

Jubilee
GENERAL INSURANCE



RISE TO THE
Challenge

2019
ANNUAL REPORT

RISE TO THE *Challenge*

The Phoenix is about overcoming darkness and rising to the challenge to go beyond horizons. Almost every culture has a legendary version of the phoenix each denoting transformation, longevity, and renewal. Phoenix's indomitable strength and the drive to achieve the impossible have served as inspiration for art and literature since time immemorial.

Drawing inspiration from the traits of this amazing creature, Jubilee General Insurance Limited renews its vision to rise above the challenges faced as the industry leader and leave a trail to the sky for others to follow.

AA+

VIS

AA+ B+

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)

FPCI

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 67 years has been defined by this trust which drives us to forge ahead towards new achievements.

FINANCIAL

Highlights

2019

WRITTEN PREMIUM / CONTRIBUTION

RUPEES
10,477
MILLION

NET PREMIUM / CONTRIBUTION REVENUE

RUPEES
5,830
MILLION

INVESTMENT INCOME

RUPEES
1,134
MILLION

PROFIT AFTER TAX

RUPEES
1,224
MILLION

SHAREHOLDERS' EQUITY

RUPEES
8,712
MILLION

OPERATING CASH FLOWS

RUPEES
417
MILLION

CLAIMS PAID

RUPEES

3,490

MILLION

UNDERWRITING PROFIT

RUPEES

372

MILLION

INVESTMENT & PROPERTIES

RUPEES

13,850

MILLION

TOTAL ASSETS

RUPEES

22,089

MILLION

EARNINGS PER SHARE

RUPEES

6.78

DIVIDEND PER SHARE

RUPEES

3.00 CASH

10% STOCK

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ORGANISATION OVERVIEW & EXTERNAL

Environment

THE SPREAD OF WINGS

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)

Tahir Ahmed

(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

Hassan Khan

(Executive Director)

Chief Financial Officer

Nawaid Jamal

Company Secretary

Fahad Alam

Auditors

A.F. Ferguson & Co. (Chartered Accountants)

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

1600980500182

BOARD OF
Directors
THE GUIDING BEACON





TOWFIQ H. CHINYOY
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 International Steels Limited. 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
- Standard Chartered Bank (Pakistan) 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.



HASSAN KHAN

MANAGING DIRECTOR & CHIEF EXECUTIVE

Mr. Hassan Khan is an Engineer with MBA degree. He has over 21 years of diversified experience of the financial sector in Pakistan. Mr. Khan has worked for premium financial institutions of the Country. Before joining Jubilee General as the Executive Director, he was the Chief Executive Officer of Pakistan's largest institutional investment advisory firm (NBFC) in terms of assets under advisory. He was elevated to the Managing Director and CEO of the Company on January 1st, 2020.

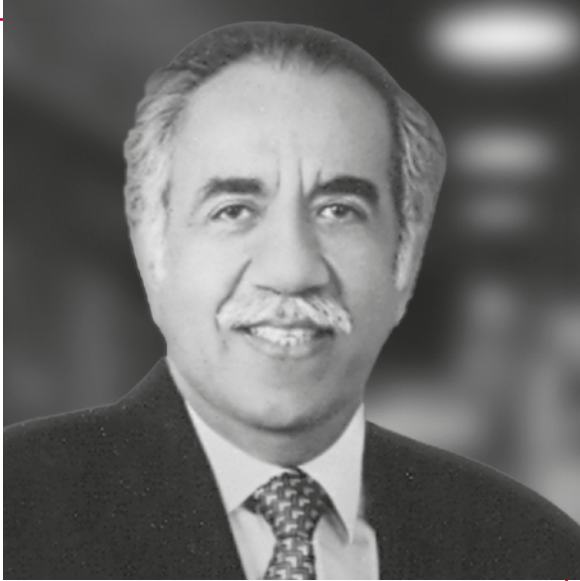
ROLE OF THE CHIEF EXECUTIVE

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.

SIGNIFICANT CHANGES IN THE BOARD OF DIRECTORS

There is no change in Board of Directors during the year. However Mr. Hassan Khan has been elevated to the Managing Director and Chief Executive Officer of the Company w.e.f January 1st, 2020.



SADRUDDIN HASHWANI

NON-EXECUTIVE DIRECTOR



AKBARALI PESNANI

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

(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 and Cherat Packaging Limited. 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
- Agha Steel Industries Limited



TAHIR AHMED

NON-EXECUTIVE DIRECTOR

(Director since: July 9, 2005)

Mr. Tahir Ahmed is a Metallurgical Engineer, an MBA and an Associate of Chartered Insurance Institute (ACII), London. He served the Company as Managing Director and Chief Executive Officer till December 31, 2019. He has been associated with the insurance industry for the last 38 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



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 7 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



AMIN A. HASHWANI

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

(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
- Tech4life Enterprises



AMYN 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



FARHAN TALIB

NON-EXECUTIVE DIRECTOR

(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

MATTERS DELEGATED BY THE BOARD OF DIRECTORS

The Management is primarily responsible for implementing the approved strategies and long term plans and to conduct the operations efficiently and ethically. The management is also concerned in keeping the Board Members updated regarding any changes in the legal, regulatory & operating framework, risks and opportunities which could impact the Company in the its routine business. It is also the responsibility of the management, with the oversight of the Board and its Audit Committee, to prepare financial statements that fairly present 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

A GLANCE AT THE NEST

**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 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-" (Good) 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 years, Jubilee General has grown at double the industry average growth rate, more than doubling its market share and prides itself in its long-standing reinsurance relationships with internationally renowned reinsurers such as Swiss Re, 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 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)
- Property All Risks
- Industrial All Risks
- Ship Breaking



ENGINEERING

- Contractor's All Risk (CAR)
- Erection All Risks (EAR)
- Comprehensive Project
- Advance Loss of Profit following Contractor's All Risk (CAR) / Erection All Risks (EAR)
- Machinery Breakdown (MBD)
- Consequential Loss following (MBD)
- Deterioration of Stock following (MBD)
- Loss of Content following (MBD)
- Boiler & Pressure Vessels
- Electronic Equipment
- Contractor's Plant & Machinery



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



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



GROUP HEALTH

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



MOTOR

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



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
- Cyber Risk
- Commercial Crime
- Clinical Trial



