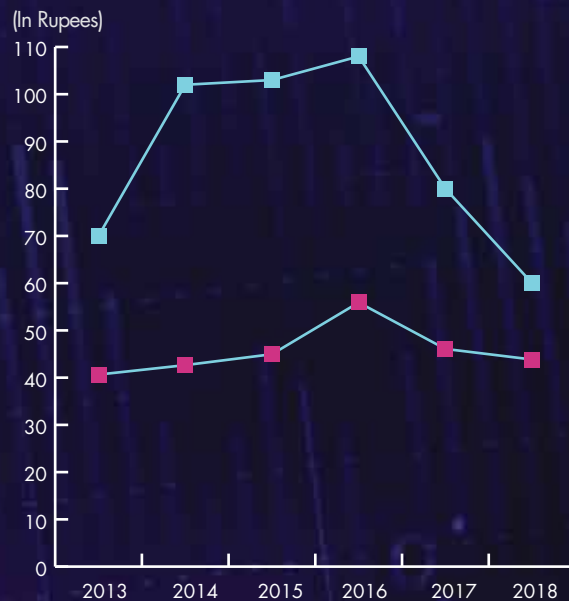
Investments and Cash & Bank

■ Investments
■ Cash & Bank



Market Value vs Breakup Value per share

■ Market Value per share
■ Breakup Value per share



Graphical Composition of Financial Statements

Balance Sheet



Assets - 2018

■ Earning Assets	66%
■ Current Assets - others	33%
■ Fixed Assets	1%



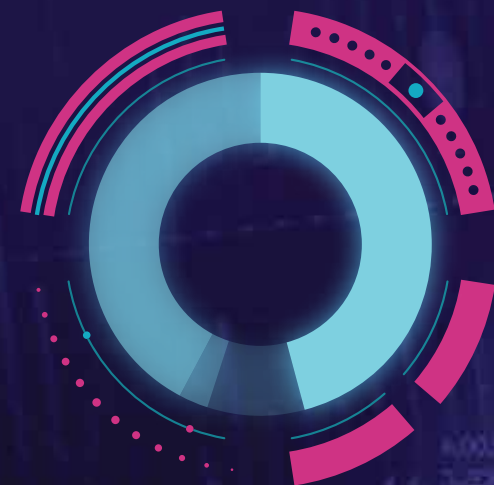
Assets - 2017

■ Earning Assets	71%
■ Current Assets - others	28%
■ Fixed Assets	1%



Shareholders' Equity and Liabilities - 2018

■ Current Liabilities	54%
■ Non-Current Liabilities	8%
■ Deferred Liabilities	1%
■ Share Capital & Reserves	37%



Shareholders' Equity and Liabilities - 2017

■ Current Liabilities	46%
■ Non-Current Liabilities	9%
■ Deferred Liabilities	3%
■ Share Capital & Reserves	42%

Graphical Composition of Financial Statements

Profit and Loss Account



Gross Premium Classwise - 2018

■ Fire	28%	■ Liability	4%
■ Marine	8%	■ Accident & Health	17%
■ Motor	20%	■ Miscellaneous	23%



Gross Premium Classwise - 2017

■ Fire	25%	■ Liability	4%
■ Marine	8%	■ Accident & Health	19%
■ Motor	21%	■ Miscellaneous	23%



Combined Ratio - 2018

■ Net Claims	57%
■ Net Commission	9%
■ Expenses	34%



Combined Ratio - 2017

■ Net Claims	58%
■ Net Commission	9%
■ Expenses	33%



Investment Income - 2018

■ Dividend Income	27%
■ Capital Gains	27%
■ Return on Bank Deposits	7%
■ Return on Govt. Securities	32%
■ Rental Income	7%



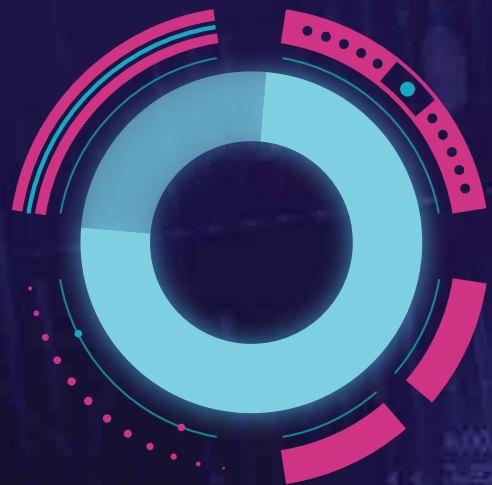
Investment Income - 2017

■ Dividend Income	41%
■ Capital Gains	17%
■ Return on Bank Deposits	9%
■ Return on Govt. Securities	25%
■ Rental Income	8%



Profit before tax - 2018

■ Investment and other Income	87%
■ Underwriting Income	13%

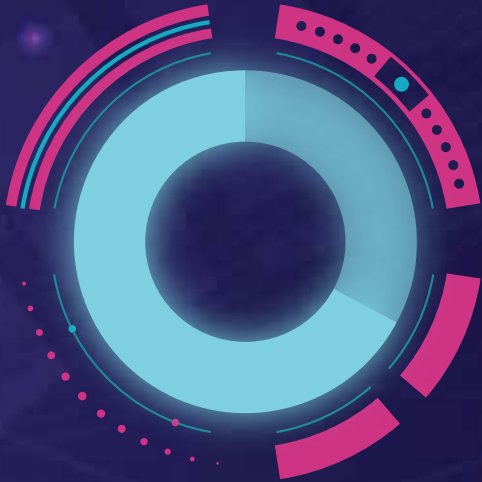


Profit before tax - 2017

■ Investment and other Income	75%
■ Underwriting Income	25%

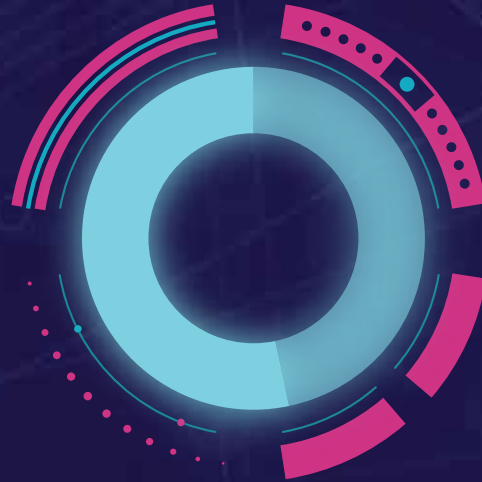
Graphical Composition of Financial Statements

Cash Flow



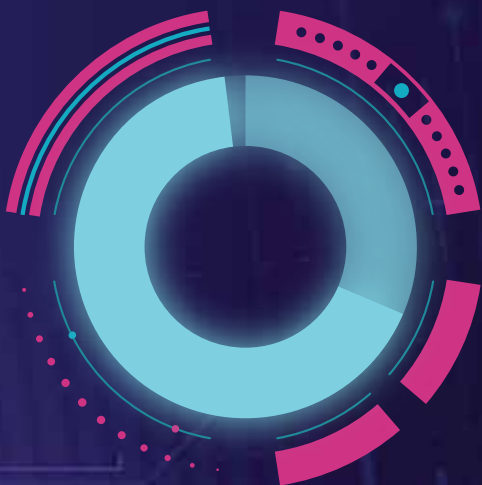
Cash Generated - 2018

Operating Activities	33%
Investing Activities	67%



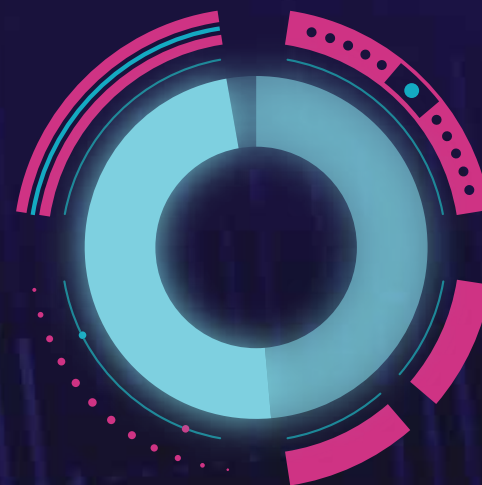
Cash Generated - 2017

Operating Activities	47%
Investing Activities	53%



Cash Consumed - 2018

Operating Activities	31%
Investing Activities	67%
Financing Activities	2%



Cash Consumed - 2017

Operating Activities	48%
Investing Activities	49%
Financing Activities	3%

Statement of Value Added

WEALTH GENERATED

Net premium revenue
Commission from reinsurers
Investment income
Rental income
Other income

2018

2017

(Rupees in '000)

Less :

Claims, Commissions and expenses
(excluding employees remuneration, depreciation, and other taxes)

Net Wealth Generated

WEALTH DISTRIBUTED

Employees remuneration

Government taxes

Contribution to society

Cash Dividend to shareholders

Retained in business

- Depreciation and Amortisation
- Earnings

4,922,929	4,610,717
289,543	282,609
1,340,463	1,203,942
123,592	120,899
101,759	65,084
<u>6,778,286</u>	<u>6,283,251</u>
3,904,423	3,542,221
<u>2,873,863</u>	<u>2,741,030</u>
1,103,328	950,336
640,701	617,636
19,816	23,858
721,786	721,786
64,330	54,061
323,902	373,353
388,232	427,414
<u>2,873,863</u>	<u>2,741,030</u>

DISTRIBUTION OF WEALTH - 2018

■ Employees remuneration	38%
■ Government taxes	22%
■ Contribution to society	1%
■ Dividend to shareholders	26%
■ Retained in business	13%



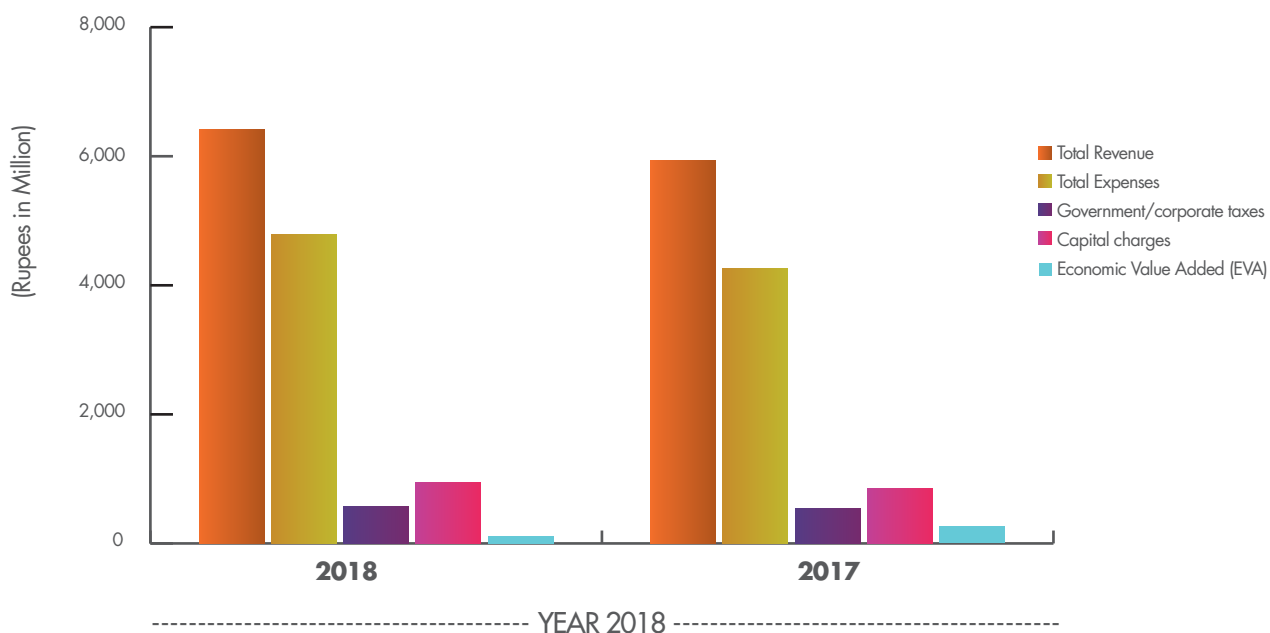
Performance Measurement

Performance measurement is key to evaluate how well an organisation is managed and the value it deliver for stakeholders. As a listed Company, for the Jubilee General, the most important stakeholders are our shareholders being the ultimate owner of the business. Due to the same reason, the value deliver by the Company to the shareholders is imperative. In the Company, performance measurement is an ongoing monitoring process. Furthermore, to evaluate performance, besides traditional and most commonly used methods of performance evaluation i.e. Ratio Analysis, calculation of returns on the various categories of assets, horizontal & vertical analysis of financial statements and various comparative statements etc., modern techniques and tools are also considered particularly with special reference to the value addition for the shareholders. Following are advance techniques / tools to measure performance of the Company.

Economic Value Added

Economic Value Added (EVA) is a measurement of a company's financial performance based on the residual wealth calculated by deducing its cost of capital from its operating profit after adjustment of tax. EVA can also be referred to as true economic profit of the Company. In Jubilee General, EVA is calculated to evaluate internal management performance. It compares the net operating profit to total cost of capital and through this evaluation tool, the performance of the overall business is evaluated. As a non life insurance Company, Jubilee General is highly concerned for delivering higher value to its shareholder. In 2018, the Company generated economic value of Rs. 120 million (2017: Rs. 263 million). In both years the company has successfully added economic value from its operations. Following indicate the EVA for the year ended 31 December 2018 and 2017:

Particulars	2018	2017
	(Rupees in Million)	
Total Revenue	6,412	5,932
Less: Total Expenses	4,781	4,268
Government/corporate taxes	565	547
Capital charges	946	854
Economic Value Added (EVA)	120	263



Market Value Added

In order to measure the external performance, Market Value Added (MVA) is calculated to ascertain that how the market has evaluated the Company's performance in terms of market value of share as compared to its book value. In Jubilee General, MVA is calculated to evaluate management performance with special reference to market value of JGI's share versus its book value.

As at December 31, 2018, the market value of total outstanding shares of the Company stood at Rs. 10.83 billion (2017: Rs. 14.44 billion) and the total book value of outstanding share as at December 31, 2018 reflected Rs. 7.9 billion (2017: Rs. 8.3 billion). Therefore, the market value is more than book value of the Company in 2018 by Rs. 2.93 billion (2017: Rs. 6.12 billion).

Major Capital and IT Expenditures

It is an aim of Jubilee General Insurance Company to become an **insurtech** in near future so that the Company may be able to meet the insurance requirements effectively and efficiently of the modern times upcoming ahead. Due to the same reason, the Company is engaged in the development of various **Android Applications** for its insurance products and services. Furthermore, during the year, the Company has also added various additional payment methods in its existing online products available to the customers in order to facilitate them with respect to the mode of payments.

In order to make the Claims Settlement Process swift and smooth, Company has developed a **Motor Claims Android Application** so that the insured can lodge their legitimate claims online and get paid in the minimum possible time span.

The modern business environment becoming paperless rapidly and the same trend is being followed in Pakistan. In order to create a **Paperless Environment** in the organisation, the Company is also in the process of implementing "Document Management System (DMS)" so that the pile of documents can be avoided and the relevant documents can be available on a single click. This project will be completed in 2019.

In order to work efficiently in the modern business environment, it is necessary that the officials of the Company should be fully equipped with **modern business working tools**. During the year, the Company has incurred Rs. 75 million (2017:Rs.18 million) to acquire modern IT tools and software along with advanced computer hardware and communication tools to increase the efficiency and effectiveness as well as to enhance the customer services experience.

Report of the Board Audit Committee

For the year ended 31 December 2018

The Board Audit Committee comprises of three 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 the 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, 2018 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 Act, 2017, the Insurance Ordinance, 2000 and Insurance Rules, 2017;
- 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, 2018, 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; and
- Proper, accurate and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017.

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 the 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, 2018.
- 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 M/s. KPMG Taseer Hadi & Co. have completed their term of 5 years and are not eligible for reappointment.
- The Board Audit Committee recommends the appointment of M/s. A F Ferguson & Company Chartered Accountants as statutory auditors for the financial year ending December 31, 2019 on terms to be determined by the Board of Directors.



Aryn Currimbhoy
Chairman, Board Audit Committee

Karachi: 04 February, 2019

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 specialised in Islamic Jurisprudence and Islamic Finance from Jamia Dar Ul Uloom Karachi, Pakistan, having Takhassus Fil Ifta (Specialisation in Islamic Jurisprudence) with 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 Institutions 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 pharmaceuticals companies in different parts of the world.

Shariah Advisor's Report to the Board of Directors

For the year ended 31 December 2018

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

I have reviewed the General Takaful products including all related documents, as well as, the Participant 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 2018.

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 in all its business operations, and that all products and policies are duly approved by the Shariah Advisor.

My responsibility is to approve the products and policies, express an opinion that the financial arrangements, Re-Takaful 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 in its business operations, including the transactions undertaken by the Takaful Operator during the year and express his opinion on transactions and operational aspects of Window Takaful Operations.
progress of the year.

During the period under review; Jubilee General Window Takaful Operations has achieved significant successes, details of which are as follows:

1. Alhamdulillah, Jubilee General - Window Takaful Operations has maintained its position as one of the Market Leaders in the General Takaful Industry of the country.
2. Under the guidance of undersigned and after getting Shariah approval, during the year the Takaful Operator has developed and offered a number of new products, main related to the Retail & Banca-Takaful Products, for its Customers/Participants, which have also shown positive results in the market.
3. Divisions and Branches of the Company have fully participated in the business & growth of Takaful from different locations of the country.
4. Significant success has been achieved in the Banca-Takaful Agreements with Islamic Banks. At this stage, I am also thankful to the Partners Banks for the confidence they have shown on Jubilee General-WTO's Takaful Products and Services.

Shariah Certification:

I confirm that 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 2018 were in accordance with guidelines issued by Shariah Advisor as well as requirements of Takaful Rules 2012;
- ii. for the investment purpose of Takaful Funds, the Shari'ah Compliant Investment Policy had already been approved by the undersigned and 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 which are completely separate from the conventional insurance business;
- iii. 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 (OF);
- iv. during the year, Rs. 15,483/- and Rs. 7,199/- from OTF and PTF respectively, has been disbursed as Charity amount through dividend income purification process, with prior Shariah approval.
- v. While concluding; I state that the Shari'ah principles were followed in every aspect of practical implementation of Jubilee General-WTO during the year. I am grateful to the Board of Directors of Jubilee General, Management, Head of Window Takaful Operations, Divisional & Branch Heads and all relevant departments who cooperated with the Shariah Compliance function and provided every possible support to ensure Shari'ah Compliance in our Takaful practices.

"And Allah Knows Best"



Mufti Zeeshan Abdul Aziz
Shariah Advisor

Karachi: 05 February 2019



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Independent Auditors' Review Report

To the members of Jubilee General Insurance Company Limited Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 and Code of Corporate Governance Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Jubilee General Insurance Company Limited** ("the Company") for the year ended 31 December 2018 to comply with the requirements of regulation 40 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2018.

Date: 05 February, 2019

Karachi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

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.

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

For the year ended 31 December 2018

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 Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations).

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

1. The total number of directors are nine (9), as per the following:
 - a. Male: 9
 - b. Female: None
2. 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	Amyr Currimbhoy
Executive Director	Tahir Ahmed
Non-Executive Director	Towfiq H. Chinoy
	Sadruddin Hashwani
	Akbarali Pesnani
	John Joseph Metcalf
	R. Zakir Mahmood
	Amin A. Hashwani
	Farhan Talib

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

3. The directors have confirmed that none of them is serving as a director in more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial institution or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.
5. A casual vacancy occurred on the Board on February 13, 2018, which was filled up by the Board on the same date. The approval of the SECP was subsequently received on March 2, 2018.
6. 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.
7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, and other executive directors and the key officers, have been taken by the Board. Decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.

9. 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.
10. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
11. 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.
12. 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. Following directors & executives have completed the Director's Training Program,

Directors:

Mr. Towfiq H. Chinoy
Mr. Akbarali Pesnani
Mr. Zakir Mahmood
Mr. John Joseph Metcalf
Mr. Aryn Currimbhoy
Mr. Tahir Ahmed

Executive:

Mr. Fahad Alam - Company Secretary

13. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
14. 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.
15. The financial statements of the Company were duly endorsed by CFO and CEO before approval of the Board.
16. The directors, CEO and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
17. The Company has complied with all the corporate and financial reporting requirements of the Code.
18. The Board has formed the following Management Committees,

Underwriting Committee

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

Takaful Committee

Name of Member	Category
Tahir Ahmed	Chairman
Azfar Arshad	Member
Nawaid Jamal	Member
Syed Sohail Ahmed	Member

19. The Board has formed the following Board Committees:

Human Resource, Remuneration & Nomination Committee

Name of Member	Category
Amyr Currimbhoy – Chairman	Independent
John Joseph Metcalf	Non-Executive
Tahir Ahmed	Executive
Amin A. Hashwani	Non-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
Nawaid Jamal	Chief Financial Officer

Risk Committee

Name of Member	Category
Towfiq H. Chinoy – Chairman	Non-Executive
John Joseph Metcalf	Non-Executive
R. Zakir Mahmood	Non-Executive
Mr. Amin A. Hashwani	Non-Executive
Mr. Farhan Talib	Non-Executive
Tahir Ahmed	Executive

20. **Audit Committee**

The Board has formed an Audit Committee. It comprises of three 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
Amyr Currimbhoy - Chairman	Independent
Akbarali Pesnani	Non-Executive
John Joseph Metcalf	Non-Executive

21. The meetings of the Committees, except Human Resource, Remuneration & Nomination 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.

22. 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.

23. 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 the 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
Kamran Arif	Head of Claims
Mohammad Safdar	Head of Reinsurance
Imran Mughal	Head of Risk Management
Uzair Mirza	Head of Financial Lines (Incl. Grievance)
Tariq Mushtaq	Head of Underwriting

24. The Company continued to present the details of all related party transactions as disclosed in the financial statements before the Board Audit Committee and upon their recommendation to the Board for review and approval. The Company also has in place a process to identify the related parties and related transactions entered into with them. However, full compliance of the requirements as laid down in Section 208 of the Companies Act, 2017 is dependent on clarification from SECP with respect to definition of related parties.

25. 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 and registered with Audit Oversight Board 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.

26. 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.

27. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.

28. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code.

29. The Company has set up a risk management function / department, which carries out its tasks as covered under the Code.
30. 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+	16 November 2018
PACRA – Pakistan	AA+	06 December 2018
JCR-VIS – Pakistan	AA+	31 December 2018

31. The Board has set up a grievance function to comply with the requirements of the Code.
32. 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 October 23, 2018.
33. 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.
34. The Company has not obtained any exemption(s) from the SECP in respect of the requirements of the Code.
35. We confirm that all other material principles contained in the Code and Regulations have been complied with.

By Order of the Board



Tahir Ahmed
Managing Director & Chief Executive
Karachi: 05 February 2019



Aryn Currimbhoy
Director

Statement of Compliance with the Shariah Principles

For The Year Ended 31 December 2018

The financial arrangements, contracts and transactions, entered into by Jubilee General Insurance Company Limited Window Takaful Operations of ('the Company') for the year ended December 31, 2018 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 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 sensitisation of the staff and, the 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 policies 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 dully confirmed by the Shariah Advisor of the Company



Tahir Ahmed

Managing Director & Chief Executive

Karachi: 05 February, 2019



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 2018, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Applicable Criteria

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

Responsibilities of the Management

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

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

Our Independence and Quality Control

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

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

Our responsibilities

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

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations compliance with the Takaful Rules, 2012, in order to design assurance 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.



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

The procedures performed included:

- Evaluate the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;
- Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shari'ah Advisor and the board of directors;
- Test for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and
- Review the statement of management's assessment of compliance of the Takaful transactions during the year ended 31 December 2018 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.

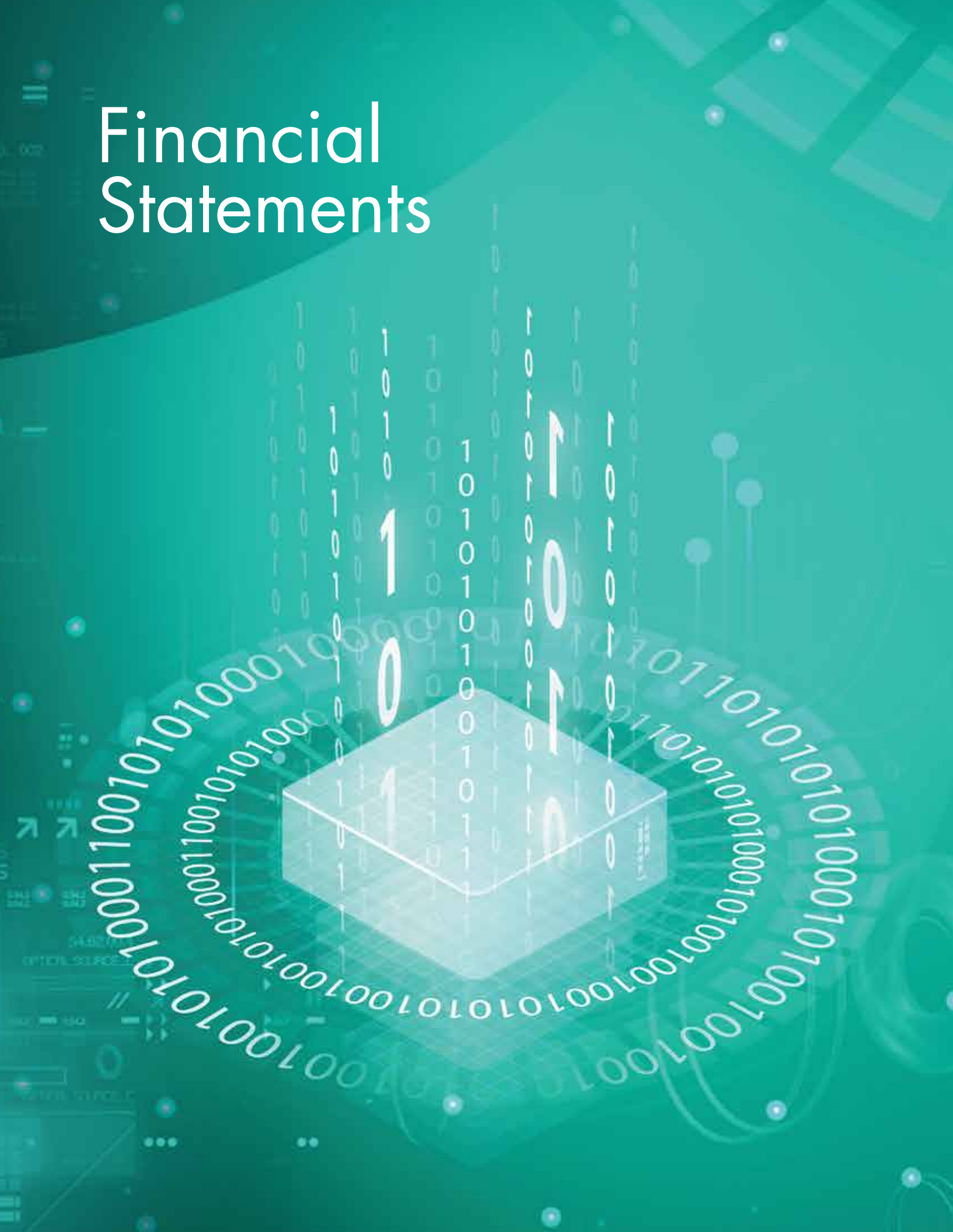
In our opinion, the annexed statement, for the year ended 31 December 2018, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Date: 05 February, 2019

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Financial Statements



INDEPENDENT AUDITORS' REPORT

To the members of Jubilee General Insurance Company Limited (the Company)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Jubilee General Insurance Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2018, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 31 December 2018 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Key audit matters

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

Following are the key audit matters:

S. #	Key audit matter(s)	How the matter was addressed in our audit
1	<p>Changes in accounting policies due to introduction of Insurance Rules, 2017 and Insurance Accounting Regulations, 2017</p> <p>Refer note 3.1 to the financial statements for changes in accounting policies</p> <p>Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 became effective from 1 January 2018. These regulations contained a new format of financial statements and changed the presentation basis. These changes also required changes in basis of valuation of various investments.</p> <p>Because of the significance of the 'change', this was identified as key audit matter.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> Evaluated the adequacy and completeness of the disclosures relating to changes in accounting policies and adjustments required in accordance with accounting and reporting standards as applicable in Pakistan; and Evaluated the adequacy and completeness of additional disclosures as required under new accounting regulations.