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



MOBILE APPS & WEB PORTALS

- Motor Android App & Web Portal
- Health App
- Motor Online Renewal Web Portal
- Motor Online TPL Web Portal
- Motor Claim App & Web Portal
- Marine Cover Note App & Web Portal
- Viacare Travel Web Portal



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)*
- LifestyleCare*
- 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



Hassan Khan
Managing Director
& Chief Executive



Azfar Arshad
Chief Operating Officer



Nawaid Jamal
Chief Financial Officer



Mohammad Safdar
Head of Reinsurance



Muhammad Nadeem Irshad
Head of Accident
& Health



Muhammad Uzair Mirza
Head of Financial Lines
& Bonds



Muhammad Azfar Sabih
Chief Information Officer



Waqas ur Rehman
Head of Investments



Fahad Alam
Company Secretary

The Management Team



Syed Ather Abbas
Chief Commercial &
Strategy Officer



Anita Lalani
Head of
Human Resource



Karim Merchant
Head of Engg Projects
& Risk Mgmt



Syed Sohail Ahmed
Head of
Window Takaful Operations



Syed Imran Rabbani
Head of Claims



Imran Mughal
Chief Risk Officer



Safar Ali
Head of Internal Audit



Tauseef Hussain Shah
Head of Marketing



Farhan Faruqi
Chief Sales Officer



**Omar
Wasim Khan**
Head of Actuarial



**Major (R)
Khalid Qadeer**
Head of Administration



**Hashim
Shamim**
Senior Advisor

CODE OF CONDUCT

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

- 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. Conflict of interest situation(s) is strictly prohibited for any financial and/or non-financial gains both directly and indirectly that have the potential to compromise job performance of an employee.
- Employees are required to comply with rules and regulation of the Company and maintain the office discipline by following the directives of their supervisors in the best interest of Jubilee.
- Employees are forbidden from illegal use /consumption of any drug. The Company does not permit employees to keep /consume alcohol while at work and on Company premises.
- 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 to promote sound environment friendly business practices.

ORGANISATIONAL CULTURE

Jubilee General firmly believes that employees are its most valuable assets and encourages a culture of meritocracy and equal opportunity for all. We emphasize on communication and transparency to embody hard work, perseverance, proactive customer service and light hearted fun in everything we do. We make all our employees feel safe and welcome and arrange creative events for them to make them feel like a family. Employees enjoy annual companywide celebrations such as Family Picnics, Annual Sales Conferences, Cricket, Golf, Snooker tournaments, Women's Day Celebrations, Eid Milan get togethers etc. On top of company-sponsored events, employees are recognized for dedication and loyalty by conferring long service awards to them.

This has resulted in a culture of openness and transparency, embodying our values of team work, integrity, excellence and passion. The trust we have in our employees goes a long towards a positive company culture, leading to independent employees who have helped the Company to grow.

ORGANISATIONAL ETHICS

At Jubilee General our work ethics are governed by our values and we are morally and socially committed to look after the interests of the society as a whole. We demonstrate integrity and honesty in all our business dealings and conform to the highest standards of customer service. The respect for law, respecting different view points and above all causing no willful harm is ingrained in our DNA right from the top to the lowest echelon.

We ensure compliance to all the applicable laws and principles. We have clear cut policies on ethical and social behavior guiding our employees in a unified direction. We promote team work, dignity, sharing, co-operation, harmony, trust and above all we strive for excellence in all that we practice and do towards the common good of society.

SIGNIFICANT CHANGES

During the year ended December 31, 2019, following significant changes occurred:

a) Code of Conduct

During the year, the Board of Directors of the Company has approved an updated "Code of Conduct" which is more comprehensive, upto-date and effective.

b) Ethics Committee

Operational Culture and Ethical Environment of the Company, the management has formed an "Ethics Committee". Ethics Committee would oversee matters relating to code of conduct, organizational ethics and effectiveness of whistle blowing policy in order to build an open and transparent culture.



SHAREHOLDERS' & INVESTORS'

Information

A GENUINE REFLECTION

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 67th Annual General Meeting of Jubilee General Insurance Company Limited will be held on Tuesday, 31st March, 2020 at 09:30 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, 2019 together with the Auditors' and Directors' Report thereon.
2. To consider and approve the payment of final cash dividend of 30% (Rs. 3 per ordinary share of Rs.10/- each) for the year ended December 31, 2019, as recommended by the Board of Directors of the Company.
3. To appoint Auditors of the Company for the year ending December 31, 2020 and fix their remuneration. The present auditors M/s. A.F. Fergusson & Co. Chartered Accountants, being eligible, have offered themselves for reappointment.

SPECIAL BUSINESS

4. To consider and if thought fit to capitalize a sum of Rs. 180,446,580 out of the un appropriated profit/reserves of the Company for the issuance of 18,044,658 bonus shares in the proportion of 10 (Ten) Ordinary Shares for every 100 (Hundred) Ordinary Shares held by the Members of the Company as at the close of business on March 24, 2020.

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

RESOLVED THAT:

- (i). A sum of Rs. 180,446,580 out of the unappropriated profits/reserves of the Company be capitalized and applied for the issue of 18,044,658 Ordinary Shares of Rs.10 each and that the said shares be allotted as fully paid Bonus Shares to those Members of the Company whose names appear in the Register of Members of the Company as at the close of business on March 24, 2020 in the proportion of 10 bonus shares for every 100 shares held by the entitled Members, and that such bonus shares shall rank pari passu as regards future dividends and in all other respects with the existing ordinary shares of the Company.

- (ii). In the event of any Member becoming entitled to a fraction of a share, the Directors be and are hereby authorized to consolidate all such fractions and sell the shares so constituted on the Stock market and to pay the net proceeds thereof to a charitable organization designated by the Directors.
- (iii). For the purpose of giving effect to the above resolutions, the Managing Director & Chief Executive be and is hereby authorized to take all necessary actions and do all acts, deeds and things and to settle any question or difficulties that may arise in regard to the allotment and the distribution of the said bonus shares as he thinks fit.

A Statement under Section 134(3) of the Companies Act 2017, pertaining to the special business is being sent to the shareholders along with this notice.

By Order of the Board



Fahad Alam
Company Secretary

Karachi: 04 February, 2020

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 and for the issuance of bonus shares from March 25, 2020 to March 31, 2020 (both days inclusive). Transfer received at THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi the Company's Share Registrar at the close of business on March 24, 2020 will be treated in time for the purpose of Cash Dividend and Bonus Shares entitlement to the transferees.
2. A member entitled to attend and vote at the Meeting may appoint another member as his/her proxy to attend, speak and vote at the Meeting on his/her behalf. The proxy forms must be deposited at the Registered Office of the Company not later than 48 hours before the time of the Meeting.
3. For attending the Meeting and Appointing Proxies, CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

4. Members are requested to immediately inform the Company of any change in their addresses.
5. **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 their Registrar, Broker (participant) or CDC IAS, 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 submitted a photocopy of their valid CNIC along with the Folio Number at the earliest directly to Company's Share Registrar. In case of non-submission of CNIC copy, dividend warrants may be withheld. Corporate are also requested to submit their NTN to Company's Share Registrar.
7. Members are requested to submit declaration as per Zakat & Usher Ordinance, 1980 for zakat exemption to Company's Share Registrar.
8. As per SRO 787(I)/2014 dated September 8, 2014 issued by SECP, members have option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Members can give their consent in this regard on prescribed format to Company's Shares Registrar. Hard copy of Audited Financial Statements can be

provided free of cost within seven days of receipt of such request.

9. As per Section 150 of the Income Tax Ordinance, 2001 withholding tax on dividend will be deducted for filers and non-filer of income tax returns at 15% and 30% respectively. According to FBR, withholding tax in case of joint accounts will be determined separately based on the filer and non-filer status of the principal and joint shareholder(s) based on their shareholding proportions.

Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal and joint shareholder(s) in respect of shares held by them to Company's Share Registrar in writing by March 24, 2020. 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. 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 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 Company's Share Registrar;

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

CALENDAR OF MAJOR EVENTS

Financial

Results

First quarter ended 31 March 2019	Announced on	23 April 2019
Half year ended 30 June 2019	Announced on	22 August 2019
Third quarter ended 30 September 2019	Announced on	22 October 2019
Year ended 31 December 2019	Announced on	4 February 2020

Dividends

Final Cash 2019 (30%)	Announced on	4 February 2020
	Entitlement date	24 March 2020
	Statutory limit upto which payable	21 April 2020
Stock Dividend 2019 (10%)	Announced on	04 February 2020
	Entitlement date	24 March 2020
Final Cash (2018) (40%)	Announced on	06 February 2019
	Paid on	10 May 2019
Issuance of Annual Report		10 March 2020
67th Annual General Meeting		31 March 2020

Operational

Annual Sales Conference	Held in	February 2019
Revamping of Retail Portals (Conventional / Takaful) with revised Customer Journey	Made in	November 2019
Integration of Retail Portals (Conventional / Takaful) with Digital Partners	Made in	November 2019

Corporate Social Responsibility (CSR)

Fulfill-a-Wish Campaign for Sirat-ul-Jannah Orphanage	Conducted in	May 2019
Ramadan Ration Drive	Conducted in	May 2019
Tree Plantation Drives (Three)	Conducted in	January, August & September 2019
Free Medical Camp	Conducted in	October 2019

ACCESS TO REPORTS AND ENQUIRIES

Financial Reports

Annual report 2019 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 2019 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 address i.e. info@jubileegeneral.com.pk for handling investor's grievances on which investor can make a complaint.

ISSUES RAISED AT THE LAST ANNUAL GENERAL MEETING

In the 66th Annual General Meeting of the Company held on Tuesday April 23, 2019, 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 66th Annual General Meeting (AGM) of the Company held on Tuesday April 23, 2019, 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(s). However, no such question was raised in the AGM.

SHARE PRICE ANALYSIS

Volume Analysis

JGI Share Price and Volume on the PSX in the year 2019

Months	Highest	Lowest	Per Day Average Volume
	----- Rupees -----		Number of Shares
January	65.00	60.01	10,825
February	65.00	56.31	3,221
March	60.50	55.00	4,278
April	55.00	46.55	1,708
May	48.10	42.00	1,385
June	45.00	40.00	3,784
July	45.00	40.00	755
August	40.00	35.21	5,866
September	48.00	36.25	1,240
October	48.00	48.00	47
November	50.01	47.01	3,461
December	57.00	49.00	4,792

SHARE PRICE SENSITIVITY ANALYSIS

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

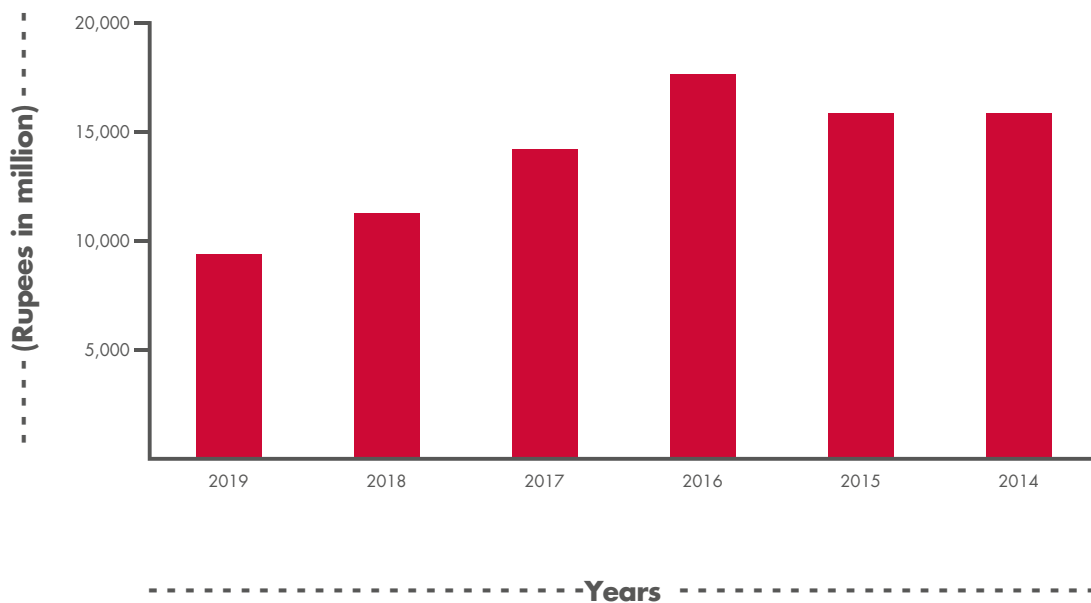
- Country's economic conditions.
- Stock market sentiments.
- Company's performance.
- Dividend announcements.
- Change in government policies and regulations relating to insurance business.
- Company's Financial Strength Rating.