S. #	Key audit matter(s)	How the matter was addressed in our audit
2	<p>Classification, Valuation and Impairment of Investments</p> <p>Refer note 3.14 and 3.20 to the financial statements for accounting policies and details in respect of classification, valuation and impairment of investments.</p> <p>The Company's investment portfolio comprise of government debt securities, equity securities, other fixed income securities and term deposits.</p> <p>Investments classified as available for sale represent 83.88% of the total investments while investments classified as Fair value through Profit and Loss and Held to Maturity represent 3.89% of total investments.</p> <p>We identified the classification, valuation and impairment of investments as key audit matter because of the significance of investments and management's judgment involved in classification and impairment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluated the design and tested the operating effectiveness of controls designed for classification and valuation of investments and for impairment of investments classified as available for sale; • Tested, on a sample basis, specific investments buying and selling transactions and classification recorded with underlying documentation. • Assessed the methodology used and evaluated the valuation of debt securities using the market yield pricing methodology based on interpolation of relevant rates and valuation of equity securities and mutual fund units by comparing the quoted prices of Pakistan Stock Exchange and Mutual Fund Association of Pakistan (MUFAP) respectively for the securities; and • Assessed the appropriateness of impairment in the value of available for sale securities held by the Company in accordance with accounting and reporting standards as applicable in Pakistan.
3	<p>Revenue Recognition Risk</p> <p>Refer note 3.13 to the financial statements for accounting policies and details in respect of revenue recognition.</p> <p>The Company receives its revenue primarily from two main sources namely; premiums and investments income. Premiums from insurance policies comprise of 82.84% of the total revenue.</p> <p>We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained the understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to premiums and investment income; • Assessed the appropriateness of the Company's accounting policy for recording of premiums and investment income in line with requirements of applicable accounting and reporting standards; • Tested the policies on sample basis where premium was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; and • Tested the investment income transaction on sample basis where investment income was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate period.

S. #	Key audit matter(s)	How the matter was addressed in our audit
4	<p>Valuation of Claim Liabilities</p> <p>Refer note 3.17 to the financial statements for accounting policies and details in respect of claim liabilities. .</p> <p>The Company's claim liabilities represents 32.95% of its total liabilities. Valuation of these claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimate. The Company maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. The actuarial valuation process involves significant judgment and the use of actuarial assumptions.</p> <p>We have identified the valuation of claim liabilities as key audit matter because estimation of claims liabilities involves a significant degree of judgment</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluate the design and test the controls over the process of capturing, processing and recording of information related to the claims; • Obtained an understanding, evaluated the design and tested the controls related to recoveries from reinsurance arrangements; • Inspected significant arrangements with reinsurer to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions; • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards; • Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations; • Assessed the sufficiency of reserving of claim liabilities, by testing calculations on the relevant data including recoveries from reinsurers based on their respective arrangements; • Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period; • Analyze the trends of claims reported as against the Company's historical performance and evaluated the reasonableness of major variations; • Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for determination of IBNR; and • Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions.

S. #	Key audit matter(s)	How the matter was addressed in our audit
5	<p>Valuation of insurance / reinsurance receivables</p> <p>Refer note 3.10 and 13 to the financial statements for accounting policies and details in respect of Valuation of insurance / reinsurance receivables.</p> <p>The Company's insurance / reinsurance receivables represents 8.06% of its total assets which are stated net of provision for impairment of Rs.181.961 million. Valuation of these receivables involves significant judgement regarding uncertainty in determining impairment / provisions.</p> <p>We identified the valuation of insurance / reinsurance receivables as a key audit matter as the estimation involves a significant degree of judgment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Tested the accuracy of insurance / reinsurance receivables aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to evaluate that the balances appearing in the ageing report were classified within appropriate ageing bucket. • Assessed the appropriateness of assumptions and estimates made by the management for the provision for impairment by comparing, on a sample basis, past experience and historical trends of collection, the financial circumstances of counter parties; their credit ratings; and actual write offs and receipts and settlement from/with customers and reinsurer subsequent to the financial year end. • Assessed the reinsurance share of claims outstanding against the terms of the reinsurance contracts and the related recorded liabilities and • Assessed the historical accuracy of provisions for bad debt recorded by examining the utilization or release of previously recorded provisions.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 2018 but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and
- d) 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.

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Nadeem.

Date: 05 February, 2019

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Statement of Financial Position

As at 31 December, 2018

		31 December 2018	31 December 2017 (Restated)	01 January 2017 (Restated)
	Note	.....(Rupees in '000).....		
Assets				
Property and equipment	5	173,500	178,179	168,161
Intangible assets	6	68,492	20,417	18,849
Investment properties	7	656,871	658,873	665,263
Investments in associates	8	769,210	638,800	525,306
Investments				
Equity securities	9	5,105,119	5,466,732	7,259,500
Debt securities	10	5,521,901	4,992,394	4,379,920
Term deposits	11	131,696	242,180	662,684
Loans and other receivables	12	147,500	126,806	143,384
Insurance / reinsurance receivables	13	1,718,328	1,782,824	1,528,452
Reinsurance recoveries against outstanding claims		3,029,644	1,987,502	1,940,557
Salvage recoveries accrued		27,150	26,505	26,308
Deferred commission expense / acquisition cost	28	280,970	269,685	243,958
Prepayments	15	1,691,595	1,145,945	1,263,200
Cash and Bank	16	1,669,039	1,893,276	1,504,687
Total assets of Window Takaful Operations - Operator's Fund	17	322,137	267,446	185,969
Total Assets		21,313,152	19,697,564	20,516,198



Towfiq H. Chinoy
Chairman



Tahir Ahmed
Chief Executive

		31 December 2018	31 December 2017 (Restated)	01 January 2017 (Restated)
	Note	.....(Rupees in '000).....		
Equity and Liabilities				
Capital and reserves attributable to Company's equity holders				
Ordinary Share Capital	18	1,804,465	1,804,465	1,569,100
Reserves	19	5,038,172	5,443,506	6,015,807
Unappropriated profit		1,065,418	1,064,999	1,188,474
Total Equity		7,908,055	8,312,970	8,773,381
Liabilities				
Underwriting Provisions				
Outstanding claims including IBNR	27	4,362,199	3,431,665	3,337,432
Unearned premium reserves	26	3,533,063	2,947,608	2,835,155
Unearned reinsurance commission	28	102,536	124,063	117,105
Deferred taxation	20	209,388	533,565	995,906
Premium received in advance		196,109	150,931	100,682
Insurance / Reinsurance Payables	21	1,753,164	1,144,001	1,369,418
Other Creditors and Accruals	22	1,229,204	1,032,519	969,121
Deposits and other payables	23	1,616,174	1,665,900	1,693,482
Taxation - provision less payments	24	236,052	227,839	240,029
Total Liabilities		13,237,889	11,258,091	11,658,330
Total liabilities of Window Takaful Operations - Operator's Fund	17	167,208	126,503	84,487
Total Equity and Liabilities		21,313,152	19,697,564	20,516,198
Contingencies	25			

The annexed notes 1 to 48 form an integral part of these financial statements.



Amin A. Hashwani
Director



Amyn Currimbhoy
Director



Nawaid Jamal
Chief Financial Officer

Profit and Loss Account

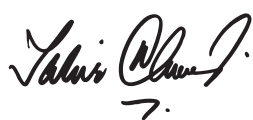
For the year ended 31 December 2018

		2018	2017 (Restated)
	Note	.....(Rupees in '000).....	
Net insurance premium	26	4,922,929	4,610,717
Net Insurance claims	27	2,691,068	2,450,107
Net Commission and other acquisition costs	28	413,589	391,738
Insurance claims and acquisition expenses		3,104,657	2,841,845
Management Expenses	29	1,606,545	1,360,183
Underwriting results		211,727	408,689
Investment income	30	1,019,544	879,213
Rental income	31	87,885	84,017
Other income	32	99,662	83,383
Other expenses	33	(70,017)	(65,246)
Results of operating activities		1,348,801	1,390,056
Share of profit of associates	8	200,066	214,139
Profit from Window Takaful Operations	17	82,411	60,109
Profit before tax		1,631,278	1,664,304
Income tax expense	34	(564,973)	(547,319)
Profit after tax		1,066,305	1,116,985
Earnings (after tax) per share - Rupees	35	5.91	6.19

The annexed notes 1 to 48 form an integral part of these financial statements.



Towfiq H. Chinoy
Chairman



Tahir Ahmed
Chief Executive



Amin A. Hashwani
Director



Aryn Currimbhoy
Director



Nawaid Jamal
Chief Financial Officer

Statement of Comprehensive Income


For the year ended 31 December 2018

	2018	2017 (Restated)
	.....(Rupees in '000).....	
Profit after tax	1,066,305	1,116,985
Other comprehensive income		
Item that will never be reclassified to profit and loss account in subsequent year		
Actuarial (loss) on defined benefit plan - net off tax	(20,617)	(21,846)
Item to be reclassified to profit and loss account in subsequent year		
Unrealised (diminution) on available for sale investments - net off tax	(549,263)	(791,802)
Reclassification adjustment for net gain on available for sale investments included in profit and loss account - net off tax	(193,784)	(191,641)
Share in other comprehensive income of an associates	(743,047)	(983,443)
- Net Unrealised appreciation / (diminution) 'available for sale' investments - net off tax	546	(23,843)
- Foreign currency translation difference - net off tax	15,272	3,536
	15,818	(20,307)
Unrealised (diminution) on 'available for sale investments of Window Takaful Operations - net off tax	(1,767)	(2,198)
Reclassification adjustment for net loss / (gain) on available for sale investments included in profit and loss account of Window Takaful Operations - net off tax	179	(417)
	(1,588)	(2,615)
Other comprehensive (loss) for the year	(749,434)	(1,028,211)
Total comprehensive income for the year	316,871	88,774

The annexed notes 1 to 48 form an integral part of these financial statements.



Towfiq H. Chinoy
Chairman



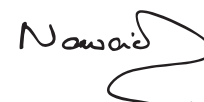
Tahir Ahmed
Chief Executive



Amin A. Hashwani
Director



Amyn Currimbhoy
Director



Nawaid Jamal
Chief Financial Officer

Cash Flow Statement

For the year ended 31 December 2018

2018

2017

.....(Rupees in '000).....

Operating Cash flows

(a) Underwriting activities

Insurance premium received	9,281,146	7,451,249
Reinsurance premium paid	(3,594,158)	(3,070,607)
Claims paid	(3,996,825)	(3,273,427)
Reinsurance and other recoveries received	1,183,398	909,251
Commission paid	(713,032)	(663,009)
Commission received	289,543	282,609
Management expenses paid	(1,580,603)	(1,322,793)
Net cash flow from underwriting activities	869,469	313,273

(b) Other operating activities

Income tax paid	(548,048)	(564,603)
General and administration expenses paid	(37,291)	(34,191)
Other operating payments	(1,001,432)	(939,553)
Other operating receipts	1,139,510	851,370
Loans advanced	(1,152)	(1,320)
Loan repayments received	1,118	1,374
Net cash flow from other operating activities	(447,295)	(686,923)

Total cash flow from all operating activities

422,174 (373,650)

Investment activities

Profit / return received	465,303	408,255
Dividends received	314,958	430,868
Rentals received - net of expenses	99,833	91,285
Payments for investments / investment property	(24,220,666)	(9,783,766)
Proceeds from investments	23,364,603	9,868,321
Fixed capital expenditure	(106,701)	(65,764)
Proceeds from sale of property and equipment	3,000	3,598

Total cash flow from investing activities

(79,670) 952,797

Financing activities

Dividends paid	(705,595)	(538,942)
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Total cash flow from financing activities

(705,595) (538,942)

Net cash flow from all activities

(363,091) 40,205

Cash and cash equivalents at beginning of year

2,054,306 2,014,101

Cash and cash equivalents at end of year

1,691,215 2,054,306

	2018	2017
	.....(Rupees in '000).....	
Reconciliation to Profit and Loss Account		
Operating cash flows	422,174	(373,650)
Depreciation / amortisation expense	(57,798)	(47,671)
(Loss) on disposal of property and equipment	(2,507)	(2,939)
(Loss) on remeasurement of investments at fair value through profit or loss	(90,851)	(51,768)
Profit on disposal of investments	439,752	250,229
Rental income	87,885	84,017
Dividend income	315,383	427,152
Other Investment income	635,640	556,944
Profit for the year from Window Takaful Operations	58,512	42,076
Actuarial loss on defined benefit plan	29,038	21,846
Increase in assets other than cash	1,513,699	233,603
(Increase) in liabilities other than borrowings	(2,284,622)	(22,854)
Profit after taxation	<u>1,066,305</u>	<u>1,116,985</u>
Cash for the purposes of the Statement of Cash Flows consists of:		
Cash and bank deposits		
Cash and other equivalents		
Cash	99	205
Policy stamps and bond papers in hand	4,594	3,659
	<u>4,693</u>	<u>3,864</u>
Current and other accounts		
Current accounts	185,075	147,755
Profit and loss savings accounts	1,479,271	1,741,657
	<u>1,664,346</u>	<u>1,889,412</u>
Deposits having maturity within 3 months (encashable on demand)		
Term deposits - local currency	-	150,000
Term deposits - foreign currency	22,176	11,030
	<u>22,176</u>	<u>161,030</u>
	<u>1,691,215</u>	<u>2,054,306</u>
Reconciliation of liabilities arising out of financing activities		
Unclaimed dividend as at 01 January	82,950	72,707
Changes from financing activities		
Dividend paid	(705,595)	(538,942)
Others		
Final cash dividend for the year ended 31 December 2017 @ 40% (2016: 35%)	721,786	549,185
Unclaimed dividend as at 31 December	<u>99,141</u>	<u>82,950</u>



Towfiq H. Chinoy
Chairman



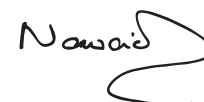
Tahir Ahmed
Chief Executive



Amin A. Hashwani
Director



Aryn Currimbhoy
Director



Nawaid Jamal
Chief Financial Officer



Statement of Changes In Equity

For the year ended 31 December 2018

Attributable to equity holders of the Company

Share capital	Revenue reserves							Company's share of money ceded to waqf fund by an associate	Total	
	Capital reserve	Reserve for exceptional losses	General reserve	Special reserve	Exchange translation reserve on investment in foreign associate	Unrealised appreciation / (diminution) 'available for sale' investments	Unappropriated profit			Company's share of Retained earnings arising from business other than participating business attributable to shareholder Ledger D of an associate
1,569,100	9,384	3,150,000	700,000	(5,852)	-	1,193,316	-	(16,091)	-	6,599,857
-	-	-	-	-	2,055,823	-	(4,842)	-	-	2,055,823
-	-	-	-	-	-	-	-	81,898	16,091	11,249
-	-	-	-	-	-	-	-	-	-	81,898
-	-	-	-	-	24,522	-	-	-	-	32
-	-	-	-	-	2,080,345	-	(4,842)	81,898	16,091	24,522
1,569,100	9,384	3,150,000	700,000	(5,852)	2,080,345	1,188,474	-	81,898	-	2,173,524
-	-	-	-	-	-	-	-	-	-	32
-	-	-	-	-	-	-	-	-	-	8,773,381
-	-	-	-	-	-	1,116,985	(34,064)	34,064	-	1,116,985
-	-	-	-	-	-	(21,846)	-	-	-	(21,846)
-	-	-	-	3,536	-	-	-	-	-	3,536
-	-	-	-	-	(23,843)	-	-	-	-	(23,843)
-	-	-	-	-	(794,000)	-	-	-	-	(794,000)
-	-	-	-	-	(192,058)	-	-	-	-	(192,058)
-	-	-	-	3,536	(1,009,901)	1,061,075	34,064	-	-	88,774
-	-	-	-	-	-	(549,185)	-	-	-	(549,185)
235,365	-	300,000	-	-	-	(235,365)	(300,000)	-	-	-
-	-	-	100,000	-	-	(100,000)	-	-	-	-
235,365	-	300,000	100,000	-	-	(1,184,550)	-	-	-	(549,185)
1,804,465	9,384	3,450,000	800,000	(2,316)	1,070,444	1,064,999	115,962	-	32	8,312,970

(Rupees in '000)

Balance as at 01 January 2017 - as previously reported
 Net effect of changes in accounting policies (refer note 3.1)

Unrealised appreciation available for sale investments including WTO - net off tax
 Share of associates - net of tax
 - Unappropriated profit
 - Ledger D balances
 - Money ceded to waqf fund of an associates
 - Unrealised appreciation available for sale investments

Balance as at 01 January 2017 as restated

Changes in equity for the year ended 31 December 2017

Total comprehensive income

Profit after taxation
 Ledger D balances
Other comprehensive income
 - Actuarial gain on defined benefit plan - net off tax
 - Foreign currency translation difference - net off tax
 - Share in other comprehensive income of an associates
 - Net unrealised (loss) arising during the year on revaluation of available for sale investments (including WTO) - net off tax
 - Reclassification adjustment for net gain on available for sale investments included in profit and loss account (including WTO) - net off tax

Transactions with owners recorded directly in equity

Final cash dividend at Rs.3.5 (35%) per share for the year 2016
 Issuance of bonus share @ 15% for the year 2016
 Transfer to general reserve
 Transfer to special reserve

Balance as at 31 December 2017 as restated

Attributable to equity holders of the Company

Share capital	Revenue reserves										Total
	Capital reserve		Revenue reserves								
	Reserve for exceptional losses	General reserve	Special reserve	Exchange translation reserve on investment in foreign associate	Unrealised appreciation / (diminution) 'available for sale' investments	Unappropriated profit	Company's share of Retained earnings arising from business other than participating business attributable to shareholder Ledger D of an associate	Company's share of capital contributed to the statutory fund by an associate	Company's share of money ceded to waqf fund by an associate		
1,804,465	9,384	3,450,000	800,000	(2,375)	-	1,069,922	-	(9,661)	-	7,121,735	
-	-	-	-	-	1,069,765	-	-	-	-	1,069,765	
-	-	-	-	59	-	(4,923)	-	9,661	-	4,738	
-	-	-	-	-	-	-	115,962	-	-	59	
-	-	-	-	-	-	-	-	-	32	115,962	
-	-	-	-	-	679	-	-	-	-	32	
-	-	-	-	59	1,070,444	(4,923)	115,962	9,661	32	1,191,235	
1,804,465	9,384	3,450,000	800,000	(2,316)	1,070,444	1,064,999	115,962	-	32	8,312,970	
-	-	-	-	-	-	1,066,305	23,483	-	-	1,066,305	
-	-	-	-	-	-	(23,483)	-	-	-	-	
-	-	-	-	15,272	-	(20,617)	-	-	-	(20,617)	
-	-	-	-	-	546	-	-	-	-	15,272	
-	-	-	-	-	(551,030)	-	-	-	-	546	
-	-	-	-	-	(193,605)	-	-	-	-	(551,030)	
-	-	-	-	-	(744,089)	1,022,205	23,483	-	-	(193,605)	
-	-	-	-	15,272	-	1,022,205	-	-	-	316,871	
-	-	100,000	-	-	-	(721,786)	-	-	-	(721,786)	
-	-	200,000	200,000	-	-	(100,000)	-	-	-	-	
-	-	100,000	200,000	-	-	(200,000)	-	-	-	-	
-	-	-	-	-	-	(1,021,786)	-	-	-	(721,786)	
1,804,465	9,384	3,550,000	1,000,000	12,956	326,355	1,065,418	139,445	-	32	7,908,055	

Balance as at 1 January 2018 as reported
 Net effect of changes in accounting policies (refer note 3.1)
 Unrealised appreciation available for sale investments including WTO - net of tax
 Share of associates - net of tax
 - unappropriated profit
 - Foreign currency translation difference
 - Ledger D balance
 - Money ceded to waqf fund of an associate
 - Unrealised appreciation available for sale investments

Balance as at 01 January 2018 as restated

Changes in equity for the year ended 31 December 2018

Total comprehensive income

Profit after taxation
 Ledger D balance
Other comprehensive income
 - Actuarial gain on defined benefit plan - net off tax
 - Foreign currency translation difference - net off tax
 - Share in other comprehensive income of an associate
 - Net unrealised (loss) arising during the year on revaluation of available for sale investments (including WTO) - net off tax
 - Reclassification adjustment for net gain on available for sale investments included in profit and loss account (including WTO) - net off tax

Transactions with owners recorded directly in equity

Final cash dividend at Rs.4 (40%) per share for the year 2017
 Transfer to general reserve
 Transfer to special reserve

Balance as at 31 December 2018


 Tawfiq H. Chinoy
 Chairman


 Tahir Ahmed
 Chief Executive


 Amin A. Hashwani
 Director


 Aayn Currimbhoy
 Director


 Nawaid Jamal
 Chief Financial Officer



Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

Jubilee General Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on 16 May 1953. The Company is listed in the 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 (WTO) 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 AND STATEMENT OF COMPLIANCE

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

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

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

The Securities and Exchange Commission of Pakistan ("SECP") vide its S.R.O 89(1)/2017 dated 9 February, 2017 has prescribed format of the presentation of annual financial statements for general insurance companies. These financial statements have been prepared in accordance with the format prescribed by the SECP (note 3.1).

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.

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except certain investments which are stated at their fair values.

2.2 Functional and presentation currency

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

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 2018 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not stated in these financial statements.

Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O 88(1)/2017 and S.R.O 89(1)/2017 dated 9 February 2017 has issued the and Insurance Rules, 2017 Insurance Accounting Regulations, 2017 (the Rules and Accounting Regulations 2017). The application of these Rules and Accounting Regulations, 2017 for the purpose of preparation and presentation of the financial statements was effective from 1 April 2017. SECP vide letter ID /OSM /Jubilee General /2017 /10483, dated 4 August 2017 has granted exemption from application of Rules and Accounting Regulations 2017 to the Company till 31 December 2017. Therefore, the application of Rules and Accounting Regulations 2017 became effective from the accounting year commencing from 01 January 2018.

The Rules and Accounting Regulations 2017 require significant disclosures / requirements, which are relevant to the Company includes but not limited to: Presentation and disclosure of financial statements prescribed in Annexure II of the Insurance Rules, 2017, recognition of available-for-sale investments at fair value as per IAS 39 "Financial Instruments: Recognition and Measurement", recognition of premium receivable under an insurance policy / cover note as written from the date of attachment of risk to the policy / cover note.

The Company has adopted these Rules and Accounting Regulations 2017 and accordingly has changed its accounting policies refer note 3.1.

In addition, Companies Act 2017 also became effective for the financial statements for the year ended 31 December 2017. As the Operations' financial statements are prepared in accordance with the format prescribed by SECP, it did not have a direct impact on the financial statements.

2.4 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective

The following standards, amendments and interpretations of accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after 01 January 2019:

- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on- balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, the development of the Company's leases portfolio, the Company's assessment of whether it will exercise any lease renewal options and the extent to which the Company chooses to use practical expedients and recognition exemptions. The nature of expenses related to these leases will now change because IFRS 16 replaces the straight line operating lease expense with a depreciation charge for right-of-use assets and profit expense on lease liabilities. The Company plans to apply IFRS 16 initially on 01 January 2019, using a modified retrospective approach. Based on the initial assessment, the Company considered that the application of interpretation is not likely to have an impact on the Company's financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of assessing the impact of this standard on the financial statements of the Company and expects that the amendments are not likely to have an impact on the Company's financial statements.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts'- Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 01 July 2018). The amendment address issue arising from the different



effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 01 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Company has adopted the temporary exemption which allows the Company to defer the application of both IFRS 9 and IFRS 17 until 31 December 2021.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The application of this amendment is not likely to have impact on the Company's financial statements.
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The amendment is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- Annual Improvements to IFRS Standards 2015–2017 Cycle. The new cycle of improvements addresses improvements to following accounting and reporting standards:
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The application of the amendments is not likely to have an impact on the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as stated below have been applied consistently to all years presented in these financial statements, except for the changes in accounting policies as follows:

3.1 Changes in Accounting Policies

3.1.1 Application of Insurance Rules 2017 and Insurance Accounting Regulations 2017

The Company has adopted these Rules and Accounting Regulations 2017 and accordingly has changed its accounting policies as follows:

3.1.1.1 Available for sale investments

Up to 31 December 2017, the available for sale investments subsequent to initial recognition had been stated at the lower of cost or market value (market value on an individual investment basis being taken lower as if the fall is other than temporary) as the application of International Accounting Standard-39 (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of available for sale investments was deferred in accordance with repealed SEC (Insurance) Rules 2002.

According to the Rules and Accounting Regulations 2017, the Company has changed its accounting policy for subsequent measurement of investments classified as available for sale from lower of cost or market value (market value on an individual investment basis being taken lower as if the fall is other than temporary) to fair value as per the requirements of IAS 39 and any unrealised gains or losses arising on re-measurement on of available-for-sale investments are taken to revaluation reserve through other comprehensive income. On de-recognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves are reclassified to profit and loss account.