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, 2018 and 2019 which definitely effect the market price of the Company's share in last three years, however, notable growth in market capitalisation of the Company's shares till the year 2016 can be witnessed from the following:

Particulars	Years					
	2019	2018	2017	2016	2015	2014
Number of Shares outstanding (in million)	180	180	180	157	157	157
Market closing price of share as on 31 December (PSX) (Rupees)	54.01	60.01	80.00	108.50	103.00	102.00
Market Share Capitalisation (Rupees in million)	9,722	10,802	14,400	17,034	16,171	16,014



PATTERN OF SHAREHOLDING

As of 31 December 2019

No. of Shareholders	Shareholdngs		Number of Shares Held	Percentage
	From	To		
419	1	100	9,395	0.0052
238	101	500	66,397	0.0368
132	501	1,000	99,022	0.0549
356	1,001	5,000	873,152	0.4839
88	5,001	10,000	626,497	0.3472
62	10,001	15,000	711,470	0.3943
29	15,001	20,000	513,080	0.2843
32	20,001	25,000	713,826	0.3956
8	25,001	30,000	215,729	0.1196
7	30,001	35,000	225,892	0.1252
4	35,001	40,000	150,426	0.0834
10	40,001	45,000	420,996	0.2333
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
3	60,001	65,000	189,464	0.1050
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
1	95,001	100,000	96,280	0.0534
2	100,001	105,000	204,645	0.1134
2	105,001	110,000	213,831	0.1185
1	130,001	135,000	134,139	0.0743
1	135,001	140,000	136,451	0.0756
1	145,001	150,000	146,776	0.0813
1	150,001	155,000	150,060	0.0832
2	155,001	160,000	317,948	0.1762
2	170,001	175,000	342,013	0.1895
1	175,001	180,000	178,974	0.0992
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

No. of Shareholders	Shareholdngs		Number of Shares Held	Percentage
	From	To		
2	225,001	230,000	456,737	0.2531
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	0.4755
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	1.1528
1	1,365,001	1,370,000	1,367,257	0.7576
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	2,044,203	1.1329
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>1,463</u>			<u>180,446,583</u>	<u>100.0000</u>

PATTERN OF SHAREHOLDING ADDITIONAL INFORMATION

As of 31 December 2019

Categories of Shareholders	Number of Shareholders	Number 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	8	809,882	0.45
Individuals	1,409	40,945,132	22.68
Others	25	4,450,044	2.47
Total	1,463	180,446,583	100.00

Categories of Shareholders	Number 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 2019:

Name	Designation	Transaction	No. of Shares
------	-------------	-------------	---------------

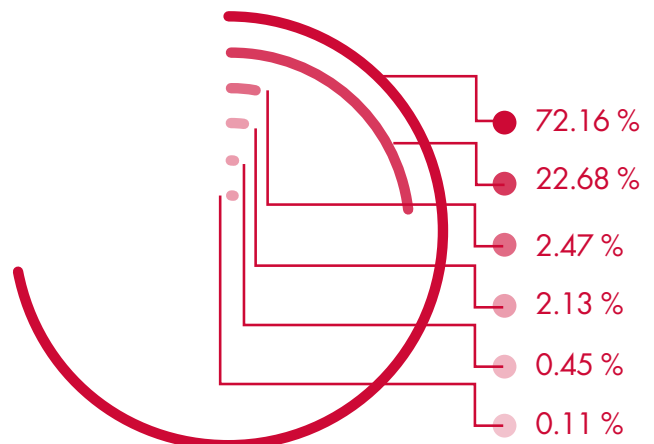
None	Nil	Nil	Nil
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Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage
----------------------------	------------------------	-----------------------	------------

Individual	1,392	32,192,342	17.84
Insurance Companies	3	1,235,113	0.69
Joint Stock Companies	23	25,140,887	13.93
Financial Institutions	7	36,166,938	20.04
Modarabas & Mutual Funds	1	180	-
Non Resident Shareholders	29	38,137,539	21.14
Others - see below	8	47,573,584	26.36
	1,463	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
- General Public
- Other
- Directors, CEO & their Spouse and Minor Children
- Other Companies
- Executives



Governance

WATCHFUL EYES OF ACCOUNTABILITY



CHAIRMAN'S REVIEW REPORT

For the Year Ended 31 December 2019

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

The Managing Director and Chief Executive of the Company, Mr. Tahir Ahmed retired on 31 December 2019 upon attaining superannuation age. Mr. Hassan Khan, the Executive Director of the company succeeded Mr. Ahmed as the Managing Director and Chief Executive with effect from 1 January 2020. Mr. Khan has over 21 years of diversified experience of the financial sectors and insurance in Pakistan. Before joining Jubilee General, he was the Chief Executive Officer of a prestigious Non-Banking Financial Institution (NBFI) in Pakistan.

During the year under review, Pakistan faced numerous political and economic challenges which had an adverse effect on the macroeconomic condition and business environment of the Country. Despite difficult market conditions, your Company's Gross Written Premium and Contribution posted a growth of 4% to close the year at PKR 10.48 billion. The Company's performance was supported mainly by strong growth in Health and Fire businesses. Window Takaful Operations continued to perform well, and the Company crossed the PKR 1 billion Gross Written Contribution landmark in 2019, posting 21% growth. The government's economic reforms agenda has started bearing fruit, however, low tax-to-GDP ratio, shrinking LSM sector and high inflation continue to pose a challenge to the economy. Consequently, the real GDP growth in FY 2020 is expected to be lower than 3.3% achieved in FY 2019. Nevertheless, the macroeconomic indicators are likely to improve post FY 2020. Therefore, during the year, the Company will focus on consolidating its portfolio, improving operational efficiencies and strengthening its technological infrastructure in order to capitalize on the expected macroeconomic resurgence FY 2021 onwards.

Your Board discharges its fiduciary duties judiciously with due assistance from the four

committees namely, Audit, Finance & Investment, Human Resource Remuneration & Nomination, and Risk committees. The Company also has an IT Steering Committee with representation from the board to provide guidance and oversight to the management's initiatives in the realm of digitization. Your Company continues its journey towards technological innovation with an aim of achieving greater operational efficiencies for the benefit of our customers and to increase our market share.

The Board has a comprehensive self-evaluation mechanism in place for assessment of its own performance in core areas of its functioning. The evaluation questionnaire, which is sent to each director, allows the board to evaluate its own quality of governance and enables them to fulfill their responsibilities more effectively. In order to ensure transparency, the directors submit their responses to the questionnaire in confidence to the external auditors directly. The Directors reviewed and discussed the annual evaluation report in their meeting held on October 22, 2019 and expressed their satisfaction on the overall result against the set performance criteria.

I would like to extend my gratitude to all our employees and business partners for their dedication and hard work. I am also grateful to the Board members for their commitment and shareholders for their confidence in the Company.



Towfiq H. Chinoy
Chairman

Karachi: 04 February, 2020

چیئر مین کی جائزہ رپورٹ

برائے سال ختم شدہ 31 دسمبر 2019

میں جو بلی جزل کے اسٹیک ہولڈرز کے لیے اس جائزہ کو پیش کرتے ہوئے مسرت محسوس کرتا ہوں۔

کمپنی کے چیف ایگزیکٹو اور مینجنگ ڈائریکٹر جناب طاہر احمد پیرانہ سالی کی عمر کو پہنچنے کے باعث 31 دسمبر 2019 کو ریٹائر ہو گئے ہیں۔ جناب حسان خان نے یکم جنوری 2020 سے جناب طاہر احمد کی جگہ چیف ایگزیکٹو اور مینجنگ ڈائریکٹر کے طور پر ذمہ داریاں سنبھال لی ہیں۔ جناب حسان خان پاکستان کے مالیاتی اداروں اور انشورنس کے شعبے میں 21 سال سے زائد کا وسیع تجربہ رکھتے ہیں۔ جو بلی جزل میں آنے سے قبل وہ پاکستان میں ایک معتبر نان بینکنگ فنانشل انسٹیٹیوشن (NBF) میں چیف ایگزیکٹو آفیسر کے عہدے پر خدمات انجام دیتے رہے ہیں۔

زیر جائزہ سال کے دوران، پاکستان کو مختلف قسم کے سیاسی اور معاشی چیلنجز کا سامنا رہا جن کے ملک کی میکرو اکنامک صورتحال اور کاروباری ماحول پر منفی اثرات مرتب ہوئے۔

مارکیٹ کی مشکل صورتحال کے باوجود، آپ کی کمپنی نے 10.48 بلین روپے کے مجموعی پریمیم اور کنٹریبیوشن کے ساتھ 4 فیصد اضافی کاروبار اپنے نام کیا۔ کمپنی کی ترقی میں ہیلتھ اور فائر بزنس نے شاندار حصہ ملایا۔ ہمارے کلائل ونڈو آپریٹرز نے شاندار کارکردگی جاری رکھی اور کمپنی نے 2019 میں ایک بلین کنٹریبیوشن حاصل کرنے کا سنگ میل عبور کرتے ہوئے 21 فیصد کی شاندار ترقی حاصل کی۔ حکومت کے معاشی اصلاحات کے لہجے نے اپنے ثمرات دینا شروع کر دیئے ہیں، تاہم کم ٹیکس سے جی ڈی پی کی شرح، سکڑتا ہوا لارج اسکیل مینوفیکچرنگ سیکٹر اور بڑھتا ہوا فرط زر معیشت کے لیے اب بھی چیلنج بنے ہوئے ہیں۔ اس کے پیش نظر، مالیاتی سال 2020 میں حقیقی جی ڈی پی کی ترقی سال 2019 میں حاصل کردہ 3.3 فیصد سے بھی کم رہنے کا امکان ہے۔ تاہم میکرو اکنامک صورتحال میں مالیاتی سال 2020 کے بعد بہتری کی توقع ہے۔ اس لئے دوران سال کمپنی اپنے پورٹ فولیو کو مزید مستحکم، انتظامی امور میں مزید بہتری اور اپنے ٹیکنالوجیکل انفراسٹرکچر کو مضبوط بنانے پر توجہ دے گی تاکہ 2021 سے متوقع معاشی بحالی سے فائدہ اٹھایا جاسکے۔

آپ کے بورڈ نے اپنے فرائض منصبی دانشمندانہ انداز میں ان چار کمیٹیوں بنام آڈٹ، فنانش اینڈ انوسٹمنٹ، ہیومن ریسورسز ریویژن اینڈ نو مینیشن اور رسک کمیٹی کی معاونت سے سرانجام دیے۔ کمپنی میں آئی ٹی اسٹریٹجی کمیٹی بھی بورڈ کی نمائندگی کے ساتھ موجود ہے تاکہ ڈیجیٹلائزیشن کے اس دور میں انتظامیہ کے اقدامات کی نگرانی اور رہنمائی کی جاسکے۔ آپ کی کمپنی اپنے صارفین کے فائدے اور مارکیٹ شیئر کو بڑھانے کے مقصد سے اپنی عملی کارکردگی میں بہتری لانے کے لئے ٹیکنالوجیکل جدت کے سفر پر گامزن ہے۔

بورڈ کا سوالنامے کے ذریعے خود تشخیصی طریقہ کار کا نظام بنیادی امور میں اپنی کارکردگی کا جائزہ لینے کے لئے موجود ہے۔ یہ تشخیصی سوالنامہ جو کہ ہر ڈائریکٹر کو بھیجا جاتا ہے اس بات کی اجازت دیتا کہ وہ گورننس کے معیار کو جانچ لیں اور ان کو فعال بنائیں تاکہ وہ اپنی ذمہ داریاں مزید موثر انداز میں پوری کر سکیں۔ شفافیت کو یقینی بنانے کیلئے ڈائریکٹرز اس سوالنامے کے جوابات براہ راست ایکسٹرنل آڈیٹر کو جمع کراتے ہیں۔ 22 اکتوبر 2019 کو ہونے والے اجلاس میں بورڈ نے سالانہ تشخیصی رپورٹ پر تبادلہ خیال کیا اور متعین کردہ کارکردگی کے معیار کے مقابلے میں اپنے اطمینان کا اظہار کیا۔

میں جو بلی جزل کے تمام ملازمین اور کاروباری شراکت داروں 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 پر بھی شکریہ ادا کرتا ہوں۔



توفیق ایچ۔ چنائے

چیئر مین

کراچی: 04 فروری، 2020

THE DIRECTORS' REPORT

For the Year Ended 31 December 2019

The Directors are pleased to present the Annual Report and the Audited Accounts for the year ended 31 December 2019.