3.1.1.2 Premium income

Up to 31 December 2017, premium had been recognized as written at the time of insurance policy (policy written) in accordance with the SEC (Insurance) Rules, 2002. Accordingly to the Rules and Accounting Regulations 2017, the Company has changes its accounting policy for recognition of premium under an insurance policy / cover note as written from date of issuance to the date of attachment of risk to the policy / cover note.

3.1.1.3 Investment in associate – Jubilee Life Insurance Company Limited

Insurance Rules and Accounting Regulations 2017 referred to in note 3.1 introduced single Balance sheet, Profit and Loss Account, Cash Flow, done away with the separate presentation of Revenue account of the statutory funds, incorporated ledger account D balances (retained earnings on other than reserves attributable to Company's equity holders, and require all investment to be valued in accordance with the requirements of the International Financial Reporting Standards and introduced the concept of other comprehensive income for life insurance companies.

In line with the adoption of the Rules and Accounting Regulations 2017, Jubilee Life Insurance Company - an associate has changed its accounting policies and applied these changes retrospectively in their financial statements in accordance with the requirements of IAS - 8 'Accounting Policy, Change in Accounting Estimates and Error'. Accordingly the Company has incorporated these changes in line with the aforesaid requirements.

3.1.1.4 Presentation of Financial Statements

The Company has adopted format for preparation and presentation of its financial statements in line with the requirements of the Rules and Accounting Regulations 2017. Significant changes in presentation are rearrangements in sequence of assets / liabilities in the statement of financial position; presentation of single profit or loss account instead of segment wise (classes of business) presentation and discontinuation of separate statements of Premiums, Claims, Expense and investment Income. The segment wise and premiums, claims and expenses and investment income is now included in notes to the financial statements.

3.1.1.5 Financial Impact of change in accounting policy

The significant effects of `changes in accounting policies as stated above have been applied retrospectively in accordance with the requirement of IAS - 8 'Accounting Policy, Change in Accounting Estimates and Error' and comparatives have been restated to conform to the changed policies. The summary of the effects are as follows:

	31 December 2017			1 January 2017		
	As previously reported	As re-stated	Re-statement	As previously reported	As re-stated	Re-statement
..... (Rupees in '000)						
Effect on Statement of financial position						
Assets						
Investments in associates	462,530	638,800	176,270	357,176	525,306	168,130
Investments in Equity Securities	3,935,647	5,466,732	1,531,085	4,323,496	7,259,500	2,936,004
Total assets from takaful operations - OTF	269,441	267,446	(1,995)	185,071	185,969	898
Liability						
Deferred taxation	19,440	533,565	514,125	64,676	995,906	931,230
Total liabilities from takaful operations - OTF	126,503	126,503	-	84,209	84,487	278
Equity:						
Unappropriated profit and reserves	5,317,270	6,508,505	1,191,235	5,030,757	7,204,281	2,173,524

	31 December 2017		
	As previously reported	As re-stated	Re-statement
..... (Rupees in '000)			
Effect of profit and loss account			
Share of profit of associates	165,592	214,139	48,547
Profit before tax	1,615,757	1,664,304	48,547
Taxation	532,755	547,319	(14,564)
Profit after tax	1,083,002	1,116,985	33,983
Effect of other comprehensive income			
Item that will never be reclassified to profit and loss account in subsequent year			
Actuarial (loss) on defined benefit plan - net off tax	(21,846)	(21,846)	-
Item to be reclassified to profit and loss account in subsequent year			
Net unrealised (loss) arising during the year on revaluation of available for sale investments-net off tax	-	(791,802)	(791,802)
Reclassification adjustment for net gain on available for sale investments included in profit and loss account - net off tax	-	(191,641)	(191,641)
	-	(983,443)	(983,443)
Share in other comprehensive income of an associates			
- Net unrealised (loss) arising during the year on revaluation of available for sale investments-net off tax	-	(23,843)	(23,843)
- Foreign currency translation difference-net off tax	3,477	3,536	59
	3,477	(20,307)	(23,784)
Net unrealised (loss) arising during the year on revaluation of available for sale investments of Window Takaful Operations -net off tax	-	(2,198)	(2,198)
Reclassification adjustment for net (gain) on available for sale investments included in profit and loss account Window Takaful Operations - net off tax	-	(417)	(417)
	-	(2,615)	(2,615)
Other comprehensive (loss) - net off tax	(18,369)	(1,028,211)	(1,009,842)
Total comprehensive income / (loss)	1,064,633	88,774	(975,859)
Effect on earnings per share			(Rupees)
Change in earning per share			0.19

3.2 Property and Equipment

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 5 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.

3.3 Intangible assets

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.

Indefinite 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 6).
- 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.

3.4 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.

3.5 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.

3.6 Deferred Commission expense / Acquisition cost

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

3.7 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 Insurance Accounting Regulations, 2017.

3.8 Premium deficiency

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.

3.9 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.

3.10 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 recognised 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 thereagainst.

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.

3.11 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 3.5.

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.

3.12 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 Revenue Recognition

a) Premiums

Premiums including administrative surcharge under a Insurance contract are recognised as written from date of issuance to the date of attachment of risk to the policy / cover note.

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.

b) Commission Income

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.

c) Rental income

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

d) 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.

3.14 Investments

3.14.1 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 recognised 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.

3.14.2 Measurement

3.14.2.1 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 fair value through profit or loss.
- 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.

3.14.2.2 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.

3.14.2.3 Available-for-sale

Investments which are not eligible to be classified as "fair value through profit or loss" 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, these investments are remeasured at fair value. Gains or losses on investments on remeasurement of these investments are recognised in statement of comprehensive income.

Unquoted

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

3.14.2.4 Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to rates quoted by Mutual Fund Association of Pakistan (MUFAP). 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).

3.14.2.5 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.

3.14.2.6 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.

3.15 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.

3.16 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.

3.17 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.

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

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 2018 has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

3.18 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 Tax

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.

3.19 Staff benefits

3.19.1 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 2018.

3.19.2 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.

3.19.3 Employees' compensated absences

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

3.20 Impairment of assets

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 statement of comprehensive income.

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. However, in case of equity securities classified as available for sale the decrease in impairment loss is not reversed.

3.21 Dividend distribution and reserve appropriation

Dividend distribution and reserve appropriation are recognised when approved.

3.22 Management expenses

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.

3.23 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.

3.24 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.

3.25 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 2018.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 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 3.5);
- b) provision for unearned premium (note 3.7);
- c) provision for premium due but unpaid and amount due from other insurers / reinsurers (note 3.10);
- d) provision for outstanding claims (including IBNR) and reinsurance recoveries there against (note 3.17);
- e) premium deficiency reserve (note 3.8);
- f) staff benefits (note 3.19);
- g) classification of investments (note 3.14);
- h) residual values and useful lives of investment properties and fixed assets and Intangibles (note 3.2 , 3.3 and 3.4);
- i) allocation of management expenses (note 3.22);
- j) taxation (note 3.18);
- k) segment reporting (note 3.11); and
- l) impairment (note 3.20).

4.2 Change in accounting estimate

During the year, the estimated residual value of the trakter equipment has been reviewed and based on experience the estimated residual value has been revised from 20% to 15% of its cost. 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 effect of the changes are recognised prospectively by including the same in determination of profit and loss account in the period of the change, this is, during the current and future periods. Had the Company's accounting estimate not been changed, property and equipment of the Company and profit after tax for the year would have been higher by Rs. 5,776 thousands and Rs. 4,100 thousands respectively.

5. PROPERTY AND EQUIPMENT

	2018							
	Buildings	Furniture, fixtures and equipment					Motor vehicles	Total
	Furniture and fixtures	Office equipment	Trakker equipment	Computer equipment	Sub total			
..... (Rupees in '000)								
As at 01 January 2018								
Cost	7,069	83,621	91,774	155,031	61,758	392,184	11,208	410,461
Accumulated depreciation	(2,112)	(59,693)	(62,000)	(58,921)	(44,350)	(224,964)	(5,206)	(232,282)
Net book value as at 01 January 2018	<u>4,957</u>	<u>23,928</u>	<u>29,774</u>	<u>96,110</u>	<u>17,408</u>	<u>167,220</u>	<u>6,002</u>	<u>178,179</u>
For the year ended 31 December 2018								
Opening net book value	4,957	23,928	29,774	96,110	17,408	167,220	6,002	178,179
Additions	-	807	8,101	18,588	14,935	42,431	4,219	46,650
Disposals								
- Cost	-	(3,645)	(6,517)	(16,368)	(2,658)	(29,188)	(432)	(29,620)
- Accumulated depreciation	-	2,894	5,027	13,776	2,173	23,870	243	24,113
	-	(751)	(1,490)	(2,592)	(485)	(5,318)	(189)	(5,507)
Depreciation charge	(229)	(4,928)	(7,143)	(26,983)	(5,709)	(44,763)	(830)	(45,822)
Net book value as at 31 December 2018	<u>4,728</u>	<u>19,056</u>	<u>29,242</u>	<u>85,123</u>	<u>26,149</u>	<u>159,570</u>	<u>9,202</u>	<u>173,500</u>
As at 31 December 2018								
Cost	7,069	80,783	93,358	157,251	74,035	405,427	14,995	427,491
Accumulated depreciation	(2,341)	(61,727)	(64,116)	(72,128)	(47,886)	(245,857)	(5,793)	(253,991)
Net book value as at 31 December 2018	<u>4,728</u>	<u>19,056</u>	<u>29,242</u>	<u>85,123</u>	<u>26,149</u>	<u>159,570</u>	<u>9,202</u>	<u>173,500</u>
Annual rate of depreciation	<u>3%</u>	<u>17%</u>	<u>17% - 25%</u>	<u>20%</u>	<u>25%</u>		<u>20%</u>	
	2017							
	Buildings	Furniture, fixtures and equipment					Motor vehicles	Total
	Furniture and fixtures	Office equipment	Trakker equipment	Computer equipment	Sub total			
..... (Rupees in '000)								
As at 01 January 2017								
Cost	7,069	79,064	91,627	133,568	56,302	360,561	11,462	379,092
Accumulated depreciation	(1,895)	(55,185)	(61,351)	(46,793)	(40,981)	(204,310)	(4,726)	(210,931)
Net book value as at 01 January 2017	<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>168,161</u>
For the year ended 31 December 2017								
Opening net book value	5,174	23,879	30,276	86,775	15,321	156,251	6,736	168,161
Additions	-	4,851	9,221	32,765	6,858	53,695	138	53,833
Disposals								
- Cost	-	(3,752)	(6,166)	(11,206)	(1,501)	(22,625)	(489)	(23,114)
- Accumulated depreciation	-	2,857	4,504	7,923	1,169	16,453	123	16,576
	-	(895)	(1,662)	(3,283)	(332)	(6,172)	(366)	(6,538)
Adjustment / transfer								
- Cost	-	3,458	(2,908)	(96)	99	553	97	650
- Accumulated depreciation	11	(1,633)	1,040	(36)	(28)	(657)	39	(607)
	11	1,825	(1,868)	(132)	71	(104)	136	43
Depreciation charge	(228)	(5,732)	(6,193)	(20,015)	(4,510)	(36,450)	(642)	(37,320)
Net book value as at 31 December 2017	<u>4,957</u>	<u>23,928</u>	<u>29,774</u>	<u>96,110</u>	<u>17,408</u>	<u>167,220</u>	<u>6,002</u>	<u>178,179</u>
As at 31 December 2017								
Cost	7,069	83,621	91,774	155,031	61,758	392,184	11,208	410,461
Accumulated depreciation	(2,112)	(59,693)	(62,000)	(58,921)	(44,350)	(224,964)	(5,206)	(232,282)
Net book value as at 31 December 2017	<u>4,957</u>	<u>23,928</u>	<u>29,774</u>	<u>96,110</u>	<u>17,408</u>	<u>167,220</u>	<u>6,002</u>	<u>178,179</u>
Annual rate of depreciation	<u>3%</u>	<u>17%</u>	<u>17% - 25%</u>	<u>20%</u>	<u>25%</u>		<u>20%</u>	

5.1 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 tangible assets during the year having book value exceeding Rs.500,00	-	-	-	-	-	-	-
Disposal of tangible assets during the year having book value upto Rs.500,000							
Furniture and fixtures	3,645	2,894	751	56	(695)	Negotiation	Various
Office equipment, electrical installations, tracker equipment and computers	25,543	20,976	4,567	2,878	(1,689)	Negotiation	Various
Motor vehicles	432	243	189	66	(123)	Negotiation	Various
2018	<u>29,620</u>	<u>24,113</u>	<u>5,507</u>	<u>3,000</u>	<u>(2,507)</u>		
2017	<u>23,114</u>	<u>16,577</u>	<u>6,537</u>	<u>3,598</u>	<u>(2,939)</u>		

6. INTANGIBLE ASSETS

	Cost			Amortisation			Written down value as at 31 December	Amortisation period
	As at 1 January	Addition (Disposals)	As at 31 December	As at 1 January	For the year	Adjustment		
..... (Rupees in '000)								
Computer Software - 2018	74,205	60,051 (23,408)	110,848	53,788	11,976	- (23,408)	68,492	5 years
Computer Software - 2017	62,274	11,931	74,205	43,425	10,351	12	20,417	5 years

6.1 Disposal of intangible assets

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
..... (Rupees in '000)							
Disposal of intangible assets during the year having book value exceeding Rs.500,000							
2018	<u>23,408</u>	<u>23,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	Negotiation	Various
2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		

7. INVESTMENT PROPERTIES

	2018							
	Cost			Depreciation			Written down value as at 31 December 2018	Useful life
As at 01 January 2018	Transfer / disposal	As at 31 December 2018	As at 01 January 2018	For the year	As at 31 December 2018			
..... (Rupees in '000)								
Leasehold land	556,600	-	556,600	-	-	-	556,600	-
Building on leasehold land	125,563	-	125,563	33,674	3,450	37,124	88,439	40-80 years
Lifts and other installations	32,034	4,530	36,564	21,650	3,082	24,732	11,832	10 years
	<u>714,197</u>	<u>4,530</u>	<u>718,727</u>	<u>55,324</u>	<u>6,532</u>	<u>61,856</u>	<u>656,871</u>	

	2017							Useful life
	Cost			Depreciation			Written down value as at 31 December 2017	
	As at 01 January 2017	Transfer / disposal	As at 31 December 2017	As at 01 January 2017	For the year	As at 31 December 2017		
(Rupees in '000)								
Leasehold land	556,600	-	556,600	-	-	-	556,600	-
Building on leasehold land	125,563	-	125,563	30,224	3,450	33,674	91,889	40-80 years
Lifts and other installations	33,794	-	32,034	20,470	2,940	21,650	10,384	10 years
		(1,760)			(1,760)			
	715,957	(1,760)	714,197	50,694	6,390	55,324	658,873	
					(1,760)			

7.1 The market value of the investment properties as per valuations carried out by professional valuers in 2017 and as ascertained by the management is Rs. 2,988,078 thousands (31 December 2017 : Rs. 2,988,078 thousands).

8. INVESTMENT IN ASSOCIATES

2018	2017	Face value per share (Rupees)	Note	2018	2017
Number of shares	Number of shares			(Rupees in '000)	(Restated)
5,101,448	5,101,448	10	Quoted Jubilee Life Insurance Company Limited (JLICL) (Chief Executive Officer - Javed Ahmed)	642,605	541,858
29,250,000	29,250,000	(KGS) 1	Unquoted Jubilee Kyrgyzstan Insurance Company Limited (JKIC) (incorporated in Kyrgyzstan) (Chief Executive: Khagai V.I.)	126,605	96,942
				<u>769,210</u>	<u>638,800</u>

8.1 JLICL is engaged in life insurance business. Market value of investment and percentage of holding in associate are Rs. 2,541,541 thousands and 6.43% (2017: Rs. 3,596,521 thousands and 6.43%) respectively.

8.2 JKIC a Closed Joint Stock Company (CJSC) is engaged in life and non-life insurance business. During the year, the Company holds 19.5% (2017: 19.5%) shares in JKIC. The break-up value of investment as at 31 December 2018 is Rs. 4.13 per share (2017: Rs. 3.10). 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 2018 (2017: Rs. Nil).

8.3 Movement of investment in associates is as follows:

	JLICL		JKIC		Total	
	2018	2017 (Restated)	2018	2017	2018	2017 (Restated)
	..... (Rupees in '000)					
Beginning of year	541,858	439,304	96,942	86,002	638,800	525,306
Share of profit	190,149	205,168	9,917	8,971	200,066	214,139
Less: Dividend received	(89,275)	(68,637)	(2,659)	(2,998)	(91,934)	(71,635)
Foreign currency translation difference	(896)	84	22,405	4,967	21,509	5,051
Unrealised appreciation available for sale investment	769	(34,061)	-	-	769	(34,061)
End of the year	642,605	541,858	126,605	96,942	769,210	638,800

8.4 The following is summarised financial information of JLICL and JKIC as at and for the twelve months period ended 30 September 2018 and as at and for the year ended 31 December 2018 respectively. Based on their respective unaudited condensed interim and annual financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan, modified for fair value and other adjustments and differences in the Company's accounting policies:

	JLICL		JKIC	
	30 September 2018	30 September 2017 (Restated)	31 December 2018	31 December 2017 (Restated)
	..... (Rupees in '000)			
	<i>(Note 8.4.1)</i>		<i>(Note 8.4.2)</i>	
For the twelve months period / year ended				
Revenue	36,026,493	31,538,433	204,430	140,542
Profit after tax	2,035,957	2,363,427	50,856	46,004
Share of profit	190,149	205,168	9,917	8,971
Share of OCI	(127)	(33,977)	22,405	4,967
As at				
Total assets	137,154,653	114,403,299	797,030	597,777
Total liabilities	127,160,799	105,976,271	178,184	133,180
Net assets	9,993,854	8,427,028	618,846	464,597
Share of net assets	642,605	541,858	120,675	90,596
Fair value of consideration net of exchange translation	-	-	5,930	6,346
Carrying value of investment	642,605	541,858	126,605	96,942

8.4.1 The annual financial statements of JLICL have not been published till the date of authorisation of these financial statements of the Company. Therefore, the above information has been summarised based on latest unaudited published financial information available for the nine months period ended 30 September 2018 (2017: 30 September 2017)

8.4.2 The functional and presentation currency of JKIC is Kyrgyz Som (KGS).

9. INVESTMENTS IN EQUITY SECURITIES

Note	31 December 2018			31 December 2017		
	Cost	Impairment / provision for the year	Carrying value	Cost	Impairment / provision for the year	Carrying value (Restated)
(Rupees in '000)						
Available for sale						
Related parties						
Listed shares	620,975	-	514,322	649,411	-	746,147
Mutual Funds	1,268	-	5,462	1,489	-	6,260
9.1	622,243	-	519,784	650,900	-	752,407
Others						
Listed Shares	3,363,553	-	3,894,033	2,848,127	-	4,156,018
Unlisted Shares						
- Matiari Sugar Mills Limited [951,665 shares (2017: 865,150 shares)]						
Name of CEO: Syed Shafqat Ali Shah						
Break-up value: Rs. 49.27 (2017: Rs. 47.03)	2,500	-	2,500	2,500	-	2,500
Mutual Funds	143,075	-	180,233	286,151	-	389,218
9.1	3,509,128	-	4,076,766	3,136,778	-	4,547,736
Investment at fair value through profit and Loss						
Listed Shares	599,418	-	508,569	218,357	-	166,589
9.2	4,730,789	-	5,105,119	4,006,035	-	5,466,732

9.1 Investments - Available for sale

	Number of shares/units		31 December 2018		31 December 2017	
	2018	2017	Cost	Carrying value	Cost	Carrying value (Restated)
(Rupees in '000)						
Related parties						
Listed shares / Mutual Funds						
Open - end mutual funds						
HBL Growth Fund Class B PICIC Growth Fund (ICP SEMF)	142,500	-	457	2,423	-	-
HBL Investment Fund Class B PICIC Investment Fund	100,379	-	107	892	-	-
Close - end mutual funds						
HBL Growth Fund Class A (PICIC Growth Fund (ICP SEMF)	142,500	170,000	607	1,639	1,270	4,820
HBL Investment Fund Class A PICIC Investment Fund	100,379	107,879	97	508	219	1,440
Ordinary shares						
Commercial Bank						
Habib Bank Limited	4,270,000	4,465,537	620,975	514,322	649,411	746,147
			622,243	519,784	650,900	752,407
Others						
Open - end mutual fund						
UBL Stock Advantage Fund	2,927,768	5,855,537	143,075	180,233	286,151	389,218
Equity investment instruments						
Orix Modaraba Limited (Standard Chartered Modaraba)	1,297,972	1,297,972	8,839	22,390	8,839	25,959
First Habib Modaraba	2,000,000	2,000,000	11,345	20,900	11,345	20,100

	Number of shares / units		31 December 2018		31 December 2017	
	2018	2017	Cost	Carrying value	Cost	Carrying value (Restated)
..... (Rupees in '000)						
Ordinary shares						
Leasing						
ORIX Leasing Pakistan Limited	434,787	362,323	2,300	11,409	2,300	15,040
Commercial Banks						
Bank Al Habib Limited	1,187,500	2,330,699	41,830	81,688	78,589	136,020
National Bank of Pakistan Limited	1,640,000	1,253,190	93,514	68,929	76,147	60,855
United Bank Limited	2,946,500	1,180,698	440,091	361,359	171,989	221,936
Bank Alfalah Limited	4,733,400	2,950,000	164,060	192,129	80,620	125,375
Faysal Bank Limited	172,500	150,000	2,649	4,152	2,649	3,189
Habib Metropolitan Bank Limited	475,000	475,000	15,581	21,760	15,581	16,388
MCB Bank Limited	643,500	110,000	129,744	124,562	21,626	23,355
Allied Bank Limited	585,000	253,000	56,043	62,870	22,113	21,500
Textile Composite						
Nishat Mills Limited	608,389	559,889	54,574	76,979	48,269	83,703
Nishat (Chunian) Limited.	-	24,000	-	-	1,366	1,098
Textile Spinning						
Services Textiles Industries Limited	199,420	199,420	100	1,994	100	3,151
Automobile parts and accessories						
Thal Limited	238,239	238,239	12,228	101,885	12,228	121,716
Insurance						
Adamjee Insurance Company Limited	925,000	712,000	48,454	38,869	39,913	37,003
Cement						
Fauji Cement Company Limited	2,200,000	7,030,500	43,822	46,046	140,037	175,833
Maple Leaf Cement Factory Limited	-	95,625	-	-	4,783	6,545
Pioneer Cement Limited	420,300	345,300	19,695	17,615	37,444	21,795
D G Khan Cement Company Limited	450,000	150,000	47,479	36,068	21,715	20,058
Lucky Cement Limited	137,650	87,500	74,924	59,832	58,030	45,273
Power Generation & Distribution						
Hub Power Company Limited	3,915,000	4,399,700	240,120	335,868	269,847	400,373
Kot Addu Power Company Limited	6,192,000	8,400,000	283,154	306,814	384,124	452,760
K-Electric Limited	2,300,000	2,300,000	15,076	13,662	15,076	14,513
Oil and Gas Marketing Companies						
Attock Petroleum Limited	246,240	147,700	106,860	106,248	76,480	77,259
Pakistan State Oil Company Limited	135,805	300,000	34,223	56,808	48,890	87,933
Oil & Gas Exploration Companies						
Pakistan Oilfields Limited	362,200	235,006	137,852	153,870	92,055	139,655
Pakistan Petroleum Limited	929,750	880,000	111,803	139,146	119,204	181,201
Oil and Gas Development Company Limited	1,478,000	1,195,000	210,067	189,184	167,878	194,534
Mari Petroleum Company Limited	51,744	-	71,771	63,948	-	-

	Number of shares / units		31 December 2018		31 December 2017	
	2018	2017	Cost	Carrying value	Cost	Carrying value (Restated)
..... (Rupees in '000)						
Engineering						
International Industries Limited	1,772,700	1,974,000	54,028	273,084	60,163	473,976
Mughal Iron & Steels Limited	935,000	1,120,000	48,807	37,821	60,400	65,072
Amreli Steels Limited	800,000	650,000	53,443	38,304	45,965	60,229
Automobile Assemblers						
Millat Tractors Limited	165,500	205,800	18,072	137,694	22,472	241,120
Technology & Communication						
Pakistan Telecommunication Company Limited (A)	10,006,500	1,470,000	127,691	96,162	23,996	19,184
Fertilizers						
Fauji Fertilizer Company Limited	1,700,000	1,764,030	162,047	157,845	168,151	139,552
Fauji Fertilizer Bin Qasim Limited	200,000	410,500	7,929	7,454	16,275	14,589
Engro Corporation Limited	630,000	653,000	147,314	183,380	152,692	179,412
Engro Fertilizers Limited	2,675,000	2,832,000	200,186	184,709	211,935	191,783
Food and Personal Care products						
Al Shaheer Corporation Limited	973,500	595,000	22,715	23,296	31,841	13,221
Cables & Electric Goods						
Pak Elektron Limited	700,000	-	23,253	17,430	-	-
Miscellaneous						
TPL Properties Limited	2,394,000	2,000,000	19,870	19,870	25,000	23,760
			<u>3,506,628</u>	<u>4,074,266</u>	<u>3,134,278</u>	<u>4,545,236</u>

9.2 Investment at fair value through profit and Loss

Listed Shares

Name of investee	Number of shares / units		31 December 2018		31 December 2017	
	2018	2017	Cost	Carrying value	Cost	Carrying value (Restated)
..... (Rupees in '000)						
Ordinary shares						
Fertilizers						
Engro Corporation Limited	240,000	70,000	72,503	69,859	23,080	19,233
Engro Fertilizers Limited	200,000	-	15,191	13,810	-	-
Power Generation & Distribution						
K-Electric Limited	961,500	2,000,000	5,801	5,711	18,929	12,620
Pakgen Power Limited	-	50,000	-	-	1,339	1,107
Commercial Banks						
MCB Bank Limited	178,000	60,000	33,767	34,455	13,106	12,739
Bank Alfalah Limited	398,450	-	18,421	16,173	-	-
United Bank Limited	585,000	100,000	88,141	71,744	23,212	18,797

	Number of shares / units		31 December 2018		31 December 2017	
	2018	2017	Cost	Carrying value	Cost	Carrying value (Restated)
(Rupees in '000)						
Textile Composite						
Nishat (Chunian) Limited	-	100,000	-	-	5,237	4,577
Nishat Mills Limited	234,800	125,000	32,857	29,709	19,479	18,688
Food Producers						
Engro Foods Limited	50,000	-	3,779	3,987	-	-
Al Shaheer Corporation Limited	200,000	-	5,299	4,786	-	-
Cement						
D.G. Khan Cement Company Limited	422,300	70,500	47,137	33,847	14,708	9,427
Fauji Cement Company Limited	-	300,000	-	-	11,780	7,503
Maple Leaf Cement Limited	412,000	34,375	15,707	16,748	2,483	2,353
Lucky Cement Limited	56,350	-	24,132	24,494	-	-
Pioneer Cement Limited	268,500	35,000	12,805	11,253	4,414	2,209
Kohat Cement Limited	37,800	-	3,092	3,211	-	-
Refinery						
National Refinery Limited	-	10,000	-	-	7,005	4,309
Attock Refinery Limited	-	15,000	-	-	4,963	3,512
Oil & Gas Exploration Companies						
Oil and Gas Development Company Limited	250,000	70,000	36,995	32,000	11,099	11,395
Sui Northern Gas Pipelines Limited	150,000	200,000	11,565	11,561	26,041	18,922
Pakistan Oilfields Limited	10,000	-	5,000	4,248	-	-
Pakistan Petroleum Limited	156,500	-	27,598	23,422	-	-
Pakistan State Oil Company Limited	110,000	-	25,941	24,797	-	-
Engineering						
Aisha Steel Limited	1,310,000	250,000	17,508	13,755	5,034	4,435
Crescent Steel & Allied Products Limited	148,500	60,000	13,158	8,251	13,640	7,639
Mughal Iron & Steels Limited	300,000	-	16,758	12,135	-	-
Amreli Steels Limited	75,000	-	4,399	3,591	-	-
Automobile and Parts						
Honda Atlas Cars	50,000	-	18,592	8,827	-	-
Cables & Electric Goods						
Pak Elektron Limited	1,052,000	150,000	43,272	26,195	12,808	7,124
			599,418	508,569	218,357	166,589

10. INVESTMENTS IN DEBT SECURITIES

	Note	31 December 2018		31 December 2017	
		Cost	Carrying value	Cost	Carrying value (Restated)
(Rupees in '000)					
Government securities					
Held to maturity					
Pakistan Investment Bonds		53,828	53,828	155,383	155,383
Treasury Bills		394,970	394,970	4,837,011	4,837,011
	10.1	448,798	448,798	4,992,394	4,992,394
Available for sale					
Treasury Bills	10.2	5,075,307	5,073,103	-	-
		5,524,105	5,521,901	4,992,394	4,992,394



10.1 Government securities - held to maturity

10.1.1 Pakistan Investment Bonds

Face value (Rupees)	Profit rate %	Profit payment	Type of Security	Maturity date	31 December 2018		31 December 2017	
					Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)								
50,000,000	10	Semi annually	Pakistan Investment Bond - 20 years	20-01-2024	53,828	45,050	54,725	54,725
100,000,000	8.75	Semi annually	Pakistan Investment Bond - 3 years	26-03-2018	-	-	100,658	100,658
Sub total					53,828	45,050	155,383	155,383

10.1.2 Treasury Bills

Face value (Rupees)	Profit rate %	Profit payment	Type of Security	Maturity date	31 December 2018		31 December 2017	
					Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)								
250,000,000	6.01	On maturity	Treasury Bills	04-01-2018	-	-	249,840	249,840
250,000,000	6.01	On maturity	Treasury Bills	18-01-2018	-	-	249,280	249,280
250,000,000	5.99	On maturity	Treasury Bills	18-01-2018	-	-	249,271	249,271
50,000,000	5.95	On maturity	Treasury Bills	01-02-2018	-	-	49,754	49,754
250,000,000	5.99	On maturity	Treasury Bills	01-02-2018	-	-	248,705	248,705
250,000,000	6.01	On maturity	Treasury Bills	01-02-2018	-	-	248,721	248,721
250,000,000	6.01	On maturity	Treasury Bills	15-02-2018	-	-	248,161	248,161
250,000,000	5.99	On maturity	Treasury Bills	15-02-2018	-	-	248,138	248,138
250,000,000	6.01	On maturity	Treasury Bills	01-03-2018	-	-	247,602	247,602
150,000,000	6.01	On maturity	Treasury Bills	15-03-2018	-	-	148,225	148,225
250,000,000	5.99	On maturity	Treasury Bills	15-03-2018	-	-	247,005	247,005
250,000,000	5.98	On maturity	Treasury Bills	15-03-2018	-	-	247,035	247,035
200,000,000	5.99	On maturity	Treasury Bills	15-03-2018	-	-	197,634	197,634
250,000,000	5.99	On maturity	Treasury Bills	15-03-2018	-	-	247,038	247,038
250,000,000	6.01	On maturity	Treasury Bills	12-04-2018	-	-	245,923	245,923
250,000,000	6.01	On maturity	Treasury Bills	26-04-2018	-	-	245,363	245,363
250,000,000	6.01	On maturity	Treasury Bills	10-05-2018	-	-	244,803	244,803
250,000,000	6.05	On maturity	Treasury Bills	24-05-2018	-	-	244,373	244,373
250,000,000	6.01	On maturity	Treasury Bills	24-05-2018	-	-	244,244	244,244
250,000,000	6.01	On maturity	Treasury Bills	24-05-2018	-	-	244,244	244,244
250,000,000	6.04	On maturity	Treasury Bills	02-08-2018	-	-	241,652	241,652
150,000,000	8.74	On maturity	Treasury Bills	03-01-2019	149,930	149,916		
250,000,000	10.30	On maturity	Treasury Bills	14-03-2019	245,040	245,022		
Sub total					394,970	394,938	4,837,011	4,837,011

10.1.3 Pakistan Investment Bonds with face value of Rs. 50,000 thousands (2017: Rs. 50,000 thousands) and Treasury Bills with face value of Rs. 150,000 thousands (2017: Rs. 140,000 thousands) are placed with State Bank of Pakistan under Section 29 of the Insurance Ordinance, 2000.

10.2 Government securities - available for sale**10.2.1 Treasury Bills**

Face value (Rupees)	Profit rate %	Profit payment	Type of Security	Maturity date	31 December 2018		31 December 2017	
					Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)								
50,000,000	10.20	On maturity	Treasury Bills	03-01-2019	49,972	49,972	-	-
350,000,000	8.74	On maturity	Treasury Bills	03-01-2019	349,836	349,803	-	-
1,350,000,000	9.12	On maturity	Treasury Bills	03-01-2019	1,349,332	1,349,241	-	-
500,000,000	8.74	On maturity	Treasury Bills	17-01-2019	498,111	497,770	-	-
500,000,000	8.80	On maturity	Treasury Bills	31-01-2019	496,456	495,831	-	-
360,000,000	8.80	On maturity	Treasury Bills	31-01-2019	357,448	356,998	-	-
250,000,000	10.27	On maturity	Treasury Bills	28-02-2019	246,015	245,974	-	-
100,000,000	10.30	On maturity	Treasury Bills	14-03-2019	98,015	98,009	-	-
850,000,000	10.30	On maturity	Treasury Bills	14-03-2019	833,130	833,073	-	-
800,000,000	8.75	On maturity	Treasury Bills	17-03-2019	796,992	796,432	-	-
			Sub total		5,075,307	5,073,103	-	-
			Total		5,524,105	5,513,091	4,992,394	4,992,394

11.	INVESTMENTS IN TERM DEPOSITS	Note	2018	2017
			..... (Rupees in '000)	

Held to maturity**Deposits maturing within 12 months**

Term deposits - local currency	11.1 & 11.2	26,360	176,000
Term deposits - foreign currency		105,336	66,180
		<u>131,696</u>	<u>242,180</u>

11.1 This includes sum of Rs.1,360 thousands (2017: Rs.1,000 thousands) placed under lien with commercial banks against bank guarantees.

11.2 This includes an amount of Rs. 25,000 thousands (2017: Rs. Nil) held with a related party.

12.	LOANS AND OTHER RECEIVABLES - Considered good	2018	2017
		..... (Rupees in '000)	

Rent receivable	691	691
Accrued investment income	10,728	11,446
Security deposit	23,803	5,261
Advance to supplier	88,101	75,528
Loans to employees	809	775
Sales tax recoverable	7,487	6,486
Medical claims recoverable	10,579	9,864
Other receivable	5,302	16,755
	<u>147,500</u>	<u>126,806</u>

		2018	2017
	Note	..... (Rupees in '000)	
13. INSURANCE / RE-INSURANCE RECEIVABLES			
Due from insurance contract holders	13.1	1,802,331	1,870,933
Less : provision for impairment of receivables from Insurance contract holders		(164,961)	(158,961)
Due from other Insurers / reinsurers	13.2	97,958	87,852
Less : provision for impairment of due from other insurers / re-insurers		(17,000)	(17,000)
		<u>1,718,328</u>	<u>1,782,824</u>

13.1 This includes Rs. 116,447 thousands (2017: Rs. 89,083 thousands) receivable from related parties.

13.2 This includes Rs. 8,147 thousands (2017: Rs. 27,043 thousands) receivable from a related party.

14. EMPLOYEE BENEFITS

14.1 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 12.25% (2017: 8.00%) per annum.
- Expected rate of increase in the salaries of the employees 12.25% (2017: 8.00%) per annum.
- Expected interest rate on plan assets 8% (2017: 8.00%) per annum.
- Expected service length of the employees 9.8 years (2017: 9.8 years).

		2018	2017
	Note	..... (Rupees in '000)	
14.1.1 Asset / (liability) in balance sheet			
Present value of defined benefit obligation	14.1.3	312,094	248,408
Fair value of plan assets	14.1.4	(312,094)	(248,408)
		<u>-</u>	<u>-</u>
14.1.2 Movement in asset / (liability) during the year			
Opening balance		-	-
Charge to profit and loss account	14.1.5	23,091	19,513
Charge to other comprehensive income	14.1.6	29,038	31,208
Contributions to the Fund during the year		(52,129)	(50,721)
Closing balance		<u>-</u>	<u>-</u>
14.1.3 Reconciliation of the present value of the defined benefit obligations			
Present value of obligation as at 01 January		248,408	209,989
Current service costs		23,091	19,513
Interest costs		19,446	16,209
Benefits paid		(10,671)	(14,734)
Actuarial (gain) from changes in financial assumptions		720	-
Experience adjustments		31,100	17,431
Present value of obligation as at 31 December		<u>312,094</u>	<u>248,408</u>

	2018	2017
	..... (Rupees in '000)	
14.1.4 Changes in fair value of plan assets		
Fair value of plan assets as at 01 January	248,408	209,989
Interest income	19,446	16,209
Contribution to the Fund	52,129	50,721
Benefits paid	(10,671)	(14,734)
Return on plan assets, excluding interest income	2,782	(13,777)
Fair value of plan assets as at 31 December	<u>312,094</u>	<u>248,408</u>
14.1.5 Charge to profit and loss account		
Current service costs	23,091	19,513
Interest costs	19,446	16,209
Expected return on plan assets	(19,446)	(16,209)
	<u>23,091</u>	<u>19,513</u>
14.1.6 Remeasurements recognised in other comprehensive income, expense / (income) during the year		
Actuarial (gain) from changes in financial assumptions	720	-
Experience adjustments	31,100	17,431
Return on plan assets, excluding interest income	(2,782)	13,777
	<u>29,038</u>	<u>31,208</u>
14.1.7 Expected return on assets	<u>19,446</u>	<u>16,209</u>
14.1.8 Composition of fair value of plan assets		

	2018		2017	
	Fair value (Rupees in '000)	Percentage	Fair value (Rupees in '000)	Percentage
Equity instruments	21,628	8.32	23,375	9.41
Government securities	227,000	87.32	146,000	58.77
Others	11,338	4.36	79,032	31.82
Fair value of plan assets	<u>259,966</u>		<u>248,407</u>	

14.1.9 Historical data	2017	2016	2015	2014	2013
	..... (Rupees in '000)				
Present value of defined benefit obligations	248,408	209,989	154,639	128,859	120,020
Fair value of plan assets	(248,408)	(209,989)	(154,639)	(128,859)	(120,020)
(Surplus) / deficit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Experience adjustments					
- Actuarial (gain) / loss on obligation	17,431	(219)	4,106	(11,117)	11,969
- Actuarial gain / (loss) on assets	<u>13,777</u>	<u>(8,902)</u>	<u>(10,832)</u>	<u>6,706</u>	<u>7,553</u>

14.1.10 The estimated charge to profit and loss account for the defined benefit plan for the year ending 31 December 2019 is Rs.35,605 thousands.

14.1.11 Sensitivity analysis on significant actuarial assumptions: Actuarial liability

	2018	2017
Discount rate +1%	288,422	229,103
Discount rate -1%	336,295	270,545
Future salary increases +1%	336,308	270,549
Future salary increases -1%	288,007	228,739

14.2 Defined contribution plan

2018
(Unaudited) **2017**
(Audited)

14.2.1 Provident fund trust

Size of the fund	517,925	461,003
Cost of investments made	515,505	445,281
Percentage of investments made (based on fair value)	97%	92%
Fair value of investments	504,040	426,185

14.2.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose. The break-up of investments is as follows:

	2018	2017
Note	..... (Rupees in '000)	
Break-up of investments		
Listed securities / mutual funds	83,228	89,658
Government securities	420,812	326,527
Other debt instruments	-	10,000
	504,040	426,185

15. PREPAYMENTS

Prepaid reinsurance premium ceded	1,669,551	1,128,635
Prepaid rent	9,326	11,964
Prepaid miscellaneous expenses	12,718	5,346
	1,691,595	1,145,945

16. CASH AND BANK

Cash and Cash Equivalent		
- Cash in hand	99	205
- Policy and Revenue stamps, Bond papers	4,594	3,659
Cash at bank	16.1	
- Current accounts	185,075	147,755
- Savings accounts	16.2	1,741,657
	1,669,039	1,893,276

16.1 Cash at bank includes amount of Rs. 154,172 thousands (2017: Rs. 235,445 thousands) held with a related party.

16.2 The rate of return on profit and loss savings account maintained at various banks range from 5.95% to 8.75% per annum (2017: 3.78% to 6.00% per annum).

17. WINDOW TAKAFUL OPERATIONS	2018	2017 (Restated)
	..... (Rupees in '000)	
Assets		
Cash and bank deposits	170,203	148,538
Investments	35,944	30,601
Current assets - others	105,543	76,064
Fixed assets	10,447	12,243
Total Assets	<u>322,137</u>	<u>267,446</u>
Total liabilities - current	<u>167,208</u>	<u>126,503</u>
Profit before tax for the year	<u>82,411</u>	<u>60,109</u>

Details of assets and liabilities and segment disclosures of Window Takaful Operations are stated in annexed financial statements for the year ended 31 December 2018.

18. SHARE CAPITAL

18.1 Authorised capital

2018 (Number of shares in '000)	2017		2018	2017
<u>250,000</u>	<u>250,000</u>	Ordinary shares of Rs. 10 each	<u>2,500,000</u>	<u>2,500,000</u>

18.2 Issued, subscribed and paid-up

210	210	Ordinary shares of Rs.10 each issued as fully paid in cash	2,100	2,100
180,237	180,237	Ordinary shares of Rs.10 each issued as fully paid bonus shares	1,802,365	1,802,365
<u>180,447</u>	<u>180,447</u>		<u>1,804,465</u>	<u>1,804,465</u>

Shares of the Company held by associated undertakings (including associates) amounted to Rs.1,302,051 thousands (130,205,118 shares of Rs.10 each) [2017: Rs. 1,292,051 thousands (129,205,118 shares of Rs.10 each)].

19. RESERVES	Note	31 December 2018	31 December 2017 (Restated)
		..... (Rupees in '000)	
Capital reserve			
Reserve for exceptional losses	19.1	9,384	9,384
Revenue reserves			
General reserve	19.2	3,550,000	3,450,000
Special reserve	19.3	1,000,000	800,000
Unrealised appreciation on 'available for sale' investments - net off tax		326,355	1,070,444
Company's share of Retained earnings arising from business other than participating business attributable to shareholder (Ledger D of an associate)		139,445	115,962
Company's share of money ceded to waqf fund by an associate		32	32
Foreign currency translation difference - net off tax		12,956	(2,316)
		<u>5,038,172</u>	<u>5,443,506</u>

19.1 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.

	2018	2017
	..... (Rupees in '000)	
19.2 General reserve		
Balance at beginning of the year	3,450,000	3,150,000
Transfer from retained earnings	100,000	300,000
Balance at end of the year	<u>3,550,000</u>	<u>3,450,000</u>
19.3 Special reserve		
Balance at beginning of the year	800,000	700,000
Transfer from retained earnings	200,000	100,000
Balance at end of the year	<u>1,000,000</u>	<u>800,000</u>

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

	2018	2017
		(Restated)
	..... (Rupees in '000)	

20. DEFERRED TAXATION - NET

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

Provision for doubtful debts	(52,769)	(52,788)
Unrealised loss on investments	(27,022)	(11,758)
Accelerated depreciation	8,415	11,275
Share of profit from associates	199,106	169,596
Other provisions	(36,538)	(27,980)
	<u>91,192</u>	<u>88,345</u>
Provision for employees' benefits plan	(21,799)	(13,378)
Foreign currency translation	5,220	(1,018)
Unrealised appreciation / (diminution) 'available for sale' investments	134,262	459,325
Share of unrealised appreciation of 'available for sale' investments from an associate	513	291
	<u>209,388</u>	<u>533,565</u>

21. INSURANCE / REINSURANCE PAYABLES

	2018	2017
	..... (Rupees in '000)	
Due to insurance contract holders	30,930	21,507
Due to other insurers / reinsurers	1,722,234	1,122,494
	<u>1,753,164</u>	<u>1,144,001</u>

		2018	2017
	Note	..... (Rupees in '000)	
22. OTHER CREDITORS AND ACCRUALS			
Agent commission payable		625,139	602,227
Federal Excise Duty / Sales Tax		150,430	95,932
Federal Insurance fee		3,302	2,744
Sindh Workers' Welfare Fund		160,204	127,478
Tax deducted at source		3,483	3,854
Accrued expenses		52,741	79,273
Claims payable - stale cheques		38,917	22,776
Unpaid and Unclaimed dividend		99,141	82,950
Payable against purchase of investments		77,097	-
Others		18,750	15,285
		1,229,204	1,032,519
23. DEPOSITS AND OTHER PAYABLES			
Advance rent	23.1	43,293	37,876
Security deposits against bond insurance	23.2	1,571,289	1,627,932
Other deposits		1,592	92
		1,616,174	1,665,900

23.1 This includes an amount of Rs. 17,492 thousands (31 December 2017: Rs. 16,658 thousands) receivable from a related party.

23.2 This represents margin deposit on account of performance and other bond policies issued by the Company.

		2018	2017
		..... (Rupees in '000)	
24. TAXATION - PROVISION LESS PAYMENTS			
Provision for taxation		3,344,797	2,788,607
Less: advance tax including tax deducted at source		(3,108,745)	(2,560,768)
		236,052	227,839

24.1 The Company has filed returns upto tax year 2018. 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, 2014, 2015, 2016 and 2017. The returns filed for tax years 2005, 2006, and 2007 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 2018 has been received by the Company. The proceedings in this respect is in progress.

24.2 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.

24.3 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 disallowance of expenses made by allocating the same 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.



- 24.4** 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 appeal effect has been passed by the DCIR in favour of the Company. The tax department has filed an appeal in the High Court of Sindh against the deletion of disallowances of unexpired risk made by ATIR. Management based on its legal advisor opinion, is confident of favourable outcome of the petition.
- 24.5** 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. 42,920 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.
- 24.6** 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.
- 24.7** In the prior year, the ACIR has further amended the orders under Section 122(5A) of the Income Tax Ordinance, 2001 for the year 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 the 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. Thereafter the Company has filed appeals with ATIR for both the tax years 2009 and 2010. ATIR has decided the appeal with respect to taxability of dividend income at corporate tax rate for both the tax year 2009 and 2010. Thereafter CIRA has decided the issue in favour of the Company in both the years. Appeal effect for tax year 2009 has been given by ACIR with a tax refund of Rs. 5,903 thousands however appeal effect of tax year 2010 is pending.
- 24.8** In the prior years, 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 for the tax years, 2011, 2012 and 2013 respectively. The Company has filed appeal before the CIRA for the all three tax years.
- In prior 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. The ACIR has filed appeals against the orders of CIRA before the Appellate Tribunal Inland Revenue which are pending at adjudication. Based on tax advisor opinion the management is confident of favourable outcome of appeals for the tax years 2011, 2012 and 2013 and accordingly, aggregate provision of Rs. 183,054 has not been recorded in these financial statements.
- 24.9** In prior 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 the 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 has been decided in favour of the Company. The Commissioner Inland Revenue (CIR) has filed appeal with ATIR against the order of CIRA which is pending at adjudication. Based on tax advisor opinion the management is confident of favourable outcome of appeal for the tax year 2014 and accordingly provision of Rs. 50,133 thousands has not been recorded in these financial statements.

- 24.10** During the year, the ACIR has passed assessment orders under section 122(5A) for the tax years 2015 and 2016, mainly on the premise that 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 has also disallowed bad debts in both the tax years and made a disallowance of unpaid commission in the tax year 2016. The ACIR has created tax demand of Rs. 76,406 thousands and Rs. 106,965 thousands for the assessment year 2015 and 2016 respectively.

The Company has filed appeals before the CIRA against the orders of the ACIR in both years where CIRA has decided both appeals in favour of the Company on the issue of dividend income. However, CIRA has confirmed the disallowance made by ACIR for bad debts and unpaid commission. The ACIR has filed appeals with ATIR against on the issue of dividend income which is pending at adjudication. The Company has also filed appeals with ATIR against disallowances confirmed by the CIRA in both the years 2015 and 2016 which are pending at adjudication. Based on tax advisor opinion, the management is confident in favourable outcome of both appeals before the ATIR and accordingly no tax provision of aggregating Rs. 183,371 thousands for the tax years 2015 and 2016 has been made in these financial statements.

- 24.11** During the year, the ACIR has passed the order under section 122(5) for tax year 2017 and made certain disallowances mainly on account of WWF, capital gain, property related expenses, unpaid commission thereby creating a demand of Rs.25,474 thousands. Subsequently, the Company has filed an appeal with the CIRA which is pending at adjudication. Based on tax advisor opinion the management is confident of favourable outcome of the appeal hence no provision has been made in these financial statements.

- 24.12** 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 the Supreme Court in respect of Civil Review Petitions.

- 24.13** The Sindh Revenue Board (SRB), vide notification no. SRB 3-4/7/2013 dated 13 June 2013, had exempted life and health insurance from the scope of applicability of Sindh Sales Tax on Services (SST), under the Sindh Sales Tax Act, 2011. This exemption was subsequently renewed by the SRB on an annual basis, the latest exemption lapsed on 1 July 2016. The matter for renewal of the exemption had been taken up at the collective level of the Insurance Association of Pakistan with the SRB through tax consultants, and on 12 January 2017, the SRB issued notification No. SRB 3-4/2/2017 exempting life insurance with effect from 1 July 2016, from the scope of SST, upto 30 June 2017. However, in respect of corporate health insurance, vide notification No. 3-4/3/2017 dated 12 January 2017, the SRB restricted the exemption available to cover only individual health insurance, and made corporate health insurance taxable with effect from 1 July 2016. The insurance industry has taken up the matter again with the SRB and has also approached the Honorable Chief Minister, Sindh, for resolution of the matter. In view of the fact that the matter is still under the process of review, the Company and other insurance companies carrying out corporate health insurance have not yet billed their customers for provincials' sales tax for the period from 1 July 2016 to 31 December, 2018. The amount not yet billed by the Company works out to Rs. 176.389 million for the period 1 July 2016 to 31 December 2018 and would be recoverable from the customers. Based on opinion obtained from the legal advisor, the management believes, there are strong grounds to support the exemption of provincials' sales tax on corporate health business.

25. CONTINGENCIES

There are no contingencies except for income tax which are disclosed in note 24 of these financial statements.

	Note	2018 (Rupees in '000)	2017
26. NET INSURANCE PREMIUM			
Written Gross Premium	38	9,161,366	7,694,212
Add: Unearned premium reserve opening		2,947,608	2,835,155
Less: Unearned premium reserve closing		3,533,063	2,947,608
Premium earned		8,575,911	7,581,759
Less: Reinsurance premium ceded		4,193,898	2,853,507
Add: Prepaid reinsurance premium opening		1,128,635	1,246,170
Less: Prepaid reinsurance premium closing		1,669,551	1,128,635
Reinsurance expense		3,652,982	2,971,042
		<u>4,922,929</u>	<u>4,610,717</u>
27. NET INSURANCE CLAIMS EXPENSE			
Claims paid		3,996,825	3,273,427
Add: Outstanding claims including IBNR closing		4,362,199	3,431,665
Less: Outstanding claims including IBNR opening		3,431,665	3,337,432
Claims expense		4,927,359	3,367,660
Less: Reinsurance and other recoveries received		1,193,504	870,411
Add: Reinsurance and other recoveries received in respect of outstanding claims closing		3,056,794	2,014,007
Less: Reinsurance and other recoveries received in respect of outstanding claims opening		2,014,007	1,966,865
Reinsurance and other recoveries revenue		2,236,291	917,553
		<u>2,691,068</u>	<u>2,450,107</u>

27.1 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.