Country Review

In 2019 Pakistan faced multiple internal political and economic challenges, uncertain regional security situation, and shifting global dynamics, all of which slowed down the economic activity in the Country. Regional geo-political turmoil and the looming risk of blacklisting by the Financial Action Task Force (FATF) dominated the headlines on the external front. On the domestic front, 2019 was the year of structural economic adjustments with the government implementing austerity measures to control the current account and fiscal deficits. Inflation and interest rates also increased sharply during the year, reaching the peaks of 12.7% and 13.25%, respectively. The structural adjustments, inflationary pressures and monetary tightening resulted in a weakened domestic demand and a slowdown in the economy with the real GDP growth falling to 3.3% for FY 2019. Additionally, the Large-Scale Manufacturing (LSM) sector showed negative growth of 3.64% during FY 2019 with further contraction of 6.5% in the first four months of FY 2020.

Insurance Sector Review

Gross Written Premium (GWP) including Gross Contribution from Takaful Operations in the Pakistan non-life insurance sector grew by 12% in 2018 (12% in 2017) to PKR 85.6 billion. In 2019, industry growth is expected in the range of 5% - 7% substantially below inflation of 12.6% for the calendar year 2019.

Insurance industry continues to experience underwriting profitability adding downward pressure on premium rates across the board. The projected slowdown of economic growth will pose challenges to the industry in 2020.

Company Performance

Gross Written Premium (including Contribution Written in Takaful Operations) reached PKR 10.48 billion (2018: PKR 10.07 billion) posting a modest growth of 4%, while the combined net premium / contribution grew by 8% and improved to PKR 5.83 billion (2018: PKR 5.40 billion). Health and Fire portfolios were the primary contributors to the overall performance, while Miscellaneous, Liability and Travel portfolios also posted healthy growth. Your Company's technical profit during the year under review stands at PKR 431.2 million (2018: PKR 369 million).

During 2019, the investment income (including Window Takaful Operations) remained flattish at PKR 1.18 billion in comparison to PKR 1.20 billion in 2018.

Insurance

Your Company's insurance business registered growth during the year under review in the face of the slowdown in the economy. Hence, the Company's GWP grew by 2% to PKR 9.38 billion (2018: PKR 9.16 billion) and net premium increased by 7% to PKR 5.28 billion (2018: PKR 4.92 billion). We achieved underwriting profit of PKR 372 million as compared to PKR 212 million achieved in 2018.

We are pleased to report that our balanced investment strategy yielded income of PKR 1.13 billion (2018: PKR 1.19 billion).

The summarized results of the Company's insurance business for the year ended 31 December 2019 are as under:

	2019	2018
.....(Rupees in '000).....		
Gross Premium	9,375,269	9,161,366
Net Premium Revenue	5,279,188	4,922,929
Underwriting Result	372,326	211,727
Investment Income including		
Capital Gain and Rent	1,134,021	1,187,743
Profit Before Tax	1,725,016	1,631,278
Profit After Tax for the year	1,224,285	1,066,305
Earnings Per Share of		
PKR 10 each	6.78	5.91

Takaful

Window Takaful Operations outperformed the conventional business for yet another year and reported strong growth of 21% in gross written contribution to achieve PKR 1.10 billion (2018: PKR 907 million) supported by strong performance from the Health, Fire and Motor portfolios. Net contribution also grew strongly by 16% to reach PKR 551 million (2018: PKR 475 million).

The Participant's Takaful Fund contracted to deficit of PKR 6.95 million (2018: Surplus PKR 99 million) in the year under review due to increase in net claims by PKR 208 million as compared to last year. However, the Operator's profit reached to PKR 89 million (2018: PKR 59 million).

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

	2019	2018
	.....(Rupees in '000).....	
Participant's Fund		
Gross Contribution	1,101,336	907,162
Net Contribution (Deficit)/Surplus before Investment Income	550,573	474,514
Investment Income	(45,065)	82,832
Investment Income (Deficit)/Surplus for the year	47,880	20,386
	(6,946)	99,125
Operator's Fund		
Revenue Account	103,919	74,227
Investment Income	24,686	11,396
Profit Before Tax	124,789	82,411
Profit after tax for the year	88,600	58,512

Fire & Property

Fire & Property contributes 30% to the overall written premium and contribution and is the largest portfolio of the Company.

The portfolio grew by a moderate 8% during the year in the wake of the contractionary economic environment during the year under review. The portfolio was not affected by any major or catastrophic losses and yielded a technical combined profit of PKR 218 million (2018: Loss of PKR 86 million)

Accident and Health

Accident & Health business posted strong growth of 22% during the year due to formidable performance of micro-health and group-health products. The portfolio contributes almost 19% to our business and your company expects to unlock further growth in the segment in the coming year. High inflation affected the results of this portfolio with medical services and supplies registering steep increase during the year.

Motor

Motor portfolio has the 3rd largest share in our business mix and contributes 19% to the gross premiums/contributions.

The portfolio's performance remained stagnant during the year (0.71% contraction) due to slow down in auto sales owing to sharp currency depreciation, high interest rates, slower economic growth and higher regulatory duties.

The portfolio yielded a combined profit of PKR 315 million (2018: PKR 360 million) inclusive of surplus from Window Takaful Operations.

Marine, Aviation & Transport

This portfolio contributes 8% to the total written premium.

The portfolio grew by a modest 2.4% during the year. The Import contraction policy of the government was the major cause of the sluggish growth of this portfolio, which continued to remain profitable generating an underwriting profit of PKR 200 million (2018: PKR 96 million.).

Miscellaneous

This portfolio contributes 18% to the overall business and includes several lines including Engineering, Bonds, Terrorism, Bankers Blanket Bond, and Travel etc.

Miscellaneous portfolio shrank by 15% overall during the year; however, the portfolio's written contribution from Takaful operations increased by 45%. The portfolio yielded a profit of PKR 168 million (2018: PKR 228 million) including surplus from Window Takaful Operations.