Accident year	2013 & prior	2014	2015	2016	2017	2018 (including IBNR)	Total
	..... (Rupees in '000)						
Gross estimate of ultimate claims cost:							
- At end of accident	4,300,259	3,280,439	2,707,931	4,489,286	3,462,817	5,123,030	
- One year later	4,783,287	3,367,638	2,856,295	4,503,782	3,694,646	-	
- Two year later	4,635,374	3,165,287	2,816,460	4,403,039	-	-	
- Three year later	4,465,683	3,109,931	2,697,502	-	-	-	
- Four year later	4,412,017	3,091,394	-	-	-	-	
- Five year later	4,367,630	-	-	-	-	-	
Current estimate of cumulative claims	<u>4,367,630</u>	<u>3,091,394</u>	<u>2,697,502</u>	<u>4,403,039</u>	<u>3,694,646</u>	<u>5,123,030</u>	<u>23,377,241</u>
Cumulative payment to date	(3,898,901)	(3,035,535)	(2,357,158)	(4,012,267)	(2,961,842)	(2,749,339)	(19,015,042)
Liability recognised in statement of financial position	<u>468,729</u>	<u>55,859</u>	<u>340,344</u>	<u>390,772</u>	<u>732,804</u>	<u>2,373,691</u>	<u>4,362,199</u>

		2018	2017
	Note	..... (Rupees in '000)	
28. NET COMMISSION EXPENSE / ACQUISITION COSTS			
Commission paid or payable		735,944	693,116
Add: Deferred commission expense opening		269,685	243,958
Less: Deferred commission expense closing		280,970	269,685
Net Commission		<u>724,659</u>	<u>667,389</u>
Less: Commission received or recoverable		289,543	282,609
Add: Unearned Reinsurance commission opening		124,063	117,105
Less: Unearned Reinsurance commission closing		102,536	124,063
Commission from reinsurers		311,070	275,651
		<u>413,589</u>	<u>391,738</u>
29. MANAGEMENT EXPENSES			
Employees benefit cost	29.1	1,103,328	950,336
Travelling expenses		32,698	24,209
Advertisement and sales promotion		102,501	48,714
Printing and stationery		63,813	52,125
Depreciation		45,822	37,320
Amortisation		11,976	10,351
Rent, rates and taxes		34,951	42,075
Legal and professional charges - business related		9,275	8,847
Electricity, gas and water		17,853	18,795
Entertainment		16,287	14,571
Vehicle running expenses		3,480	2,369
Office repairs and maintenance		12,402	15,115
Bank charges		1,277	1,906
Postage, telegrams and telephone		22,202	21,417
Annual Supervision fee SECP		15,606	15,957
Bad and doubtful debts		6,000	6,000
Annual monitoring fee for vehicle tracking devices		51,650	48,408
Directors' fee and expenses		3,900	5,100
Statutory levies		4,426	1,934
Inspection fee		10,059	7,406
Insurance expense		4,539	5,500
Other expenses		32,500	21,728
	29.2	<u>1,606,545</u>	<u>1,360,183</u>
29.1 Employee benefit cost			
Salaries, allowance and other benefits		1,051,694	907,370
Charges for post employment benefits	29.1.1	51,634	42,966
		<u>1,103,328</u>	<u>950,336</u>
29.1.1	These include Rs. 28,543 thousands (2017: Rs.23,453 thousands) being contribution for employees' provident fund and Rs. 23,091 thousands (2017: Rs.19,513 thousands) in respect of defined benefit plan.		
29.2	The above include costs aggregating Rs. 36,591 thousands (2017: Rs.30,099 thousands) in respect of Accident and Health business common back office operations jointly shared with Jubilee Life Insurance Company Limited, an associated company.		

	2018	2017
Note	..... (Rupees in '000)	
30. INVESTMENT INCOME		
Income from equity securities Available for sale		
Dividend Income	17,080	48,796
- Related parties	284,051	353,096
- Others		
	301,131	401,892
Fair value through profit or loss		
Dividend Income - others	14,252	25,260
Income from debt securities Held to maturity		
- Return on government securities	134,822	295,720
- Amortisation of premium	(1,554)	(19,683)
	133,268	276,037
Income from term deposits		
- Return on term deposits	7,289	9,930
30.1		
Net realised gains / (losses) on investments Available for sale		
- Gain on sale of equity securities	404,056	320,746
- Loss on sale of equity securities	(804)	-
- Return on government securities	255,242	-
	658,494	320,746
Fair value through profit or loss		
- Gain on sale of equity securities	42,245	22,392
- Loss on sale of equity securities	(5,745)	(93,094)
	36,500	(70,702)
Net Unrealised gains / (losses) on investments at fair value through profit and loss (Held for trading purposes)	(90,851)	(51,768)
Total investment income	1,060,083	911,395
Less: Impairment in value of available for sale equity securities	(27,032)	(18,619)
Less: Investment related expenses	(13,507)	(13,563)
	1,019,544	879,213

30.1 This includes Rs. 1,772 thousands (December 2017: Rs. 1,746 thousands) return on term deposits held with related party.

	2018	2017
	..... (Rupees in '000)	
31. RENTAL INCOME		
Rental income	123,592	120,899
Less: Expenses of investment property	(35,707)	(36,882)
	87,885	84,017

		2018	2017
	Note	..... (Rupees in '000)	
32. OTHER INCOME			
Income from financial assets / liabilities			
Return on bank balances	32.1	80,314	78,408
Gain / (loss) on sale of fixed assets		(2,507)	(2,939)
Gain on sale of investment property		-	185
Return on loans to employees		10	22
Exchange gain		21,831	6,410
Others		14	1,297
		<u>99,662</u>	<u>83,383</u>
32.1	This includes of Rs. 6,501 thousands (December 2017: Rs. 5,960 thousands) return on bank balances held with related parties.		
33. OTHER EXPENSES			
Legal and professional fee other than business related		5,910	4,399
Auditors' remuneration	33.2	4,032	3,149
Subscription		4,704	854
Donations	33.1	19,816	23,858
Sindh Workers' Welfare Fund		32,726	31,055
Others		2,829	1,931
		<u>70,017</u>	<u>65,246</u>
33.1	No Donations made during the year in which a Director or spouse of director is interested (2017 : Rs. 7,500 thousands)		
33.2 Auditors' remuneration			
Audit fee		661	661
Interim review fee		132	132
Special certifications and sundry advisory services		1,655	1,114
Tax services		1,200	900
Out-of-pocket expenses including government levy		384	342
		<u>4,032</u>	<u>3,149</u>
34. TAXATION - NET		2018	2017
		..... (Rupees in '000)	
Current			(Restated)
- Current		513,838	518,581
- Prior		48,289	51,538
		<u>562,127</u>	<u>570,119</u>
Deferred		2,846	(22,800)
		<u>564,973</u>	<u>547,319</u>

34.1 Relationship between tax expense and accounting profit

	2018	2017	2018	2017
	(Effective tax rate) (Percentage)		(Restated)	
			..... (Rupees in '000)	
Profit before taxation			1,631,278	1,664,304
Tax at the applicable rate of 29% (2017: 30%)	29.00	30.00	473,217	499,291
Super tax	2.04	-	33,217	-
Prior year super tax	2.96	3.10	48,289	51,538
Tax on bonus shares	0.00	0.96	71	15,940
Recognition of deferred tax of prior years	-	(1.12)	-	(18,647)
effect of prior year adjustment	0.05	-	798	-
Tax effect of change in tax rate and others	(0.09)	(0.05)	9,527	(803)
	<u>33.96</u>	<u>32.88</u>	<u>564,973</u>	<u>547,319</u>

The Board of Directors of the Company has proposed to distribute sufficient cash dividend for the year ended 31 December 2018 (refer note 34) 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 recognised in these financial statements for the year ended 31 December 2018.

35. EARNINGS PER SHARE

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:

	2018	2017
	(Restated)	
	..... (Rupees in '000)	
Profit after taxation	1,066,305	1,116,985
	----- (Number of shares in '000) -----	
Weighted average number of shares of Rs.10 each	180,447	180,447
	..... (Rupees)	
	(Restated)	
Basic earnings per share	5.91	6.19

35.1 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.

36. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in '000)							
Fees	-	-	3,900	5,100	-	-	3,900	5,100
Managerial remuneration	29,854	25,457	-	-	150,984	106,631	180,838	132,088
Leave encashment	2,544	1,919	-	-	6,438	5,149	8,982	7,068
Bonus	9,720	7,452	-	-	32,785	24,790	42,505	32,242
Charge for defined benefit plan	2,488	2,121	-	-	11,413	8,155	13,901	10,276
Rent and house maintenance	8,956	7,637	-	-	67,056	47,984	76,012	55,621
Utilities	2,985	2,546	-	-	15,138	10,663	18,123	13,209
Medical	86	24	-	-	1,691	1,343	1,777	1,367
Conveyance	2,276	2,068	-	-	39,306	28,425	41,582	30,493
Others	1,605	1,061	-	-	35,716	27,885	37,321	28,946
	60,514	50,285	3,900	5,100	360,527	261,025	424,941	316,410
Number of persons	1	1	8	8	46	37	55	46

37. RELATED PARTY TRANSACTIONS

The definition of related parties as given in IAS 24 - Related parties has been followed. Related parties / associated undertakings comprise of associated companies, directors, key management personnel and employees' funds. The transactions and balances with related parties / associated companies, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2018	2017
	(Rupees in '000)	
Associated companies		
Insurance premium written (including government levies administrative surcharge and policy stamps)	546,808	435,497
Insurance premium received / adjusted during the year	620,801	411,279
Commission paid	18,609	28,439
Insurance claims paid	158,541	130,735
Purchases of goods and services	15,621	16,071
Dividend income	17,080	48,796
Dividend received from associate under equity method	91,934	71,636
Dividend paid	521,596	388,829
Rental income	40,719	37,963
Investment in shares / mutual funds	-	8,453
Disposal of shares / mutual funds	42,408	103,921
Donations	-	7,500
Others		
Insurance premium written (including government levies administrative surcharge and policy stamps)	545	431
Insurance premium received / adjusted during the year	406	316
Claims paid	98	9
Dividend paid	15,381	11,910
Contributions for staff retirement benefit plans	81,532	74,174
Donation	-	3,000

38. SEGMENT INFORMATION

Following segment information prepared in accordance with the requirements of Insurance Ordinance, 2000 and the Insurance Rules, 2017 for Class of business wise revenues, results, assets and liabilities:

The class wise revenues and results are as follows:

	For the year ended 31 December 2018						
	Fire and property damage	Marine, aviation and transport	Motor	Liability	Accident and health	Miscellaneous	Total
	(Rupees in '000)						
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	3,223,359	879,767	1,730,580	492,202	1,478,253	2,566,750	10,370,911
Less: Federal Excise Duty / Sales Tax	403,084	96,195	206,719	57,689	-	315,588	1,079,275
Federal Insurance Fee	28,404	7,519	14,956	4,349	14,629	22,515	92,372
Others	(3,848)	26,259	11,137	84	763	3,503	37,898
Gross written premium (inclusive of Administrative Surcharge)	2,795,719	749,794	1,497,768	430,080	1,462,861	2,225,144	9,161,366
Gross direct premium	2,785,221	729,751	1,454,867	429,276	1,462,861	2,194,140	9,056,116
Facultative inward premium	23	-	-	-	-	20,447	20,470
Administrative surcharge	10,475	20,043	42,901	804	-	10,557	84,780
	2,795,719	749,794	1,497,768	430,080	1,462,861	2,225,144	9,161,366
Insurance premium earned	2,391,757	738,216	1,446,306	403,480	1,508,091	2,088,061	8,575,911
Insurance premium ceded to reinsurers	1,520,647	155,961	45,119	390,195	-	1,541,060	3,652,982
Net insurance premium	871,110	582,255	1,401,187	13,285	1,508,091	547,001	4,922,929
Commission income	112,767	4,118	3,638	20,679	-	169,868	311,070
Net underwriting income	983,877	586,373	1,404,825	33,964	1,508,091	716,869	5,233,999
Insurance claims	1,053,340	250,442	554,078	333,398	1,242,353	1,493,748	4,927,359
Insurance claims recovered from reinsurer	497,575	54,710	3,323	331,385	-	1,349,298	2,236,291
Net claims	555,765	195,732	550,755	2,013	1,242,353	144,450	2,691,068
Commission expense	232,722	104,623	135,333	7,745	66,738	177,498	724,659
Management expense	284,277	190,013	457,262	4,335	492,150	178,508	1,606,545
Net insurance claims and expenses	1,072,764	490,368	1,143,350	14,093	1,801,241	500,456	5,022,272
Underwriting result	(88,887)	96,005	261,475	19,871	(293,150)	216,413	211,727
Net investment income							1,019,544
Rental income							87,885
Other income							99,662
Other expenses							(70,017)
Share of profit of associates							200,066
Profit from window takaful operations							82,411
Profit before tax							1,631,278
Segment assets	1,863,351	277,074	409,805	1,053,210	325,052	2,797,152	6,725,643
Unallocated corporate assets							14,265,372
Unallocated assets of Window Takaful Operation - Operator's Fund							322,137
Total assets	1,863,351	277,074	409,805	1,053,210	325,052	2,797,152	21,313,152
Segment liabilities	2,969,988	709,764	1,367,907	1,141,468	1,267,530	3,620,477	11,077,134
Unallocated corporate liabilities							2,160,755
Unallocated liabilities of Window Takaful Operation - Operator's Fund							167,208
Total liabilities	2,969,988	709,764	1,367,907	1,141,468	1,267,530	3,620,477	13,405,097

For the year ended 31 December 2017 (Restated)

	Fire and property damage	Marine, aviation and transport	Motor	Liability	Accident and health	Miscellaneous	Total
..... (Rupees in '000)							
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	2,214,937	727,347	1,605,556	441,221	1,480,919	2,188,876	8,658,856
Less: Federal Excise Duty / Sales Tax	272,624	79,894	189,776	50,753	-	261,849	854,896
Federal Insurance Fee	19,241	6,189	13,721	3,865	14,659	18,842	76,517
Others	(2,670)	22,037	10,747	94	358	2,665	33,231
Gross written premium (inclusive of Administrative Surcharge)	1,925,742	619,227	1,391,312	386,509	1,465,902	1,905,520	7,694,212
Gross direct premium	1,911,802	601,162	1,332,494	385,864	1,465,902	1,873,775	7,570,999
Facultative inward premium	4,092	-	19,180	-	-	21,798	45,070
Administrative surcharge	9,848	18,065	39,638	645	-	9,947	78,143
	1,925,742	619,227	1,391,312	386,509	1,465,902	1,905,520	7,694,212
Insurance premium earned	1,990,185	614,132	1,359,656	368,789	1,286,893	1,962,104	7,581,759
Insurance premium ceded to reinsurers	1,135,846	93,660	35,484	353,990	14	1,352,048	2,971,042
Net insurance premium	854,339	520,472	1,324,172	14,799	1,286,879	610,056	4,610,717
Commission income	85,170	3,083	3,117	17,494	-	166,787	275,651
Net underwriting income	939,509	523,555	1,327,289	32,293	1,286,879	776,843	4,886,368
Insurance claims	1,008,186	163,027	554,610	(30,819)	995,200	677,456	3,367,660
Insurance claims recovered from reinsurer	565,387	16,040	6,780	(33,582)	-	362,928	917,553
Net claims	442,799	146,987	547,830	2,763	995,200	314,528	2,450,107
Commission expense	210,657	94,261	130,199	4,037	57,295	170,940	667,389
Management expense	252,034	153,542	390,637	4,366	379,635	179,969	1,360,183
Net Insurance Claims and expenses	905,490	394,790	1,068,666	11,166	1,432,130	665,437	4,477,679
Underwriting result	34,019	128,765	258,623	21,127	(145,251)	111,406	408,689
Net investment income							879,213
Rental income							84,017
Other income							83,383
Other expenses							(65,246)
Share of profit of associates							214,139
Profit from window takaful operations							60,109
Profit before tax							1,664,304
Segment assets	1,791,768	221,713	441,103	705,413	326,015	1,709,139	5,195,151
Unallocated corporate assets							14,234,967
Unallocated assets of Window Takaful Operation - Operator's Fund							267,446
Total assets	1,791,768	221,713	441,103	705,413	326,015	1,709,139	19,697,564
Segment liabilities	2,704,149	503,440	1,258,222	744,770	1,141,871	2,395,385	8,747,837
Unallocated corporate liabilities							2,510,254
Unallocated liabilities of Window Takaful Operation - Operator's Fund							126,503
Total liabilities	2,704,149	503,440	1,258,222	744,770	1,141,871	2,395,385	11,384,594

39. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
	..... (Rupees in '000)			
At beginning of previous year	5,042,604	6,635,486	624,014	12,302,104
Additions	9,376,578	333,332	904,933	10,614,843
Disposals (sales and redemptions)	(9,407,227)	(245,138)	(1,310,590)	(10,962,955)
Fair value net gains (Excluding net realised gains)	-	-	(51,768)	(51,768)
Interest Income	242,303	-	-	242,303
Designated at fair value through OCI upon initial recognition	-	(1,404,919)	-	(1,404,919)
Classified as held for trading	-	-	-	-
Amortisation of premium	(19,683)	-	-	(19,683)
Impairment losses	-	(18,619)	-	(18,619)
At beginning of current year	5,234,575	5,300,142	166,589	10,701,306
Additions	5,418,131	18,396,870	1,079,521	24,894,522
Disposals (sales and redemptions)	(10,198,393)	(13,187,461)	(646,690)	(24,032,544)
Fair value net gains (Excluding net realised gains)	-	-	(90,851)	(90,851)
Interest Income	127,736	255,242	-	382,978
Designated at fair value through OCI upon initial recognition	-	(1,068,109)	-	(1,068,109)
Classified as held for trading	-	-	-	-
Amortisation of premium	(1,554)	-	-	(1,554)
Impairment losses	-	(27,032)	-	(27,032)
At end of current year	<u>580,495</u>	<u>9,669,652</u>	<u>508,569</u>	<u>10,758,716</u>

40. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

40.1 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	
	2018	2017
	..... (Rupees in '000)	
Fire and property	88,421,580	40,056,325
Marine, aviation and transport	2,728,694	2,088,528
Motor	65,000	59,570
Liability	122,990,000	68,900,000
Accident and health	8,927,685	31,446,860
Miscellaneous	64,529,000	60,237,000

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 the 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.

At the year end, 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. 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 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. 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.

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 3.8).

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 2018	Assumed net loss ratio 2017
Fire and property	33%	38%
Marine, aviation and transport	25%	29%
Motor	41%	43%
Liability	22%	21%
Accident and health	80%	80%
Miscellaneous	30%	31%

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:

Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
..... (Rupees in '000)				

Average claim costs

2018	± 10%	492,736	269,295	264,015	187,450
2017	± 10%	336,766	245,385	240,573	168,401

Statement of Age-wise Breakup of Unclaimed Insurance Benefits

Particulars	Age-wise Breakup					
	Total amount	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 24 months
..... (Rupees in '000)						
Claims not encashed	82,030	53,046	4,723	13,528	1,787	8,946

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 insurance / re-insurance	Re-insurance recoveries against outstanding claims	Other re-insurance assets	2018	2017
..... (Rupees in '000)					
Rating					
A or above including Pakistan Reinsurance Company Limited	11,519	3,008,883	60,549	3,080,951	2,036,034
BBB	-	18,938	103	19,041	20,519
Others	8,189	1,823	598	10,610	859
	<u>19,708</u>	<u>3,029,644</u>	<u>61,250</u>	<u>3,110,602</u>	<u>2,057,412</u>

40.2 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.

40.2.1 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.

40.2.1.1 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:

2018						
Effective rate % per annum	Interest / mark-up bearing financial instruments				Non-interest / mark-up bearing financial instruments	Total
	Maturity upto one year	Maturity over one year to five years	Maturity more than five years	Sub total		
(Rupees in '000)						
Financial assets						
Investments in associates	-	-	-	-	769,210	769,210
Investments						
Equity securities	-	-	-	-	5,105,119	5,105,119
Debt securities	8.75-10.30	5,468,073	-	53,828	5,521,901	5,521,901
Term deposits		131,696	-	-	131,696	131,696
Loans and other receivables	6	2,345	132	-	2,477	49,435
Insurance / reinsurance receivables		-	-	-	-	1,718,328
Reinsurance recoveries against outstanding claims		-	-	-	-	3,029,644
Cash and bank	5.95 to 8.75	1,479,271	-	-	1,479,271	189,768
Total assets of Window Takaful Operations - Operator's Fund		170,200	-	-	170,200	150,474
		7,251,585	132	53,828	7,305,545	11,011,978
						18,317,523
Financial liabilities						
Outstanding claims including IBNR		-	-	-	-	4,362,199
Insurance / reinsurance payables		-	-	-	-	1,753,164
Other creditors and accruals		-	-	-	-	895,466
Deposits and other payables		-	-	-	-	1,572,881
Total liabilities of Window Takaful Operations - Operator's Fund		-	-	-	-	28,860
		-	-	-	-	8,612,570
Interest risk sensitivity gap		7,251,585	132	53,828	7,305,545	2,399,408
Cumulative interest risk sensitivity gap		7,251,585	7,251,717	7,305,545		9,704,953

2017						
Effective rate % per annum	Interest / mark-up bearing financial instruments				Non-interest / mark-up bearing financial instruments	Total
	Maturity upto one year	Maturity over one year to five years	Maturity more than five years	Sub total		
(Rupees in '000)						
Financial assets						
Investments in associates	-	-	-	-	638,800	638,800
Investments						
Equity securities	-	-	-	-	5,466,732	5,466,732
Debt securities	5.95 to 8.75	4,937,669	-	54,725	4,992,394	4,992,394
Term deposits		242,180	-	-	242,180	242,180
Loans and other receivables	6	139	128	-	267	44,525
Insurance / reinsurance receivables		-	-	-	-	1,782,824
Reinsurance recoveries against outstanding claims		-	-	-	-	1,987,502
Cash and bank	3.78 to 6.00	1,741,657	-	-	1,741,657	151,619
Total assets of Window Takaful Operations - Operator's Fund		148,538	-	-	148,538	82,671
		7,070,183	128	54,725	7,125,036	10,154,673
						17,279,709
Financial liabilities						
Outstanding claims including IBNR		-	-	-	-	3,431,665
Insurance / reinsurance payables		-	-	-	-	1,144,001
Other creditors and accruals		-	-	-	-	806,581
Deposits and other payables		-	-	-	-	1,628,024
Total liabilities of Window Takaful Operations - Operator's Fund		-	-	-	-	24,976
		-	-	-	-	7,035,247
Interest risk sensitivity gap		7,070,183	128	54,725	7,125,036	3,119,426
Cumulative interest risk sensitivity gap		7,070,183	7,070,311	7,125,036		10,244,462

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)	
31 December 2018	100	69,499	49,345
	(100)	(69,499)	(49,345)
31 December 2017	100	61,477	43,034
	(100)	(61,477)	(43,034)

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.

40.2.1.2 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 8) and Term Deposit Receipts (note 11).

40.2.1.3 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 2018 and as at 31 December 2017. 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	Price change	Effect on fair value
	(Rupees in '000)		(Rupees in '000)
31 December 2018	4,594,050	+5%	229,703
	(4,594,050)	-5%	(229,703)
31 December 2017	5,297,643	+5%	264,882
	(5,297,643)	-5%	(264,882)

40.2.2 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.

	2018			Total
	Within one year	Over one year to five years	Over five years	
..... (Rupees in '000)				
Financial liabilities				
Outstanding claims including IBNR	4,362,199	-	-	4,362,199
Insurance / reinsurance payables	1,753,164	-	-	1,753,164
Other creditors and accruals	895,466	-	-	895,466
Deposits and other payables	1,572,881	-	-	1,572,881
	<u>8,583,710</u>	<u>-</u>	<u>-</u>	<u>8,583,710</u>
2017				
	Within one year	Over one year to five years	Over five years	Total
..... (Rupees in '000)				
Financial liabilities				
Outstanding claims including IBNR	3,431,665	-	-	3,431,665
Insurance / reinsurance payables	1,144,001	-	-	1,144,001
Other creditors and accruals	806,581	-	-	806,581
Deposits and other payables	1,628,024	-	-	1,628,024
	<u>7,010,271</u>	<u>-</u>	<u>-</u>	<u>7,010,271</u>

40.2.3 Credit Risk

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

40.2.3.1 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:

	Long term rating	Rating agency	2018	2017
..... (Rupees in '000)				
Bank				
Soneri Bank Limited	AA-	PACRA	233,826	572,158
Standard Chartered Bank (Pakistan) Limited	AAA	PACRA	721,050	632,028
Habib Bank Limited - a related party	AAA	JCR-VIS	166,903	235,445
Bank Al-Falah Limited	AA+	PACRA	507,999	355,037
United Bank Limited	AAA	JCR-VIS	32,279	91,200
Silk Bank Limited	A-	JCR-VIS	4	-
MCB Bank Limited	AAA	PACRA	2,180	3,408
Samba Bank Limited	AA	JCR-VIS	105	136
			1,664,346	1,889,412

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

Rating	2018	2017
A or above	4,763,137	3,233,703
others	982,146	1,065,032
	5,745,283	4,298,735

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 13. The age wise analysis of premium due but unpaid includes amount receivable within one year and above one year Rs. 1,407,285 thousands (2017: 1,345,917 thousands) and Rs. 230,085 thousands (2017 : Rs. 366,055 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 40.

41. 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 Insurance Rules, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 89(1)/2017, minimum paid-up capital requirement to be complied with by Insurance / Takaful companies as at 31 December 2017 and subsequent year is Rs. 500 million. As at 31 December 2018 the Company's paid-up capital is in excess of the prescribed limit. v

31 December 2018 **31 December 2017**
(Restated)

..... (Rupees in '000)

42. STATEMENT OF SOLVENCY

Assets

Property and equipment	173,500	178,179
Computer software	68,492	20,417
Investment properties	656,871	658,873
Investments in associates	769,210	638,800

Investments

Equity securities	5,105,119	5,466,732
Debt securities	5,521,901	4,992,394
Term deposits	131,696	242,180
Loans and other receivables	147,500	126,806
Insurance / reinsurance receivables	1,718,328	1,782,824
Reinsurance recoveries against outstanding claims	3,029,644	1,987,502
Salvage recoveries accrued	27,150	26,505
Deferred commission expense / acquisition cost	280,970	269,685
Prepayments	1,691,595	1,145,945
Cash & bank	1,669,039	1,893,276
Total assets of Window Takaful Operations - Operator's Fund	322,137	267,446

Total assets (A)

21,313,152 19,697,564

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

Property and equipment	173,500	178,179
Computer software	68,492	20,417
Investments	586,230	730,600
Term Deposits	1,360	1,000
Loans and other receivables	809	775
Insurance / reinsurance receivables	1,187,649	1,238,669
Security deposits against bond insurance	1,571,289	1,627,932
Total assets of Window Takaful Operations - Operator's Fund	11,910	13,098

Total of In-admissible assets

3,601,239 3,810,670

Liabilities

Underwriting Provisions		
Outstanding claims including IBNR	4,362,199	3,431,665
Unearned premium reserves	3,533,063	2,947,608
Unearned reinsurance commission	102,536	124,063
Deferred taxation	209,388	533,565
Premium received in advance	196,109	150,931
Insurance / reinsurance payables	1,753,164	1,144,001
Other creditors and accruals	1,229,204	1,032,519
Deposits and other payables	1,616,174	1,665,900
Taxation-provision less payments	236,052	227,839
Total liabilities of Window Takaful Operations - Operator's Fund	167,208	126,503

Total liabilities

13,405,097 11,384,594

Total Net Admissible Assets

4,306,816 4,502,300

Minimum solvency requirement (higher of following)

984,586 922,143

- Method A - U/s 36(3)(a)	150,000
- Method B - U/s 36(3)(b)	984,586
- Method C - U/s 36(3)(c)	808,922

Excess in Net Admissible Assets over minimum requirement

3,322,230 3,580,157

42.1 The law is silent with regard to the inadmissibility of the "Prepaid reinsurance premium ceded" and "Deferred commission expense" in Section 32(2) of the Insurance Ordinance, 2000 and, hence, these have been treated as admissible assets for the purpose of this statement.

43. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

31 December 2018										
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Investment in Associates	Other financial liabilities	Total	Level 1	Level 2	Total
(Rupees in '000)										
Financial assets measured at fair value										
Investments										
- Investment in equity securities	508,569	4,594,050	-	-	-	-	5,102,619	4,916,924	185,695	5,102,619
- Debt securities	-	5,073,103	-	-	-	-	5,073,103	-	5,073,103	5,073,103
Assets of Window Takaful										
Operations - Operator's Fund*	-	35,944	-	-	-	-	35,944	35,944	-	35,944
Financial assets not measured at fair value										
Cash and bank deposits*	-	-	-	1,669,039	-	-	1,669,039	-	-	-
Investments										
- In associates	-	-	-	-	769,210	-	769,210	2,541,541	-	2,541,541
- Debt securities	-	-	448,798	-	-	-	448,798	-	448,798	448,798
- Unquoted equity shares*	-	2,500	-	-	-	-	2,500	-	-	-
- Term Deposits*	-	-	131,696	-	-	-	131,696	-	-	-
Insurance / reinsurance receivables*	-	-	-	1,718,328	-	-	1,718,328	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	3,029,644	-	-	3,029,644	-	-	-
Loans and other receivables*	-	-	-	51,912	-	-	51,912	-	-	-
Assets of Window Takaful										
Operations - Operator's Fund*	-	-	-	235,896	-	-	235,896	-	-	-
Financial liabilities not measured at fair value										
Provision for outstanding claims (including IBNR)*	-	-	-	-	-	(4,362,199)	(4,362,199)	-	-	-
Insurance/Reinsurance Payables	-	-	-	-	-	(1,753,164)	(1,753,164)	-	-	-
Other creditors and accruals*	-	-	-	-	-	(834,688)	(834,688)	-	-	-
Deposits and other payables*	-	-	-	-	-	(1,572,881)	(1,572,881)	-	-	-
Total liabilities of Window Takaful										
Operations - Operator's Fund*	-	-	-	-	-	(28,860)	(28,860)	-	-	-
	508,569	9,705,597	580,494	6,704,819	769,210	(8,551,792)	9,716,897	7,494,409	5,707,596	13,202,005
31 December 2017 (Audited) (Restated)										
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Investment in Associates	Other financial liabilities	Total	Level 1	Level 2	Total
(Rupees in '000)										
Financial assets measured at fair value										
Investments										
- Investment in equity securities	166,589	5,297,643	-	-	-	-	5,464,232	5,068,754	395,478	5,464,232
Assets of Window Takaful										
Operations - Operator's Fund*	-	30,601	-	-	-	-	30,601	30,601	-	30,601
Financial assets not measured at fair value										
Cash and bank deposits*	-	-	-	1,893,276	-	-	1,893,276	-	-	-
Investments										
- In associates	-	-	-	-	638,800	-	638,800	3,596,521	-	3,596,521
- Debt securities	-	-	4,992,394	-	-	-	4,992,394	-	4,992,394	4,992,394
- Unquoted equity shares*	-	2,500	-	-	-	-	2,500	-	-	-
- Term Deposits*	-	-	242,180	-	-	-	242,180	-	-	-
Insurance receivables*	-	-	-	1,782,824	-	-	1,782,824	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	1,987,502	-	-	1,987,502	-	-	-
Loans and other receivables*	-	-	-	44,792	-	-	44,792	-	-	-
Assets of Window Takaful										
Operations - Operator's Fund*	-	-	-	194,889	-	-	194,889	-	-	-
Financial liabilities not measured at fair value										
Provision for outstanding claims (including IBNR)*	-	-	-	-	-	(3,431,665)	(3,431,665)	-	-	-
Insurance/Reinsurance Payables	-	-	-	-	-	(1,144,001)	(1,144,001)	-	-	-
Other creditors and accruals*	-	-	-	-	-	(802,511)	(802,511)	-	-	-
Deposits and other payables*	-	-	-	-	-	(1,628,024)	(1,628,024)	-	-	-
Total liabilities of Window Takaful										
Operations - Operator's Fund*	-	-	-	-	-	(24,976)	(24,976)	-	-	-
	166,589	5,330,744	5,234,574	5,903,283	638,800	(7,031,177)	10,242,813	8,695,876	5,387,872	14,083,748

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

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

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

44. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, to align them with the presentation requirements of the Insurance Accounting Regulations, 2017.

45. SUBSEQUENT EVENT - NON ADJUSTING

The Board of Directors in its meeting held on 5 February 2019 has proposed a final cash dividend in respect of the year ended 31 December 2018 of Rs. 4.00 per share of Rs.10 each (40%) [31 December 2017: Rs.4.0 per share of Rs.10 each (40%)] and bonus share @ Nil [31 December 2017: Nil In addition, the Board of Directors has approved the transfer of Rs. 200,000 thousands (31 December 2017: Rs.200,000 thousands) to special reserve and Rs. 100,000 thousands (31 December 2017: Rs. 100,000 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.

	2018	2017
..... (Number)		

46. NUMBER OF EMPLOYEES

As at 31 December	734	722
Average Number of employees during the year	737	709

47. DATE OF AUTHORISATION FOR ISSUE


These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 5 February 2019.

48. GENERAL

All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.



Towfiq H. Chinoy
Chairman



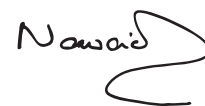
Tahir Ahmed
Chief Executive



Amin A. Hashwani
Director



Amyn Currimbhoy
Director



Nawaid Jamal
Chief Financial Officer

Window Takaful Operations Financial Statements





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INDEPENDENT AUDITORS' REPORT

To the members of Jubilee General Insurance Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Jubilee General Insurance Company Limited – Window Takaful Operations (the "Company")**, which comprise the statement of financial position as at 31 December 2018, and the profit and loss account, the statement of comprehensive income, the statement of changes in Fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in Fund and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 31 December 2018 and of the profit and other comprehensive loss, the changes in Fund and its cash flows for the year then ended.

Basis for opinion

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

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 2018 but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi 75530 Pakistan

Telephone +92 (21) 3568 5847
Fax: +92 (21) 3568 5095
Internet www.kpmg.com.pk

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Nadeem.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 05 February, 2019

Karachi

Statement of Financial Position

As at 31 December, 2018

Note	2018			2017	01 January 2017	
	Operator's Fund	Participants' Fund	Aggregate	(Restated) Aggregate	(Restated) Aggregate	
(Rupees in '000)						
Assets						
Property and equipment	5	7,395	-	7,395	9,742	12,081
Intangible assets	6	3,052	-	3,052	2,501	2,648
Investments						
Equity securities	7	35,944	12,620	48,564	30,601	23,343
Term deposit	8	-	-	-	20,000	25,000
Loans and other receivables	9	1,482	3,722	5,204	4,885	3,231
Takaful / Re-takaful receivables	10	-	96,704	96,704	94,864	58,210
Wakala and mudarib fee receivable		64,210	-	64,210	45,694	41,078
Re-takaful recoveries against outstanding claims		-	10,344	10,344	4,520	250
Salvage recoveries accrued		-	5,970	5,970	8,500	-
Deferred Commission Expense / Acquisition cost	21	37,387	-	37,387	28,085	22,348
Deferred taxation		1,464	-	1,464	855	-
Prepayments	12	1,000	50,101	51,101	38,924	44,014
Cash and Bank	13	170,203	490,512	660,715	412,254	228,988
Total Assets		322,137	669,973	992,110	701,425	461,191


Towfiq H. Chinoy
Chairman

Tahir Ahmed
Chief Executive

Note	2018			2017 01 January 2017	
	Operator's Fund	Participants' Fund	Aggregate	(Restated) Aggregate	(Restated) Aggregate
(Rupees in '000)					
Funds and liabilities					
Funds attributable to:					
Operator's Fund					
Statutory fund	100,000	-	100,000	100,000	100,000
Reserves	(3,583)	-	(3,583)	(1,995)	620
Accumulated profit	58,512	-	58,512	42,938	862
Participants' Fund					
Ceded Money	-	500	500	500	500
Reserves	-	(1,790)	(1,790)	-	-
Accumulated surplus	-	135,856	135,856	36,731	(7,935)
Total Funds	154,929	134,566	289,495	178,174	94,047
Liabilities					
Underwriting Provisions					
Outstanding claims including IBNR	18	-	114,527	114,527	94,875
Unearned contribution reserves	17	-	257,432	257,432	200,250
Contribution deficiency reserve		-	-	-	9,037
Unearned Re-takaful Rebate	19	-	1,397	1,397	621
Unearned wakala fee	20	113,999	-	113,999	85,399
Deferred Taxation		-	-	-	278
Contribution received in advance		-	11,169	11,169	2,552
Wakala and mudarib fee payable		-	64,210	64,210	45,694
Takaful / Re-takaful Payables	14	-	77,322	77,322	44,731
Other Creditors and Accruals	15	32,725	9,350	42,075	33,366
Taxation - provision less payments	11	20,484	-	20,484	15,763
Total Liabilities		167,208	535,407	702,615	523,251
Total Funds and Liabilities		322,137	669,973	992,110	701,425
Contingency and commitment	16				


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



Amin A. Hashwani
Director



Amyn Currimbhoy
Director



Nawaid Jamal
Chief Financial Officer

Profit and Loss Account

For the year ended 31 December 2018

		2018	2017
	Note	.....(Rupees in '000).....	
Participants' Takaful Fund - (PTF) Revenue Account			
Net takaful contribution	17	474,514	320,710
Net takaful claims	18	(391,308)	(292,880)
Reversal of contribution deficiency expense		-	9,037
Re-takaful rebate earned	19	1,451	2,190
Direct expenses	23	(1,825)	(858)
		(391,682)	(282,511)
Surplus before investment income		82,832	38,199
Investment income	24	(832)	764
Profit on bank balances		21,218	7,320
Other expenses	27	(4,093)	(1,617)
Surplus for the year		99,125	44,666
Operator's Fund - (OTF) Revenue Account			
Wakala fee income	20	239,693	166,421
Commission and other acquisition costs	21	(81,717)	(57,583)
Management expenses	22	(83,749)	(53,668)
		(165,466)	(111,251)
		74,227	55,170
Investment income	25	(161)	1,141
Other income	26	11,571	6,488
Other expenses	28	(3,226)	(2,690)
Profit before tax		82,411	60,109
Income tax expense	29	(23,899)	(18,033)
Profit after tax		58,512	42,076

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



Towfiq H. Chinoy
Chairman



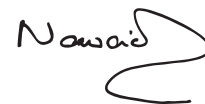
Tahir Ahmed
Chief Executive



Amin A. Hashwani
Director



Amyn Currimbhoy
Director



Nawaid Jamal
Chief Financial Officer

Statement of Comprehensive Income

For the year ended 31 December 2018

	2018	2017 (Restated)
	.....(Rupees in '000).....	
Participants' Takaful Fund - (PTF)		
Surplus for the year	99,125	44,666
Other comprehensive income for the year		
Item to be reclassified to profit and loss account in subsequent year		
- Net unrealised loss arising during the year on revaluation of available-for-sale investments	(1,790)	-
Total comprehensive income for the year	<u>97,335</u>	<u>44,666</u>
Operator's Fund - (OTF)		
Profit after tax	58,512	42,076
Other comprehensive income for the year		
Item to be reclassified to profit and loss account in subsequent year		
- Net unrealised (loss) arising during the year on revaluation of available-for-sale investments - net off tax	(1,767)	(2,198)
- Reclassification adjustment for net gain / (loss) on available for sale investments included in profit and loss account - net off tax	179	(417)
Other comprehensive (loss) for the year	<u>(1,588)</u>	<u>(2,615)</u>
Total comprehensive income for the year	<u>56,924</u>	<u>39,461</u>

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



Towfiq H. Chinoy
Chairman



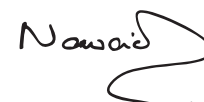
Tahir Ahmed
Chief Executive



Amin A. Hashwani
Director



Amyn Currimbhoy
Director



Nawaid Jamal
Chief Financial Officer

Statement of Cash Flows

For the year ended 31 December 2018

	2018			2017
	Operator's Fund	Participants' Fund	Aggregate	Aggregate
.....(Rupees in '000).....				
Operating Cashflows				
(a) Takaful activities				
Takaful Contribution received	-	917,283	917,283	606,450
Re-takaful contributions paid	-	(87,847)	(87,847)	(64,505)
Wakala fee received / (paid)	250,682	(250,682)	-	-
Claims paid	-	(377,297)	(377,297)	(259,969)
Re-takaful and other recoveries received	-	(997)	(997)	4,149
Commission paid	(85,828)	-	(85,828)	(56,120)
Re-takaful rebate received	-	2,227	2,227	829
Management / Direct expenses paid	(78,844)	(1,783)	(80,627)	(53,805)
Net cash flow from takaful activities	86,010	200,904	286,914	177,029
(b) Other operating activities				
Income tax paid	(3,415)	-	(3,415)	(1,661)
Other expenses paid	(2,844)	(7)	(2,851)	(2,690)
Other operating payments	(17,750)	(104,460)	(122,210)	(78,916)
Other operating receipts	1,040	108,638	109,678	82,779
Net cash flow from other operating activities	(22,969)	4,171	(18,798)	(488)
Total cash flow from all operating activities	63,041	205,075	268,116	176,541
Investment activities				
Profit / return received	7,914	20,178	28,092	12,564
Dividend received	2,025	464	2,489	2,404
Payment for investments	(22,765)	(15,750)	(38,515)	(21,885)
Proceeds from investments	12,639	-	12,639	9,276
Mudarib fee received / (paid)	3,171	(3,171)	-	-
Fixed capital expenditure	(1,422)	-	(1,422)	(639)
Proceeds from sale of property and equipment	-	-	-	5
Total cash flow from investing activities	1,562	1,721	3,283	1,725
Financing activities - Profit paid to the Operator				
	(42,938)	-	(42,938)	-
Net cash flow from all activities	21,665	206,796	228,461	178,266
Cash and cash equivalents at beginning of the year	148,538	283,716	432,254	253,988
Cash and cash equivalents at end of the year	170,203	490,512	660,715	432,254
Reconciliation to Profit and Loss Account				
Operating cash flows	63,041	205,075	268,116	176,541
Depreciation / amortisation expense	(3,218)	-	(3,218)	(3,086)
Profit / return received	7,914	20,178	28,092	12,564
Loss on disposal of fixed assets	-	-	-	(2)
Profit on disposal of investments	1,662	-	1,662	1,266
Dividend Income received	2,025	464	2,489	2,404
Mudarib fee received / (paid)	3,171	(3,171)	-	-
Impairment in value of available for sale securities	(4,248)	(1,340)	(5,588)	(2,869)
Increase in assets other than cash	28,871	16,577	45,448	56,309
(Increase) in liabilities other than borrowings	(40,706)	(138,658)	(179,364)	(156,385)
Net Profit / surplus for the year	58,512	99,125	157,637	86,742

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



Towfiq H. Chinoy
Chairman



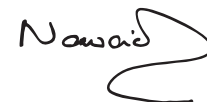
Tahir Ahmed
Chief Executive



Amin A. Hashwani
Director



Aryn Currimbhoy
Director



Nawaid Jamal
Chief Financial Officer

Statement of Changes In Fund

For the year ended 31 December 2018

	Operator's Fund			Total
	Statutory Fund	Revenue reserve Available for sale Investment revaluation reserve	Accumulated profit	
.....(Rupees in '000).....				
Balance as at 01 January 2017 as previously reported	100,000	-	862	100,862
Net effect of change in accounting policy (Refer Note 3.1)	-	620	-	620
Balance as at 01 January 2017 as restated	100,000	620	862	101,482
Total comprehensive income for the year ended 31 December 2017				
Profit after tax	-	-	42,076	42,076
Other comprehensive income				
Unrealised (loss) on available for sale investments - net off tax	-	(2,615)	-	(2,615)
	-	(2,615)	42,076	39,461
Balance as at 31 December 2017 as restated	100,000	(1,995)	42,938	140,943
Balance as at 31 December 2017 as previously reported	100,000	-	42,938	142,938
Net effect of change in accounting policy (Refer Note 3.1)	-	(1,995)	-	(1,995)
Balance as at 01 January 2018 as restated	100,000	(1,995)	42,938	140,943
Total comprehensive income for the year ended 31 December 2018				
Profit after taxation	-	-	58,512	58,512
Other comprehensive income				
Unrealised (loss) on available for sale investments - net off tax	-	(1,588)	-	(1,588)
	-	(1,588)	58,512	56,924
Transactions with Operator recorded directly in the fund				
Transfer of profit to the operator	-	-	(42,938)	(42,938)
Balance as at 31 December 2018	100,000	(3,583)	58,512	154,929

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

Towfiq H. Chinoy
Chairman

Tahir Ahmed
Chief Executive

Amin A. Hashwani
Director

Amyn Currimbhoy
Director

Nawaid Jamal
Chief Financial Officer



Statement of Changes In Fund

For the year ended 31 December 2018

	Participants' Takaful Fund			Total
	Ceded money	Revenue reserve Available for sale Investment revaluation reserve	Accumulated (deficit) / surplus	
.....(Rupees in '000).....				
Balance as at 01 January 2017	500	-	(7,935)	(7,435)
Total comprehensive income for the year ended 31 December 2018				
Surplus for the year	-	-	44,666	44,666
Balance as at 31 December 2017	500	-	36,731	37,231
Total comprehensive income for the year ended 31 December 2018				
Surplus for the year	-	-	99,125	99,125
Other comprehensive income				
Unrealised (loss) on available for sale investments	-	(1,790)	-	(1,790)
	-	(1,790)	99,125	97,335
Balance as at 31 December 2018	500	(1,790)	135,856	134,566

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



Towfiq H. Chinoy
Chairman



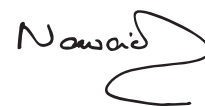
Tahir Ahmed
Chief Executive



Amin A. Hashwani
Director



Amyn Currimbhoy
Director



Nawaid Jamal
Chief Financial Officer

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

Jubilee General Insurance Company Limited ("the Operator") is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act 2017) 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 AND STATEMENT OF COMPLIANCE

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

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

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

The Securities and Exchange Commission of Pakistan ("SECP") vide its S.R.O 89(1)/2017 dated 9 February, 2017 has prescribed format of the presentation of annual financial statements for general insurance companies. These financial statements have been prepared in accordance with the format prescribed by the SECP (refer note 3.1).

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 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain investments which are stated at their fair values.

2.2 Functional and presentation currency

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

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Operations' accounting periods beginning on or after 01 January 2018 but are considered not to be relevant or do not have any significant effect on the Operations and therefore not stated in these financial statements.

Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O 88(1)/2017 and S.R.O 89(1)/2017 dated 9 February 2017 has issued the Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 (the Rules and Accounting Regulations 2017). The application of these Rules and Accounting Regulations, 2017 for the purpose of preparation and presentation of the financial statements was effective from 1 April 2017. SECP vide letter ID /OSM/ Jubilee General /2017 /10483, dated 4 August 2017 has granted exemption from application of Rules and Accounting Regulations 2017 to the Operations till 31 December 2017. Therefore, the application of Rules and Accounting Regulations 2017 became effective from the accounting year commencing from 01 January 2018.

The Rules and Accounting Regulations 2017 require significant disclosures / requirements, which are relevant to the Operations include but not limited to: Presentation and disclosure of financial statements prescribed in Annexure II of the Insurance Rules, 2017, recognition of available-for-sale investments at fair value as per IAS 39 "Financial Instruments: Recognition and Measurement", recognition of contribution receivable under a takaful policy / cover note as written from the date of attachment of risk to the policy / cover note.

The Operator has adopted these Rules and Accounting Regulations 2017 and accordingly has changed its accounting policies (refer note 3.1).

In addition, Companies Act 2017 also became effective for the financial statements for the year ended 31 December 2017. As the Operations' financial statements are prepared in accordance with the format prescribed by SECP, it did not have a direct impact on the financial statements.

2.4 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective

The following standards, amendments and interpretations of accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after 01 January 2019:

- IFRS 16 'Leases' (effective for annual period beginning on or after January 1, 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, the development of the Operations' leases portfolio, the Operator's assessment of whether it will exercise any lease renewal options and the extent to which the Operator chooses to use practical expedients and recognition exemptions. The nature of expenses related to these leases will now change because IFRS 16 replaces the straight line operating lease expense with a depreciation charge for right-of-use assets and profit expense on lease liabilities. Based on the the initial assessment, the Operator considered that the application of interpretation is not likely to have an impact on the Operations' financial statements.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Operations' financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The application of ammendment is not likely to have an impact on the Operations' financial statements.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 1 July 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Operator has adopted the temporary exemption which allows the Operator to defer the application of both IFRS 9 and IFRS 17 until 31 December 2021.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The application of this amendment is not likely to have impact on the Operations' financial statements.
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Operations' financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 1, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The amendment is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- Annual improvements to IFRS Standards 2015–2017 Cycle. The new cycle of improvements addresses improvements to following accounting and reporting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as stated below have been applied consistently to all years presented in these financial statements, except for the changes in accounting policies as follows:

3.1 Changes in Accounting Policies

3.1.1 Application of Insurance Rules 2017 and Insurance Accounting Regulations 2017

The Operator has adopted the Insurance Rules and Accounting Regulations 2017 and accordingly has changed its accounting policies as follows:

3.1.1.1 Available-for-sale investments

Up to 31 December 2017, the available-for-sale investments subsequent to initial recognition had been stated at the lower of cost or market value (market value on an individual investment basis being taken lower as if the fall is other than temporary) as the application of International Accounting Standard-39 (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of available for sale investments had been deferred in accordance with repealed SEC (Insurance) Rules 2002.

Accordingly to the Insurance Rules and Accounting Regulations 2017, the Operator has changed its accounting policy for subsequent measurement of investments classified as available for sale from lower of cost or market value (market value on an individual investment basis being taken lower as if the fall is other than temporary) to fair value as per the requirements of IAS 39 and any unrealised gains or losses arising on re-measurement on of available-for-sale investments are taken to Other Comprehensive Income. On de-recognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves are reclassified to profit and loss account for the period.

3.1.1.2 Takaful contribution

Up to 31 December 2017, contribution had been recognized as written at the time of takaful policy (policy written) in accordance with the SEC (Insurance) Rules, 2002. According to the Insurance Rules and Accounting Regulations 2017, the Operator has changed its accounting policy for recognition of contribution under a takaful policy / cover note as written from date of issuance to the date of attachment of risk to the policy / cover note.

3.1.1.3 Presentation of Financial Statements

The Operator has adopted format for preparation and presentation of its financial statements in line with the requirements of the Insurance Rules and Accounting Regulations 2017. Significant changes in presentation are rearrangements in sequence of assets / liabilities in the statement of financial position; presentation of single profit and loss account instead of segment wise (classes of business) presentation and discontinuation of separate statements of Contributions, Claims, Expenses and Investment Income. The segment wise contributions, claims, expenses and investment income are now included in notes to the financial statements.

3.1.1.4 Financial Impact of change in accounting policy

The significant effects of changes in accounting policies as stated above have been applied retrospectively in accordance with the requirement of IAS - 8 'Accounting Policy, Change in Accounting Estimates and Error' and comparatives have been restated to conform to the changed policies. The summary of the effects are as follows:

	31 December 2017			1 January 2017		
	As previously reported	As re-stated	Restatement	As previously reported	As re-stated	Restatement
..... (Rupees in '000)						
Operator's Fund						
Effects on Statement of financial position						
Assets						
Investments in Equity Securities	33,451	30,601	(2,850)	22,445	23,343	898
Deferred Taxation	-	855	855	-	-	-
Liability						
Deferred Taxation	-	-	-	-	278	278
Fund						
Reserves	-	1,995	(1,995)	-	620	620

	31 December 2017		
	As previously reported	As re-stated	Restatement
	..... (Rupees in '000)		
Effects of other comprehensive income			
<i>Item to be reclassified to profit and loss account in subsequent period</i>			
Net unrealised (loss) arising during the year on revaluation of available for sale investments - net off tax	-	(2,198)	(2,198)
Reclassification adjustment for net loss on available for sale investments included in profit and loss account - net off tax	-	(417)	(417)
Net change in other comprehensive (loss)	<u>-</u>	<u>(2,615)</u>	<u>(2,615)</u>

3.2 Property and Equipment

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 5 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.

3.3 Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the operations 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.

Indefinite 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 6).
- c) Amortisation on additions is charged from the month in which the asset is put to use, whereas no amortisation is charged from the month the asset is disposed off.

3.4 Takaful contracts

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

Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the 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 organisations.

3.5 Deferred Commission expense / Acquisition cost

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.

3.6 Unearned contribution

The provision for unearned portion of contribution is calculated by applying twenty fourths' method, except Accident and Health Takaful for which unearned contribution is calculated by applying 365 days method as prescribed by Insurance Accounting Regulations 2017.

3.7 Contribution deficiency

The Operations is required as per Insurance Rules and Accounting Regulations 2017, 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 the 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 takaful is calculated in accordance with the advice of the actuary. No provision has been made as the unearned contribution reserve for each class of business as at the year end is adequate to meet the expected future liability after re-takaful from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

3.8 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 recognises the entitled benefits under the contracts as various re-takaful assets. Re-takaful contribution is recognised as an expense when re-takaful is ceded. Re-takaful 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.

3.9 Receivables and payables related to takaful contracts

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.

3.10 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.

The Operator presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules and Accounting Regulations, 2017. 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 3.4.

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 contribution earned.

3.11 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.

3.12 Revenue recognition

a) Contribution

Contributions including administrative surcharge under a takaful contract are recognised as written from date of issuance to the date of attachment of risk to the policy / cover note.

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.

b) Re-takaful rebate

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.

c) 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 Operations' 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.

3.13 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 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 fair value through profit or loss.

- 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 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 "fair value through profit or loss" 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.

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on remeasurement of these investments are recognised in other comprehensive income.

Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to rates quoted by Mutual Fund Association of Pakistan (MUFAP). 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 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.

3.15 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.

3.16 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.

Re-takaful recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

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 Operations 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 2018 has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

3.17 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 tax

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.

3.18 Defined contribution plan

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

3.19 Impairment of assets

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. However, in case of equity securities classified as available for sale the decrease in impairment loss is not reversed.

3.20 Management expenses

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

3.21 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 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 profit and loss account of the period in which financial instrument is derecognised.

3.22 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 year.

3.23 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	Percentage
Fire and property damage	33.50%
Marine, aviation and transport	35.00%
Motor	29.00%
Health	25.00%
Health Bancatakaful*	72.00%
Miscellaneous	27.50%

*The bancatakaful health policy is issued to one of the financial institution, the rate of which has been approved with the advice of shariah advisor.

Wakala fee is recognised as income in Operator's Fund on the same basis on which the related contribution revenue is recognized. Unearned portion of wakala fee is recognised as a liability of Operator's Fund.

3.24 Mudarib's fee

The Operator also manages the participants' investment as Mudarib and charges 20 percent of the investment income earned by the PTF as Mudarib's fee. It is recognized on the same basis on which related revenue is recognised.

3.25 Qard-e-Hasna

Qard-e-Hasna is provided by Operator's Fund to PTF in case of deficit or to fulfill cash flow requirements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Use of estimates and judgements

In preparing these financial statement, management has made judgement, estimates and assumptions that affect the application of the Operations' 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) provision for unearned contribution (note 3.6);
- b) provision for contribution due but unpaid and amount due from other takaful / re-takaful operators (note 3.9);
- c) provision for outstanding claims including IBNR and re-takaful recoveries there against (note 3.16);
- d) contribution deficiency reserve (note 3.7);
- e) provision for unearned wakala fee (note 3.23);
- f) classification of investments (note 3.13);
- g) residual values and useful lives of fixed assets (note 3.2);
- h) allocation of management expenses (note 3.20);
- i) taxation (note 3.17);
- j) segment reporting (note 3.10); and
- k) impairment (note 3.19)

5. PROPERTY AND EQUIPMENT - OTF

	2018									
	Cost				Depreciation				Written down value as at 31 December 2018	Depreciation rate %
	As at 01 January 2018	Addition	Disposal / adjustment	As at 31 December 2018	As at 01 January 2018	Charge for the year	Disposal / adjustment	As at 31 December 2018		
	(Rupees in '000)									
Furniture and fixtures	9,208	-	-	9,208	3,562	1,381	-	4,943	4,265	17%
Office equipment	6,111	-	-	6,111	2,344	917	-	3,261	2,850	17% - 25%
Computer equipment	694	122	-	816	365	171	-	536	280	25%
	16,013	122	-	16,135	6,271	2,469	-	8,740	7,395	

	2017									
	Cost				Depreciation				Written down value as at 31 December 2017	Depreciation rate %
	As at 01 January 2017	Addition	Disposal / adjustment	As at 31 December 2017	As at 01 January 2017	Charge for the year	Disposal / adjustment	As at 31 December 2017		
	(Rupees in '000)									
Furniture and fixtures	9,208	-	-	9,208	2,181	1,381	-	3,562	5,646	17%
Office equipment	6,101	52	42	6,111	1,430	917	3	2,344	3,767	17% - 25%
Computer equipment	596	98	-	694	213	152	-	365	329	25%
	15,905	150	42	16,013	3,824	2,450	3	6,271	9,742	

6. INTANGIBLE ASSETS - OTF

	2018									
	Cost				Amortisation				Written down value as at 31 December 2018	Amortisation period
	As at 01 January 2018	Addition	Disposal / adjustment	As at 31 December 2018	As at 01 January 2018	Charge for the year	Disposal / adjustment	As at 31 December 2018		
	(Rupees in '000)									
Computer software	3,633	1,300	-	4,933	1,132	749	-	1,881	3,052	5 years

	2017									
	Cost				Amortisation				Written down value as at 31 December 2017	Amortisation period
	As at 01 January 2017	Addition	Disposal / adjustment	As at 31 December 2017	As at 01 January 2017	Charge for the year	Disposal / adjustment	As at 31 December 2017		
	(Rupees in '000)									
Computer software	3,144	489	-	3,633	496	636	-	1,132	2,501	5 years

7. INVESTMENT IN EQUITY SECURITIES - Available for Sale

	2018		2017	
	Cost	Carrying value	Cost	Carrying value (Restated)
	(Rupees in '000)			
Operator's Fund				
Listed Shares	40,991	35,944	33,451	30,601
Participants' Fund				
Listed Shares	14,410	12,620	-	-

Available for sale securities - OTF

Number of shares	Face value per share (Rupees)	Name of Investee	2018		2017	
			Cost	Carrying value	Cost	Carrying value (Restated)
			(Rupees in '000)			
		Ordinary Shares				
		Textile composite				
10,000	40,000	10 Nishat Mills Limited	1,467	1,265	1,467	1,495
		Cement				
50,000	100,000	10 Fauji Cement Company Limited	1,250	1,046	2,502	2,502
30,000	2,000	10 Pioneer Cement Limited	1,438	1,257	2,915	1,262
10,000	23,625	10 Maple Leaf Cement Factory Limited	407	407	1,617	1,617
9,500	-	10 Lucky Cement Limited	4,374	4,129	-	-

Available for sale securities - OTF

Number of shares		Face value per share (Rupees)	Name of Investee	2018		2017	
2018	2017			Cost	Carrying value	Cost	Carrying value (Restated)
..... (Rupees in '000)							
Oil Refinery Companies							
800	1,800	10	National Refinery Limited	229	229	1,132	776
Power Generation & Distribution							
10,000	10,000	10	Hub Power Company Limited	858	858	1,312	910
Oil and Gas Exploration Companies							
4,000	6,150	10	Pakistan Oil Fields Limited	2,106	1,699	2,870	3,655
11,500	10,000	10	Pakistan Petroleum Limited	1,641	1,721	1,641	2,059
50,000	10,000	10	Sui Northern Gas Pipelines	5,146	3,854	1,376	946
Engineering							
60,500	30,500	10	Mughal Iron & Steel Industries	3,457	2,447	2,302	1,772
40,100	15,100	10	Amreli Steels Limited	1,920	1,920	1,799	1,399
Fertilizers							
5,000	5,000	10	Engro Corporation Limited	1,639	1,455	1,639	1,373
100,000	160,000	10	Engro Fertilizer Limited	6,799	6,905	10,879	10,835
Technology and Communication							
575,000	-	10	Pakistan Telecommunication Company Limited	6,933	5,526	-	-
Food and Personal Care products							
20,000	-	10	Al Shaheer Corporation Limited	580	479	-	-
Cables & Electric Goods							
30,000	-	10	Pak Elektron Limited	747	747	-	-
				<u>40,991</u>	<u>35,944</u>	<u>33,451</u>	<u>30,601</u>

Available for sale securities - PTF

Number of shares		Face value per share (Rupees)	Name of Investee	2018		2017	
2018	2017			Cost	Carrying value	Cost	Carrying value (Restated)
..... (Rupees in '000)							
Cement							
10,000	-	10	Maple Leaf Cement Factory Limited	494	407	-	-
7,000	-	10	Lucky Cement Limited	3,222	3,042	-	-
Oil and Gas Exploration Companies							
20,000	-	10	Sui Northern Gas Pipeline Limited	1,541	1,541	-	-
1,100	-	10	Mari Petroleum Company Limited	1,544	1,359	-	-
Technology and Communication							
525,000	-	10	Pakistan Telecommunication Company Limited	6,281	5,045	-	-
Food and Personal Care products							
20,000	-	10	Al Shaheer Corporation Limited	581	479	-	-
Cables & Electric Goods							
30,000	-	10	Pak Elektron Limited	747	747	-	-
				<u>14,410</u>	<u>12,620</u>	<u>-</u>	<u>-</u>

8. INVESTMENT IN TERM DEPOSITS - PTF

	Note	2018 (Rupees in '000)	2017 (Rupees in '000)
Held to maturity			
Deposits maturing within 12 months	8.1	-	20,000

8.1 This represent term deposit receipts carrying expected profit rate ranging from 4.41% to 5.29% in 2017.

9. LOANS AND OTHER RECEIVABLES - Considered good

	2018			2017
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
	..... (Rupees in '000)			
Accrued Investment income	623	1,771	2,394	1,344
Advance to suppliers	21	-	21	21
Sales tax recoverable	404	983	1,387	1,187
Medical claims recoverable	-	453	453	1,438
Other receivables	434	515	949	895
	<u>1,482</u>	<u>3,722</u>	<u>5,204</u>	<u>4,885</u>

10. TAKAFUL / RE-TAKAFUL RECEIVABLES - PTF - Unsecured and considered good

	Note	2018 (Rupees in '000)	2017 (Rupees in '000)
Due from Takaful contract holders	10.1	91,027	92,531
Due from other Takaful / Re-takaful operators	10.2	5,677	2,333
		<u>96,704</u>	<u>94,864</u>

10.1 This includes 342 thousands (2017 : Rs. 342 thousands) receivable from a related party.

10.2 This includes 2,094 thousands (2017 : Rs. 216 thousands) receivable from a related party.

11. TAXATION - PROVISION LESS PAYMENTS

Provision for taxation	11.1	23,899	18,033
Less: Taxes paid / deducted at source		(3,415)	(2,270)
		<u>20,484</u>	<u>15,763</u>

11.1 During the year, Rs. 15.76 million representing provision for taxation net of advance tax has been transferred to the Operator for the purpose of annual tax return of the Company.

12. PREPAYMENTS

Operator's Fund			
Prepaid miscellaneous expenses		1,000	-
Participants' Fund			
Prepaid re-takaful contribution ceded		50,101	38,924

13. CASH AND BANK

		2018			2017
		Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
		..... (Rupees in '000)			
Cash and Cash Equivalent					
		3	229	232	253
Cash at bank					
		-	17,375	17,375	17,115
	- Current accounts	170,200	472,908	643,108	394,886
	- Savings accounts	170,200	490,283	660,483	412,001
	13.1				
	13.2 & 13.3	170,203	490,512	660,715	412,254

- 13.1** Savings accounts carry expected profit rates ranging from 2.68% to 8.50% (2017: 2.48% to 5.60%) per annum.
- 13.2** Cash and bank balances of Operator's Fund include Rs. 119,087 thousands (2017: Rs. 148,538 thousands) held with a related party.
- 13.3** Cash and bank balances of Participants' Takaful Fund include Rs. 57,171 thousands (2017: Rs. 67,019 thousands) held with a related party.

14. TAKAFUL / RE-TAKAFUL PAYABLES - PTF

		2018	2017
		..... (Rupees in '000)	
	Due to takaful contract holders	3,783	1,695
	Due to other takaful / re-takaful operators	73,539	43,036
		77,322	44,731

15. OTHER CREDITORS AND ACCRUALS

		2018			2017
		Operator's Fund	Participants' Fund	Aggregate	Aggregate
		..... (Rupees in '000)			
	Agents commission payable	28,686	-	28,686	23,495
	Federal Excise Duty / Sales Tax	-	6,397	6,397	5,331
	Federal Insurance Fee	-	507	507	401
	Accrued expenses	3,811	42	3,853	1,742
	Other tax payables	54	745	799	1,617
	Charity payable	-	-	-	1
	Miscellaneous	174	1,659	1,833	779
		32,725	9,350	42,075	33,366

16. CONTINGENCY AND COMMITMENT

There is no contingency and commitment as at 31 December 2018 except that the Sindh Revenue Board (SRB), vide notification no. SRB 3-4/7/2013 dated 13 June 2013, had exempted life and health insurance from the scope of applicability of Sindh Sales Tax on Services (SST), under the Sindh Sales Tax Act, 2011. This exemption was subsequently renewed by the SRB on an annual basis, the latest exemption lapsed on 1 July 2016. The matter for renewal of the exemption had been taken up at the collective level of the Insurance Association of Pakistan with the SRB through tax consultants, and on 12 January 2017, the SRB issued notification no. SRB 3-4/2/2017 exempting life insurance with effect from 1 July 2016, from the scope of SST, upto 30 June 2017. However, in respect of corporate health insurance, vide notification no. 3-4/3/2017 dated 12 January 2017, the SRB restricted the exemption available to cover only individual health insurance, and made corporate health insurance taxable with effect from 1 July 2016. The insurance industry has taken up the matter again with the SRB and has also approached the Honorable Chief Minister, Sindh, for resolution of the matter. In view of the fact that the matter is still under the process of review, the Company and other insurance companies carrying out corporate health insurance have not yet billed their customers for provincials' sales tax for the period from 1 July 2016 to 31 December 2018. The amount not yet billed by the Operator works out to Rs. 29.9 million for the period 1 July 2016 to 31 December 2018 and would be recoverable from the customers. Based on opinion obtained from the legal advisor, the management believes, there are strong grounds to support the exemption of provincials sales tax on corporate health takaful business.

17. NET TAKAFUL CONTRIBUTION - PTF

	Note	2018	2017
		..... (Rupees in '000)	
Written Gross Contribution	32	907,162	642,497
Less: Wakala fee		268,293	187,784
Written Net Contribution		638,869	454,713
Add: Unearned contribution reserve - opening		200,250	156,473
Less: Unearned contribution reserve - closing		257,432	200,250
Contribution earned		581,687	410,936
Less:			
Re-takaful contribution ceded		118,350	85,136
Add: Prepaid re-takaful contribution - opening		38,924	44,014
Less: Prepaid re-takaful contribution - closing		50,101	38,924
Re-takaful expense		107,173	90,226
		<u>474,514</u>	<u>320,710</u>

18. NET TAKAFUL CLAIMS EXPENSE - PTF

Claim Paid		377,297	259,969
Add: Outstanding claims including IBNR - closing		114,527	94,875
Less: Outstanding claims including IBNR - opening		94,875	46,377
Claims expense		396,949	308,467
Less:			
Re-takaful and other recoveries received		2,347	2,817
Add: Re-takaful and other recoveries against outstanding claims - closing		16,314	13,020
Less: Re-takaful and other recoveries against outstanding claims - opening		13,020	250
Re-takaful and other recoveries revenue		5,641	15,587
		<u>391,308</u>	<u>292,880</u>

Claim Development

The Operator maintains adequate reserves in respect of its takaful 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 re-takaful.

Accident year	2015	2016	2017	2018 (including IBNR)	Total
..... (Rupees in '000)					
Gross estimate of ultimate claims cost:					
- At end of accident year	14,239	127,598	281,984	411,127	
- One year later	15,929	137,541	287,063	-	
- Two years later	15,829	136,750	-	-	
- Three years later	15,802	-	-	-	
Current estimate of cumulative claims	15,802	136,750	287,063	411,127	850,742
Cumulative payment to date	(15,722)	(136,272)	(268,898)	(315,323)	(736,215)
Liability recognised in statement of financial position	80	478	18,165	95,804	114,527

19. REBATE ON RE-TAKAFUL - PTF

	2018	2017
..... (Rupees in '000)		
Re-takaful rebate received or recoverable	2,227	829
Add: Unearned re-takaful rebate - opening	621	1,982
Less: Unearned re-takaful rebate - closing	1,397	621
	1,451	2,190

20. WAKALA FEE INCOME - OTF

Gross Wakala fee	268,293	187,784
Add: Unearned Wakala fee income - opening	85,399	64,036
Less: Unearned Wakala fee income - closing	113,999	85,399
	239,693	166,421

21. COMMISSION EXPENSE / ACQUISITION COST - OTF

Commission paid or payable	91,019	63,320
Add: Deferred commission expense - opening	28,085	22,348
Less: Deferred commission expense - closing	37,387	28,085
	81,717	57,583

22. MANAGEMENT EXPENSES

	Note	2018 (Rupees in '000)	2017
Employee benefit cost	22.1	53,123	34,755
Travelling expenses		38	1
Advertisement and sales promotion		15,745	7,837
Printing and stationery		5,928	2,960
Depreciation		2,653	2,648
Amortisation		805	687
Rent, rates and taxes	22.2	2,094	1,915
Electricity, gas and water		1,397	1,334
Entertainment		240	239
Office repairs and maintenance		145	29
Bank charges		98	88
Postage, telegrams and telephone		362	474
Annual Supervision fee SECP		804	230
Miscellaneous		317	471
		<u>83,749</u>	<u>53,668</u>

22.1 Employee benefit cost

Salaries, allowance and other benefits	22.1.1	51,207	33,251
Charges for post employment benefit	22.1.2	1,916	1,504
		<u>53,123</u>	<u>34,755</u>

22.1.1 This include Rs. 12,062 thousands remuneration of key management personnel (2017: Rs. 9,043 thousands) and allocation of personnel expense Rs. 16,828 thousands (2017: Rs. 7,028 thousands) by the Operator.

22.1.2 This include Rs. 860 thousands (2017 : Rs. 658 thousands) being contribution for employee provident fund and allocation of Rs. 1,056 thousands (2017 : Rs. 846 thousands) by the Operator in respect of defined benefit plan - staff gratuity.

22.2 This include rent amounting to Rs. 1,949 thousands (2017: Rs. 1,771 thousands) paid to the Operator.

23. DIRECT EXPENSES - PTF

Annual monitoring fee for vehicle tracking devices	-	106
Inspection fee	677	542
Co-takaful service charges	172	210
Others	976	-
	<u>1,825</u>	<u>858</u>

24. INVESTMENT INCOME - PTF**Income from equity securities
Available for sale investments**

Dividend income	464	-
Income from term deposits		
Profit on term deposits	44	764
Total Investment Income	508	764
less : Impairment in value of available for sale - Equity Securities	(1,340)	-
	<u>(832)</u>	<u>764</u>

25. INVESTMENT INCOME - OTF

	Note	2018	2017
		..... (Rupees in '000)	
Income from equity securities Available for sale investments			
Dividend income		2,425	2,404
Income from term deposits			
Return on term deposits		-	340
Net realised gains / (losses) on investments Available for sale			
Realised gain on sale of equity securities		2,320	1,297
Realised loss on sale of equity securities		(658)	(31)
		1,662	1,266
Total Investment Income		4,087	4,010
Impairment in value of available for sale equity securities		(4,248)	(2,869)
		(161)	1,141

26. OTHER INCOME - OTF

Return on bank balances	26.1	7,480	4,871
Mudarib's share of PTF investment income		4,077	1,617
Others		14	-
		11,571	6,488

26.1 This includes Rs. 6,573 thousands (31 December 2017: Rs. 4,871 thousands) profit on bank balances held with a related party.

27. OTHER EXPENSES - PTF

Mudarib's share of PTF investment income		4,077	1,617
Non-shariah compliant income		7	-
Others		9	-
		4,093	1,617

28. OTHER EXPENSES - OTF

Shariah Advisory fee		2,254	1,980
Subscription		18	17
Auditors' remuneration	28.1	939	671
Non-shariah compliant income		15	15
Others		-	7
		3,226	2,690

28.1 Auditors' remuneration

Audit fee		287	230
Interim review fee		86	86
Shariah Compliance audit		287	287
Special reports and certificates for various government agencies and sundry advisory services		150	-
Out of pocket expenses including government levy		129	68
		939	671

29. TAXATION - NET

The current tax charge for the year is Rs. 23,899 thousands at the tax rate of 29 percent (2017 : Rs. 18,033 thousands at the tax rate of 30 percent) and the same has been recorded in these financial statements hence no tax reconciliation has been made. Deferred tax on unrealised gain / (loss) on investments has been stated separately.

30. REMUNERATION OF HEAD OF WINDOW TAKAFUL OPERATIONS

	Note	2018	2017
		..... (Rupees in '000)	
Managerial remuneration		5,600	4,243
Leave encashment		361	-
Bonus		1,061	783
Contribution to defined contribution plan		467	354
Rent and house maintenance		2,520	1,909
Utilities		560	424
Medical		31	39
Conveyance		961	874
Others		501	417
		<u>12,062</u>	<u>9,043</u>

31. RELATED PARTY TRANSACTIONS

The definition of related parties as given in IAS 24 - Related parties has been followed. 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. The transactions and balances with related parties / associated companies, other than those which have been disclosed elsewhere in the financial statements, are as follows:

	Note	2018	2017
		..... (Rupees in '000)	
Associated companies / undertakings			
Takaful contribution written (including government levies, administrative surcharge and policy stamps)		-	342
Contribution due but unpaid		342	342
Rent	31.1	1,949	1,771
Reimbursement of expenses	31.2	22,407	10,372
Profit on bank deposits		2,579	7,350
Others			
Takaful contribution written (including government levies, administrative surcharge and policy stamps)		-	33
Takaful contribution received / adjusted during the year		3	30
Contribution due but unpaid		-	3
Contributions to staff retirement benefit plans		1,916	1,504

31.1 This represents rent paid to the Operator.

31.2 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, by the Operator.

32. SEGMENT INFORMATION

Segment information prepared in accordance with the requirement of Insurance Ordinance, 2000 and Insurance Rules, 2017 for class of business wise revenues, results, assets and liabilities.

The class wise revenues and results are as follows:

	31 December 2018					Total
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	
(Rupees in '000)						
Contribution received / receivable (inclusive of Federal Excise Duty / Sales Tax , Federal Takaful Fee and Administrative surcharge)	130,653	82,423	539,362	211,145	54,739	1,018,322
Less: Federal Excise Duty / Sales Tax	15,796	8,275	64,623	-	6,323	95,017
Federal Takaful Fee	1,133	702	4,647	2,089	475	9,046
Others	70	3,433	3,088	113	393	7,097
	<u>113,654</u>	<u>70,013</u>	<u>467,004</u>	<u>208,943</u>	<u>47,548</u>	<u>907,162</u>
<i>Gross written contribution (inclusive of Administrative surcharge)</i>						
Gross direct contribution	112,439	67,663	451,908	208,943	47,118	888,071
Administrative surcharge	1,215	2,350	15,096	-	430	19,091
	<u>113,654</u>	<u>70,013</u>	<u>467,004</u>	<u>208,943</u>	<u>47,548</u>	<u>907,162</u>
Less: Wakala fee	38,074	24,504	135,431	57,207	13,076	268,293
	<u>75,580</u>	<u>45,509</u>	<u>331,573</u>	<u>151,736</u>	<u>34,472</u>	<u>638,869</u>
Participants' Takaful Fund - revenue account						
Takaful contribution earned	67,339	44,701	305,347	132,648	31,652	581,687
Takaful contribution ceded to re-takaful operators	(45,136)	(26,836)	(15,731)	-	(19,470)	(107,173)
Net takaful contribution	22,203	17,865	289,616	132,648	12,182	474,514
Re-takaful rebate	920	-	11	-	520	1,451
Net Takaful Contribution	<u>23,123</u>	<u>17,865</u>	<u>289,627</u>	<u>132,648</u>	<u>12,702</u>	<u>475,965</u>
Takaful claims	(26,565)	(5,640)	(191,505)	(168,509)	(4,730)	(396,949)
Takaful claims recovered from re-takaful operators	-	-	2,317	-	3,324	5,641
Net claims	(26,565)	(5,640)	(189,188)	(168,509)	(1,406)	(391,308)
Direct expenses	-	-	(1,825)	-	-	(1,825)
(Deficit) / surplus before investment income	<u>(3,442)</u>	<u>12,225</u>	<u>98,614</u>	<u>(35,861)</u>	<u>11,296</u>	<u>82,832</u>
Investment income						(832)
Profit on bank balances						21,218
Mudarib fee						(4,093)
Surplus for the year						<u>99,125</u>
Operator's Fund - revenue account						
Wakala fee income	33,882	24,045	124,133	45,640	11,993	239,693
Commission and other acquisition costs	(15,716)	(11,851)	(38,776)	(10,969)	(4,405)	(81,717)
Management expenses	(11,839)	(8,401)	(43,372)	(15,947)	(4,190)	(83,749)
	<u>6,327</u>	<u>3,793</u>	<u>41,985</u>	<u>18,724</u>	<u>3,398</u>	<u>74,227</u>
Investment income						(161)
Other income						11,571
Other expenses						(3,226)
Profit before tax						<u>82,411</u>

SEGMENT INFORMATION

Segment information prepared in accordance with the requirement of Insurance Ordinance, 2000 and Insurance Rules, 2017 for class of business wise revenues, results, assets and liabilities.