Liability

Although, the liability portfolio constitutes only 5.5% of the overall business, the portfolio reported 33% increase in written premium generated an underwriting profit of PKR 26 million (2018: PKR 20 million).

Investment Income

The Investment Income of the Company realised from all sources, including dividends on shares, return on bank deposits, capital gains on securities and rental income from real estate, has crossed PKR 1.18 billion in 2019 (2018: PKR 1.20 billion).

We expect inflation to remain on the higher side for the 1st Half of 2020. However, in the later part of the calendar year, inflationary pressures are expected to ease off and subsequently, SBP may decrease interest rates. Moreover, rebound in macroeconomic activities will lure back foreign investments and provide necessary push to the local equity market. As the Company has a balanced proportion of equity and fixed income instruments, the investment portfolio will benefit from decrease in interest rates in the near future.

Market Share

Your Company's market share has increased to 11.8% as per the data published by the Insurance Association of Pakistan. The Company expects to further strengthen its market share in FY 2020.

Reinsurance

Globally, the Reinsurance industry was faced with emergence of previously considered 'secondary' perils – such as wildfire, flood, and drought – in addition to typhoon losses occurring in Japan and causing substantial insured losses. As a result, the reinsurance market witnessed hardening of terms.

Your company, 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 partner with the best securities including Swiss Re, Hannover Re, Lloyd's of London, SCOR, Allianz etc.

Product Development

Jubilee General is focused on leveraging technology to develop innovative products and offer efficient delivery of service. The Company continues to build new partnerships and integration with multi-brand retail platforms to expand its reach to a wider customer base.

Dividend & Appropriation of Profit

The amount available for appropriation is:

	(Rupees in '000)
Amount brought forward from previous years	43,632
Profit after tax for the year	1,224,285
Actuarial (Loss) on defined benefit plan (net)	(11,055)
Adjustment of ledger D balance of an associate	(70,307)
	<u>1,186,555</u>

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

Transfer to special reserves	200,000
Transfer to general reserve	150,000
Proposed final cash dividend @ [30%]	541,340
Proposed issue of Bonus Shares @10%	180,446
Carry forward to next year	114,769
	<u>1,186,555</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. Detail of Board Composition is disclosed in the Statement of Compliance with the Code of Corporate Governance for Insurers, 2016

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 as disclosed in "Governance" section of this Report.

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	5
Tahir Ahmed	5
Akbarali Pesnani	5
R. Zakir Mahmood	4
John Joseph Metcalf	5
Amin A. Hashwani	5
Amyr Currimbhoy	5
Farhan Talib	3
M. Akhtar Bawany (Alternative Director to Sadruddin Hashwani)	4

Board Committees

During the year under review six (6) 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 "Governance" section of 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 "Governance" section of this report.

Statement of Directors Responsibilities

- 1) 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, 2017 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.
- 2) There are adequate Internal Financial Controls in Place in the Company.

Other Information Under Section 227 of the Companies Act 2017 & Code of Corporate Governance for Insurers, 2016.

The other information required under section 227 of the Companies Act, 2017 is disclosed under Pattern of shareholding (including trading in the shares of the Company by its Directors and Executive), Internal Control Framework, Financial Position and Performance, Risks and Opportunities and Sustainability of this Report.

Board Performance Evaluation

The Board has developed a mechanism to evaluate its own performance, its committees and its members by adopting a self-evaluation methodology, through questionnaires, which covers core areas of the functioning of the Board, its committees and members. 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 questionnaires include but not limited to the following:

- Apprising the basic organization of the Board of Directors;
- 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.
- Assess the effectiveness and efficiency of the operation of the Board and its Committees;
- Assess performance and participation of individual Board members.

The Board has engaged an independent reputable audit firm to compile the cumulative results 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 VIS and Pakistan Credit Rating Agency (PACRA). The rating is a testament to the company's financial strength as demonstrated by strong capitalization and healthy liquidity. The rating also validates Jubilee General's robust risk management framework which allows the Company to sustain robust underwriting performance while sustaining a stable risk absorption capacity.

Jubilee General has also been assigned the Financial Strength Rating of "B+" (Good) and issuer credit rating of "bbb-" (Good) by A. M. Best, the world's oldest and most authoritative insurance rating and information source. The rating reflects Jubilee General's strong risk-adjusted capitalization, solid business profile within Pakistan and good track record of operating performance.

Information Technology

Jubilee General continues its progress towards automation of processes for faster and improved controls to deliver better customer experience. Thus, the Company became the first insurer in Pakistan to launch an online portal providing end-to-end insurance solution complete with payment options. The Company has also pioneered the first ever android application for motor insurance and intends to introduce more applications using mobile technology to increase insurance penetration in the retail segment.

Auditors

Messrs. A.F. Ferguson & Co., Chartered Accountants have audited the financial statements for the year 2019 and have offered themselves for reappointment. The Board Audit Committee recommends that they be re-appointed as the statutory auditors for a further term of one year at a remuneration of Rs. 3,960,000 and the Board endorses this recommendation.

Outlook

The government's economic reforms agenda has started bearing fruits after successfully securing IMF's Extended Fund Facility and further financial packages from China, Saudi Arabia and UAE to ease the strain on the country's foreign reserves. The twin deficits have also been contained to a great extent, while inflationary pressures are expected to ease from Q2/Q3 2020 followed by expected decrease in interest rates. While the policy focus in 2020 would still be on further addressing the fiscal issues (FY20 GDP growth expected at 2.4%), a broad-based recovery in the macroeconomic situation is expected to kick-off in the later part of the calendar year 2020.

The Company expects to unlock further growth from construction projects, Window Takaful Operations and microinsurance. The Company also plans to continue playing its role in development of retail market for insurance by leveraging its technological infrastructure and innovative products.

As one of the best insurance companies of Pakistan, Jubilee General is committed to serving all segments of the society. The Company is focused on driving a customer-centric, digitally innovative brand through adoption of innovative technologies in product development, distribution and customer service delivery.

Acknowledgements

We acknowledge the patronage and loyalty of our patron clients for reposing their confidence in us and the support of our shareholders which has enabled us to consistently improve our market share. We also thank our reinsurance business partners brokers for their very professional assistance and valuable support. We express our appreciation to SECP for their guidance and cooperation. We acknowledge the professionalism and hard work of our development officers, staff members and executives who helped the Company to achieve its goals.