The class wise revenues and results are as follows:

	31 December 2017					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
..... (Rupees in '000)						
Contribution received / receivable (inclusive of Federal Excise Duty / Sales Tax , Federal Takaful Fee and Administrative surcharge)	104,520	50,644	408,354	116,155	46,278	725,951
Less: Federal Excise Duty / Sales Tax	12,578	5,448	48,681	-	5,378	72,085
Federal Takaful Fee	910	429	3,532	1,150	405	6,426
Others	59	1,892	2,943	29	20	4,943
	<u>90,973</u>	<u>42,875</u>	<u>353,198</u>	<u>114,976</u>	<u>40,475</u>	<u>642,497</u>
<i>Gross written contribution (inclusive of Administrative surcharge)</i>						
Gross direct contribution	89,903	41,393	341,304	114,976	40,118	627,694
Administrative surcharge	1,070	1,482	11,894	-	357	14,803
	<u>90,973</u>	<u>42,875</u>	<u>353,198</u>	<u>114,976</u>	<u>40,475</u>	<u>642,497</u>
Less: Wakala fee	30,476	15,006	102,427	28,744	11,131	187,784
	<u>60,497</u>	<u>27,869</u>	<u>250,771</u>	<u>86,232</u>	<u>29,344</u>	<u>454,713</u>

Participants' Takaful Fund - revenue account

Takaful contribution earned	51,647	25,700	202,049	101,089	30,451	410,936
Takaful contribution ceded to re-takaful operators	(45,934)	(15,722)	(9,234)	-	(19,336)	(90,226)
Net takaful contribution	<u>5,713</u>	<u>9,978</u>	<u>192,815</u>	<u>101,089</u>	<u>11,115</u>	<u>320,710</u>
Reversal of contribution deficiency expense	8,763	274	-	-	-	9,037
Re-takaful Rebate	1,109	-	62	-	1,019	2,190

Net Takaful Contribution

	15,585	10,252	192,877	101,089	12,134	331,937
Takaful claims	(3,320)	(13,708)	(155,675)	(117,390)	(18,374)	(308,467)
Takaful claims recovered from re-takaful operators	-	-	11,699	-	3,888	15,587
Net claims	<u>(3,320)</u>	<u>(13,708)</u>	<u>(143,976)</u>	<u>(117,390)</u>	<u>(14,486)</u>	<u>(292,880)</u>

Direct expenses	(4)	(7)	(774)	(66)	(7)	(858)
Surplus / (Deficit) before investment income	<u>12,261</u>	<u>(3,463)</u>	<u>48,127</u>	<u>(16,367)</u>	<u>(2,359)</u>	<u>38,199</u>

Investment income						764
Profit on bank balances						7,320
Mudarib fee						(1,617)
Surplus for the year						<u>44,666</u>

Operator's Fund - revenue account

Wakala fee income	25,901	13,774	81,512	33,696	11,538	166,421
Commission and other acquisition costs	(11,669)	(6,492)	(27,068)	(8,814)	(3,540)	(57,583)
Management expenses	(8,353)	(4,442)	(26,286)	(10,866)	(3,721)	(53,668)
	<u>5,879</u>	<u>2,840</u>	<u>28,158</u>	<u>14,016</u>	<u>4,277</u>	<u>55,170</u>

Investment income						1,141
Other income						6,488
Other expenses						(2,690)
Profit before tax						<u>60,109</u>

The classwise assets and liabilities are as follows:

	31 December 2018					Total
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	
	(Rupees in '000)					
Segment assets	37,916	10,902	68,733	22,505	23,516	163,572
Unallocated assets						
Participants' Takaful Fund						506,401
Operator's Fund						322,137
Total assets						992,110
Segment liabilities	63,168	22,872	293,244	114,905	41,218	535,407
Unallocated liabilities - Operator's Fund						167,208
Total liabilities						702,615
	31 December 2017					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	(Rupees in '000)					
Segment assets	33,013	8,695	62,043	24,774	19,721	148,246
Unallocated assets						
Participants' Takaful Fund						285,733
Operator's Fund						267,446
Total assets						701,425
Segment liabilities	47,176	16,551	221,911	76,220	34,890	396,748
Unallocated liabilities - Operator's Fund						126,503
Total liabilities						523,251

33. MOVEMENT IN INVESTMENTS - OTF

	Held to Maturity	Available for sale	Total
	(Rupees In '000)		
Balance as at 01 January 2017 as restated	10,000	23,343	33,343
Additions	20,000	21,885	41,885
Disposals	(30,000)	(8,010)	(38,010)
Fair value net gains (excluding net realised gains as at 31 December 2017)	-	(3,748)	(3,748)
Impairment losses	-	(2,869)	(2,869)
Balance as at 01 January 2018 as restated	-	30,601	30,601
Additions	-	22,765	22,765
Disposals	-	(10,976)	(10,976)
Fair value net gains (excluding net realised gains as at 31 December 2018)	-	(2,198)	(2,198)
Impairment losses	-	(4,248)	(4,248)
Balance as at 31 December 2018	-	35,944	35,944

34. MOVEMENT IN INVESTMENTS - PTF

	Held to Maturity	Available for sale	Total
	(Rupees In '000)		
Balance as at 01 January 2017 as restated	15,000	-	15,000
Additions	90,000	-	90,000
Disposals	(85,000)	-	(85,000)
Fair value net gains (excluding net realized gains as at 31 December 2017)	-	-	-
Impairment losses	-	-	-
Balance as at 01 January 2018 as restated	20,000	-	20,000
Additions	-	15,750	15,750
Disposals	(20,000)	-	(20,000)
Fair value net gains (excluding net realized gains as at 31 December 2018)	-	(1,790)	(1,790)
Impairment losses	-	(1,340)	(1,340)
Balance as at 31 December 2018	-	12,620	12,620

35. MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK**35.1 TAKAFUL RISK**

The risk under any takaful contract is the possibility that the covered event occurs and the uncertainty in the amount of compensation to the participant. Generally, most takaful contracts carry the takaful risk for a period of one year (refer note 3.4).

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.

a) 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	
	2018	2017
	(Rupees in '000)	
Fire and property	4,673,839	5,440,000
Marine, aviation and transport	2,170,942	399,400
Motor	31,000	22,796
Accident and health	1,974,505	172,579
Miscellaneous	3,400,000	5,441,360

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.

b) Sources of Uncertainty in the estimation of future claims payments

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.

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) takaful. 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. 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 takaful business a loss ratio method has been used. The methods used, and the estimates made, are reviewed regularly.

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 takaful is calculated in accordance with the advice of the actuary (refer note 3.7).

The assumed net of re-takaful loss ratios for each class of business for estimation of Contribution Deficiency Reserves is as follows:

Class	Assumed net loss ratio	
	2018	2017
Fire and property	25%	44%
Marine, aviation and transport	42%	88%
Motor	47%	49%
Accident and health	90%	85%
Miscellaneous	34%	53%

Sensitivity Analysis

The takaful 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:

	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on Surplus / Deficit	Impact on Fund
	(Rupees in '000)				
Average claim costs					
2018	+ 10%	39,695	39,131	39,131	39,131
2017	+ 10%	30,847	29,288	29,288	29,288

Statement of Age-wise Breakup of Unclaimed Takaful Benefits

	Age-wise Breakup				
	Total amount	1 to 6 months	7 to 12 months	13 to 24 months	Beyond 24 months
	(Rupees in '000)				
Claims not encashed	13,606	12,653	416	296	241

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 retakaful assets recognised by the rating of the entity from which it is due is as follows:

	Amount due from other takaful / re-takaful holders	Re-takaful recoveries against outstanding claims	Other re-takaful assets	2018	2017
	(Rupees in '000)				
Rating					
A or above including Pakistan Reinsurance Company Limited	5,153	9,717	442	15,312	6,316
BBB	-	627	82	709	537
	5,153	10,344	524	16,021	6,853

35.2 Financial risk management objectives and policies

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

- Market risk
- Liquidity risk
- Credit risk

35.2.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk 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.

35.2.1.1 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 ranging from 2.68% to 8.50%.

35.2.1.2 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.

35.2.1.3 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.

35.2.2 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.

	2018			Total
	With in one year	Over one year to five year	Over five year	
..... (Rupees in '000)				
Financial liabilities				
Provision for outstanding claims (including IBNR)	114,527	-	-	114,527
Takaful / re-takaful payables	77,322	-	-	77,322
Wakala and mudarib fee payable	64,210	-	-	64,210
Other creditors and accruals	34,047	-	-	34,047
	<u>290,106</u>	<u>-</u>	<u>-</u>	<u>290,106</u>

	2017			Total
	With in one year	Over one year to five year	Over five year	
..... (Rupees in '000)				
Financial liabilities				
Provision for outstanding claims (including IBNR)	94,875	-	-	94,875
Takaful / re-takaful payables	44,731	-	-	44,731
Wakala and mudarib fee payable	45,694	-	-	45,694
Other creditors and accruals	25,715	-	-	25,715
	<u>211,015</u>	<u>-</u>	<u>-</u>	<u>211,015</u>

35.2.3 Credit risk

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

35.2.3.1 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	2018	2017
..... (Rupees in '000).....				
Standard Chartered Bank (Pakistan) Limited	AAA	PACRA	20,742	15,548
Habib Bank Limited - a related party	AAA	JCR-VIS	176,258	215,557
Soneri Bank Limited	AA-	PACRA	130,372	-
Faysal Bank Limited	AA	JCR-VIS	955	-
Bank Alfalah Limited	AA+	PACRA	33,613	52,898
Dubai Islamic Bank Limited	AA-	JCR-VIS	65,756	16,791
BankIslami Pakistan Limited	A+	PACRA	232,787	131,207
			<u>660,483</u>	<u>432,001</u>

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

	2018		2017	
	Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)				
Operator's Fund				
Rating				
A or above	31,040	26,870	29,308	26,041
Others	9,951	9,074	4,143	4,560
	<u>40,991</u>	<u>35,944</u>	<u>33,451</u>	<u>30,601</u>
Participants' Fund				
Rating				
A or above	9,063	7,740	-	-
Others	5,347	4,880	-	-
	<u>14,410</u>	<u>12,620</u>	<u>-</u>	<u>-</u>

The Operator monitors exposure to credit risk in contribution receivable from customers and amount due from Co-takaful operators through regular review of credit exposure. The age wise analysis of contribution due but unpaid includes amount receivable within one year and above one year Rs. 91,027 thousands (2017: 92,208 thousands) and Nil (2017 : Rs. 323 thousands) net off provision for doubtful balances respectively.

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

36. STATEMENT OF SOLVENCY - PTF

Assets

Investments

Equity securities	12,620	-
Term deposits	-	20,000
Loans and other receivables	3,722	3,455
Takaful / Re-takaful receivables	96,704	94,864
Re-takaful Recoveries against outstanding claims	10,344	4,520
Salvage recoveries accrued	5,970	8,500
Prepayments	36.1	
	50,101	38,924

Cash and bank

490,512 263,716

Total assets

669,973 433,979

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

Investments	-	-
Takaful / re-takaful receivables	44,224	43,712
Total of In-admissible assets	<u>44,224</u>	<u>43,712</u>
Total of admissible assets	<u>625,749</u>	<u>390,267</u>

Liabilities

Underwriting Provisions		
Outstanding claims including IBNR	114,527	94,875
Unearned contribution reserves	257,432	200,250
Unearned re-takaful rebate	1,397	621
Contribution received in advance	11,169	2,552
Wakala and mudarib fee payable	64,210	45,694
Takaful / Re-takaful Payables	77,322	44,731
Other Creditors and Accruals	9,350	9,720
Total Liabilities	<u>535,407</u>	<u>398,443</u>

Total Net Admissible Assets

90,342 (8,176)

36.1 The law is silent with regard to the inadmissibility of the "Prepaid re-takaful contribution ceded" in Section 32(2) of the Insurance Ordinance, 2000 and, hence, these have been treated as admissible asset for the purpose of this statement.

37. 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.

	31 December 2018								
	Carrying amount				Fair value				
	Available- for-sale	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)								
Financial assets measured at fair value									
Investments in equity securities	48,564	-	-	-	48,564	48,564	-	-	48,564
Financial assets not measured at fair value									
Cash and bank*	-	-	660,715	-	660,715	-	-	-	-
Investments in term deposits*	-	-	-	-	-	-	-	-	-
Takaful / Re-takaful receivables*	-	-	96,704	-	96,704	-	-	-	-
Wakala and mudarib fee receivable*	-	-	64,210	-	64,210	-	-	-	-
Loans and receivables*	-	-	3,796	-	3,796	-	-	-	-
Salvage recoveries accrued*	-	-	5,970	-	5,970	-	-	-	-
Re-takaful recoveries against outstanding claims*	-	-	10,344	-	10,344	-	-	-	-
Financial liabilities not measured at fair value									
Provision for outstanding claims (including IBNR)*	-	-	-	(114,527)	(114,527)	-	-	-	-
Takaful / Re-takaful payables*	-	-	-	(77,322)	(77,322)	-	-	-	-
Wakala and mudarib fee payable*	-	-	-	(64,210)	(64,210)	-	-	-	-
Other creditors and accruals*	-	-	-	(34,047)	(34,047)	-	-	-	-
	48,564	-	841,739	(290,106)	600,197	48,564	-	-	48,564

	31 December 2017 (Restated)								
	Carrying amount				Fair value				
	Available- for-sale	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)								
Financial assets measured at fair value									
Investments in equity securities	30,601	-	-	-	30,601	30,601	-	-	30,601
Financial assets not measured at fair value									
Cash and bank*	-	-	412,254	-	412,254	-	-	-	-
Investments in term deposits*	-	20,000	-	-	20,000	-	-	-	-
Takaful / Re-takaful receivables*	-	-	94,864	-	94,864	-	-	-	-
Wakala and mudarib fee receivable*	-	-	45,694	-	45,694	-	-	-	-
Loans and receivables*	-	-	3,677	-	3,677	-	-	-	-
Salvage recoveries accrued*	-	-	8,500	-	8,500	-	-	-	-
Re-takaful recoveries against outstanding claims*	-	-	4,520	4,520	-	-	-	-	-
Financial liabilities not measured at fair value									
Provision for outstanding claims (including IBNR)*	-	-	-	(94,875)	(94,875)	-	-	-	-
Takaful / Re-takaful payables*	-	-	-	(44,731)	(44,731)	-	-	-	-
Wakala and mudarib fee payable*	-	-	-	(45,694)	(45,694)	-	-	-	-
Other creditors and accruals*	-	-	-	(25,715)	(25,715)	-	-	-	-
	30,601	20,000	569,509	(211,015)	409,095	30,601	-	-	30,601

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

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

38. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary in line with the requirements of the Insurance Rules and Accounting Regulations 2017 (refer note 3.1).

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 05 February 2019.

40. GENERAL

All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.



Towfiq H. Chinoy
Chairman



Tahir Ahmed
Chief Executive



Amin A. Hashwani
Director



Amyn Currimbhoy
Director











Nawaid Jamal
Chief Financial Officer









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Glossary

Actuary	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.
Actuarial Valuation	A determination by an actuary at a special date of the value of an insurance Company's assets and its liabilities.
Amortisation	The reduction of the value of an asset by prorating its cost over a period of years.
Associate	Is a company / undertaking in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.
Authorised Share Capital	The maximum value of share that a Company can legally issue.
Best's Capital Adequacy Ratio (BCAR)	BCAR is an integrated review of an insurer's underwriting, financial performance, and asset leverage.
Book Value	The value of an asset as entered in a company's books.
Budget	An estimate of income and expenditure for a set period of time.
Business mix	The combination of different types of business activities that a company is engaged in.
Capital Expenditure	The cost of long-term improvements and fixed assets.
Capital Gain	Portion of the total gain recognised on the sale or exchange of a non inventory asset.
Capital Reserve	Any reserve not regarded free for distribution by way of dividends.
Cedant	Client of a reinsurance company.
Combined Ratio	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.
Commission	Remuneration to an intermediary for services such as selling and servicing an insurer's products.
Consumer online Portal	An internet window presence for selling all retails consumer products.
Contact Centre	It is also known as call centre. It is a central location of an enterprise from which all customer contacts are managed.
Claims	The amount payable under a contract of insurance arising from occurrence of an insured event.
Claims Incurred	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.
Cloud Service	It is a service made available to users on demand via the Internet from a cloud computing provider's servers as opposed to being provided from a company's own on-premises servers.

Corporate Social Responsibility (CSR)	It 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.
Cover Note	A cover note is a temporary document issued by an insurance company that provides proof of insurance coverage until a final insurance policy can be issued.
CPEC	The China–Pakistan. Economic Corridor(CPEC) is a collection of infrastructure projects currently under construction throughout Pakistan
Currency Devaluation	Reduction in the value of a country's currency.
Current Account Deficit	The situation where value of the goods and services of a country it imports exceeds the value of the goods and services it exports.
Deferred Commission	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.
Deferred Tax	An accounting concept (also known as future income taxes), meaning a future tax liability or asset in respect of taxable temporary differences.
Defined benefit Plans	Are post-employment benefit plans other than defined contribution plans.
Depreciation	The systematic allocation of the cost of an asset over its useful life.
Dividend cover	Profit after tax divided by Dividend measures the number of times dividends are covered by distributable profit for the period.
Doubtful debts	A debt where circumstances have rendered its ultimate recovery uncertain.
Earnings per share	Amounts for profit or loss attributable to ordinary shareholders of the entity.
Energy Conservation	Refers to efforts made to reduce energy consumption.
Equity method	Method of accounting whereby the investment is initially recognised at cost and adjusted hereafter for the post-acquisition changes in the investor's share of net assets of the investee.
Exchange Gain (Loss)	Difference resulting from translating a given number of units of one currency into another currency at different exchange rates.
Facultative reinsurance	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.
Fair Value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing business partners in an arm's length transaction.
Fiscal Deficit	When a government's total expenditures exceed the revenue that it generates.
General Insurance	All kind of Insurance except Life Insurance. i.e, Fire. Marine, Motor and Other Insurance.

General Takaful	Protection to participants for losses arising from perils such as accident, fire, flood, liability and burglary.
Gross Contribution	It is the payment of an amount by a participant to the Takaful Participants' Fund, whether direct, through intermediaries for the purpose of mutual protection and assistance.
Gross Domestic Product	The total value of goods produced and services provided in a country during one year.
Gross Written Premium	Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.
Group Health Insurance	A single health policy covering a group of individuals, usually employees of the same company or members of the same association and their dependents.
Impairment	The amount by which the carrying amount of an asset or a cash generating unit exceeds its recoverable amount.
Incurred but not reported (IBNR)	Claim incurred but not reported to the insurer until the financial statements reporting date.
Inflation	A general increase in prices and fall in the purchasing value of money.
Insurance Contracts	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.
Insurer Financial Strength Rating	Provides an assessment of the financial strength of an insurance company.
Intangibles	An identifiable non-monetary asset without physical substance.
Internal Control	An accounting procedure or system designed to promote efficiency or assure the implementation of a policy to safeguard assets or avoid fraud and error etc.
KGS - (Kyrgyz Som)	Code of official currency of the Kyrgyz Republic.
KIBOR – (Karachi Interbank Offered Rate)	Interbank clean (without collateral) lending/borrowing rates quoted by the banks.
Loss Ratio	Percentage ratio of claims expenses to net premium.
Macroeconomics	Branch of economics dealing with the performance, structure, behavior, and decision-making of an economy as a whole.
Market Share	The portion of a market controlled by a particular company or product.
Market Value	The highest estimated price that a buyer would pay and a seller would accept for an item in an open and competitive market.
MIS	Management Information System
Mutual fund	A type of professionally managed investment fund that pools money from many investors to purchase securities.
National Exchequer	The account into which tax funds and other public funds are deposited.

Net Asset Value	The value of all tangible and intangible assets of a company minus its liabilities.
Net Contributions	Gross Contributions less all retakaful contributions payable.
Net Premium Revenue	Gross written premium less Reinsurance expense.
Non-Life Insurance	Non Life Insurance and General Insurance have the identical meaning.
Open-end mutual fund	Collective Investment Scheme which can issue and redeem shares at any time.
Outstanding Claims	A type of technical reserve or accounting provision in the financial statements of an insurer to provide for the future liability for claims.
Paid up Capital	The amount paid or contributed by shareholders in exchange for shares of a company's stock.
Pakistan Investment Bonds	Long term instruments of the Government of Pakistan with tenors available in 3, 5, 10, 15 and 20 years.
Participants' Takaful Fund (PTF) / Waqf Fund	An account to credit a portion of contribution from the participant for the purpose of tabarru'
Present Value	Future amount that has been discounted to the present.
Proxy	Power of attorney by which a shareholder transfers the voting rights to another shareholder.
Qard-e-Hasna	An interest free loan from the Takaful Operator to the Takaful Participant Fund in order to meet any short fall.
Quoted	Being listed on a Stock Exchange.
Registered Office	The registered office is an address which is registered with the government registrar as the official address of a company.
Reinsurance	A method of insurance arranged by insurers to share the exposure of risks accepted.
Re-takaful	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.
Reinsurance Commission	Commission received or receivable in respect of premium paid or payable to a reinsurer.
Reinsurance Premium	The premium payable to the reinsurer in respect of reinsurance contract.
Related Party	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 operational decisions.
Retrocession	Transfer of risk from a reinsurer to another reinsurer.
Revenue Reserves	Reserves that are normally regarded as available for distribution through the profit and loss account, including general reserve and other specific reserves created out of profit and un-appropriated profit.
RFID Card	Radio-Frequency Identification (RFID) card uses electromagnetic fields to automatically identify and track tags attached to an object.
Risk	Condition in which there is a possibility of loss.
Risk Management	Analysing of all exposures to gauge the likelihood of loss and choosing options to better manage or minimise loss.
Statutory levies	Fee charged (levied) by a government on a product, income, or activity.



Strategic Objective	A broadly defined objective that an organisation must achieve to make its strategy succeed.
Subsequent Event - Non Adjusting	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.
Tabarru	A portion of participant's contribution for the purpose of mutual helps and used to pay claims submitted by eligible claimants.
Takaful	An Islamic concept of insurance.
Takaful Operator	A legal entity, who underwrites, administers and manages the Takaful program on behalf of the participants.
Takaful Policy	The agreement entered into between the operator and the participant(s) for the purposes of Takaful arrangements.
Tangibles	An asset whose value depends on particular physical properties.
Term Finance Certificate	A debt instrument issued by an entity to raise funds.
Underwriting Profit	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.
Unearned Premium	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.
Wakala	Islamic terminology for agent-principal relationship, where a person nominates another to act on his/her behalf.
Workflow applications	These are tools that make certain business processes easier, more efficient and more accessible through automation.

Executives

President & Managing Director

Tahir Ahmed, BE (MET), MBA, ACII,
Chartered Insurer

Executive Director

Hassan Khan, BE (Civil), MBA

Executive Vice Presidents

Azfar Arshad, BE (Mech), MBA
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
Nawaid Jamal, FCA
Syed Imran Rabbani, MA
Syed Ovais Bin Alam, BE (Chemical)
Syed Sohail Ahmed, MBA

Joint Executive Vice Presidents

Ahsan Ilyas, BBA
Ali Aasim Khan, BA, LLB
Asif Ali, BA
Dr Syed Tanveer Rauf, MBBS
Ejaz Mehmood, BA
Junaid Memon
Mirza Sajid Baig, BS (Elec), MBA
Muhammad Azfar Sabih, MCS
Muhammad Razzak Chaudhary
Munawar Ali Siddiqui, MA, EMBA
Munir ul Haq, M Sc
Sajid Younus, B Com
Syed Abdul Rahim, B Com
Syed Abid Waseem, MBA
Syed M Haroon A Bokhari, MBA
Syed Zamin Zafar, MBA
Tariq Mushtaq, M Com
Zafar Bashir, MBA
Zahoor A Shaheen, MBA

Senior Vice Presidents

Abdul Wahid, FCA
Fahad Alam, ACA, APA
Farah Naz Haque, BA
Ghulam Qadir
Ghulam Shabbir Goraya
Haji Muhammad Ramzan, BA
Ilyas Mohammed
Jawaid Athar, MBA
Laeq Ahmad, MBA, ACII
Muhammad Abid Khuram, B Sc
Muhammad Afzal Qureshi, MA
Muhammad Amin Haroon, B Com
Muhammad Arif, B Com
Muhammad Arif Bashir, MBA

Muhammad Khurram Siddiqui, B Com
Nasimul Haq, B Com, LLB
Rizwan Ehsan Puri
Saad Siddiqui, MBA
Safar Ali, ACA
Saima Tabassum, B Sc
Shaikh Nadeem Haider, MA
Suleman Faisal, B Com
Syed Hamid Hussain Zaidi, B Com
Syed Kamran Ali, FCMA, ACIS
Tanveer Ahmed
Tariq Mahmood, MBA
Tariq Rafiq, B Com
Tariq Zia, B Sc
Tauseef Hussain Shah, MBA
Waqas ur Rehman, FCCA, CFA, MBA
Zafar Ahmed Qazi, B Sc, ACII
Zaheer Ahmed

Advisors

Hashim M Shamim
Captain Mahmood Sultan, FCII
Saeed Jan Awan, M Com
Muhammad Afzaluddin, B Com

Joint Senior Vice Presidents

Aamir Idrees, B Com
Abdul Hayee Khan, BA
Alamgir Anwar Shaikh, B Com
Amar Mumtaz Piracha, BA
Amir Jahanzeb Chughtai, MBA
Arshad Mahmood Sheikh, BA
Asad Ullah Javeed, BE (Mech)
Badar uz Zaman, B Com
Farman Ahmed Jatoi
Ghufranullah Khan, MBA
Haroon Ahmed Khan, MBA
Imran Ahmad, B Com
Imran Arif, BE (MET)
Irfan Mujeeb, M Com
Jawad Shaheen, MBA
Major (R) Khalid Quadeer, M Sc
Mazhar Ahmed Sabir, MBA
Mirza Muhammad Khurshid, BA
Muhammad Adnan Jamil, B Com
Muhammad Afzal Panawala, BA
Muhamamd Akmal Aslam
Muhamamd Arif, B Com
Muhammad Ashraf Tahir, BA
Muhammad Asif Akhtar
Muhammad Azam Siddiqui, MBA
Muhammad Haroon Tufail Khan, B Com
Muhammad Raza, B Com, LLB, ACII
Muhammad Sajjad Chaudhary
Munaf Ahmed Khokhar, M Com
Naeem Zafar, B Com
Naveed Khan, B Com
Qamar Saleem, B Com
Syed Imran Kazmi, MAS
Syed Mukarrum Ali, M Com
Tariq Aziz Khan
Zulfiqar Anwar Ali, B Com



Branch Network



Branch Network

HEAD OFFICE

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WINDOW TAKAFUL OPERATIONS

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JODIA BAZAR

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SADDAR

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Fax: (9221) 35246420-35246419

HYDERABAD

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Fax: (9271) 5626294

MULTAN ZONE

MULTAN (Main Branch)

Office No. B.F 2/2, 4th Floor
ChenOne Tower,
74 – Abdali Road, Multan.
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Fax: (9261) 4588965

BAHAWALPUR

Flat No. 2, 1st Floor, 19-D Shahab Plaza,
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BAHAWALNAGAR

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RAHIMYAR KHAN

26 Shahi Road,
Rahimyar Khan-64200.
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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.
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Fax: (9242) 36283660

Sales Unit – II

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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)**

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Shaheed (Montgomery) Road, P.O. Box 368, Lahore-54000,
Email: info.mall@jubileegeneral.com.pk

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Fax: (9242) 36310129

SALES UNIT – V

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COMMERCIAL UNIT – II

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FAISALABAD

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NORTH ZONE**ISLAMABAD**

26-D, 1st Floor, Kashmir Plaza, Jinnah Avenue,
Blue Area, Islamabad.

Email: info.isb@jubileegeneral.com.pk
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MARGALLA

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Islamabad.

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PESHAWAR

TF : 9 & 10, 3rd Floor Deans Trade Centre
Peshawar Cantt

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Tel: (9291) 5253132-5
Fax: (9291) 5274698

LEVEL
NEXT

The logo consists of two lines of text. The top line reads 'LEVEL' in a purple, sans-serif font. The bottom line reads 'NEXT' in the same purple font. A red arrow with a white outline points from the 'N' to the 'X'. The arrow is positioned between the 'N' and 'X', with its tail at the 'N' and its head at the 'X'. The arrow has a slight gradient from red to white.

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 23, 2019 at 09:00 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2019.

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)

جوہلی جنرل انشورنس کمپنی لمیٹڈ
جوہلی انشورنس ہاؤس
آئی آئی چندریگر روڈ
کراچی۔

میں رہم _____ ساکن _____ بحیثیت رکن
جوہلی جنرل انشورنس کمپنی لمیٹڈ اور حامل _____ حصص۔ برطابق شیئر رجسٹر فوئیو نمبر _____ اور یا سی ڈی سی پارٹنرسپنٹ (شرکت)
آئی ڈی نمبر _____ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر _____
محترم / محترمہ _____ ساکن _____ یا ان کی غیر حاضری کی صورت میں
محترم / محترمہ _____ ساکن _____ جو کہ خود بھی جوہلی جنرل انشورنس کمپنی لمیٹڈ کا رکن ہے۔

۲۳ اپریل ۲۰۱۹ء، 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 _____ تاریخ _____ ۲۰۱۹ء 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 ۲۸ 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 اسٹیپ

دستخط

WWW.JUBILEEGENERAL.COM.PK

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Pakistan

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