On behalf of the Board



Hassan Khan
Managing Director &
Chief Executive



Aryn Currimbhoy
Director

Karachi: 04 February, 2020

آؤٹ لک

حکومت کے معاشی اصلاحات کے لیجنڈے نے آئی ایم ایف کی جانب ایکسٹنڈڈ فنڈ فیسلٹی اور چین، سعودی عرب اور متحدہ عرب امارات کی جانب سے مزید مالیاتی سیکویٹیز کی بدولت اثرات کے حصول کے ساتھ ملکی زر مبادلہ کے ذخائر میں بھی استحکام آیا ہے۔ اس طرح دوہرے خساروں میں ایک حد تک کمی آئی ہے تاہم سال 2020 کی دوسری اور تیسری سہ ماہی سے مہنگائی کا دباؤ کم ہونے کی توقع کے ساتھ سود کی شرح میں کمی کا امکان ہے۔ جبکہ 2020 میں بھی سب سے زیادہ توجہ معاشی مسائل کو حل کرنے پر ہونا چاہئے (مالیاتی سال 20 میں جی ڈی پی شرح 2.4 فیصد تک پہنچنے کی توقع ہے) اور سال 2020 کی آخری سہ ماہی میں میکرو اکنامک صورتحال کی بحالی سے معیشت بہتر ہونے کے امکانات ہیں۔

کمپنی تعمیراتی پروڈیکٹس، ونڈو کنکال آپریشنز اور مائیکرو انشورنس سے مزید ترقی حاصل کرنے کے لیے پرامید ہے۔ کمپنی انشورنس کے لیے ریٹیل مارکیٹ کے حصول میں اپنا کردار ادا کرنے کے لیے کوشاں ہے اور اس کے لیے وہ جدید پروڈکٹس اور ٹیکنالوجی انفراسٹرکچر کو استعمال میں لارہی ہے۔

پاکستان کی بہترین انشورنس کمپنیوں میں سے ایک، جوہلی جنرل معاشرے کے ہر طبقے کو خدمات کی فراہمی کے لیے کوشاں ہے۔ کمپنی پروڈکٹس کی تیاری، ڈسٹری بیوشن اور کسٹمر کو سروس کی فراہمی میں جدید ٹیکنالوجی کے حصول سے باہمولت اور جدید برانڈ تیار کرنے پر اپنی بھرپور توجہ مرکوز کئے ہوئے ہے۔

اظہار تشکر

ہم اپنے کلائنٹس کے مشکور ہیں کہ ان کی وفاداری اور اعتماد نے ہمیں تقویت دی اور اپنے شیئر ہولڈرز کے بھی جن کے مسلسل اعتماد اور بھروسے کے سبب ہم اپنا مارکیٹ شیئر بڑھانے کے قابل رہے۔ ہم اپنے ری انشورنس برنس پارٹنرز برڈر کے پیشہ ورانہ تعاون اور قابل قدر بھروسے کا بھی شکریہ ادا کرتے ہیں۔ ہم ہلس 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 سے کمپنی کے مقاصد کو حاصل کرنے میں مدد ملی۔

بورڈ کی جانب سے



امین کریم بھائی
ڈائریکٹر



حسان خان
مینجنگ ڈائریکٹر اینڈ چیف ایگزیکٹو

کراچی: 04 فروری، 2020

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 ہیومن ریسورس، بیسوزیشن اینڈ ٹیکنالوجی، 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 نگرانی اور کارکردگی کا جائزہ لیتی ہے۔

کمپنی کا مالیاتی استحکام (آئی ایف ایس) ریٹنگ

جوہلی جنرل کے مالیاتی استحکام کی ریٹنگ پاکستان کی دونوں ریٹنگ ایجنسیوں وی آئی ایس (VIS) اور پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کی جانب سے "AA+" مستحکم آؤٹ لک کے ساتھ بحال ہیں۔ یہ ریٹنگ کمپنی کے مالیاتی استحکام کا منہ بولتا ثبوت ہے جو کہ مستحکم مالی صورتحال اور لیکوڈیٹی کا اظہار یہ ہے۔ یہ ریٹنگ اس بات کی توثیق بھی ہے کہ کمپنی کا مضبوط رسک فریم ورک جو کہ شاندار انڈر رائٹنگ منافع کو برقرار رکھنے کے ساتھ رسک کو برداشت کرنے کی صلاحیت رکھتا ہے۔

جوہلی جنرل کو اے ایم بیسٹ (A.M.BEST) کی جانب سے مالیاتی استحکام کی ریٹنگ (Good) "B+" اور (Good) "bbb-" جاری کنندہ کی کریڈٹ ریٹنگ سے نوازا گیا ہے جو کہ دنیا کی سب سے پرانی اور مستند انشورنس ریٹنگ اور معلومات کا ذریعہ ہے۔ ریٹنگ اس بات کا اظہار یہ ہے کہ جوہلی جنرل ایڈجسٹڈ سرمائے اور مستحکم کاروبار، پاکستان کے اندر شاندار بزنس پروفائل اور انتظامی کارکردگی کے شاندار ٹریک ریکارڈ رکھتی ہے۔

انفارمیشن ٹیکنالوجی

جوہلی جنرل اپنے صارفین کو شاندار خدمات کی فراہمی کے پیش نظر تیز اور موثر انتظامات کے لیے آٹومیشن کے اقدامات جاری رکھے ہوئے ہے۔ اس طرح، کمپنی پاکستان میں پہلی انشورر بن چکی ہے جس نے تمام انشورنس سلوشن بشمول ادائیگی کے اختیارات کی مکمل سہولت فراہم کرنے کے لیے آن لائن پورٹل کا آغاز کیا۔ کمپنی کو موثر انشورنس کے لیے سب سے پہلی اینڈ رائڈ ایپلی کیشن لانے کا اعزاز بھی حاصل ہے اور اپنے ریٹیل مارکیٹ میں مزید رسائی کے لیے موبائل ٹیکنالوجی کے استعمال کو بروئے کار لانے کے لیے مزید ایپلی کیشنز بھی متعارف کرانے کا ارادہ رکھتی ہے۔

آڈیٹرز

سال 2019 کے اکاؤنٹس کو میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے آڈٹ کیا ہے، اور انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ بورڈ آڈٹ کمیٹی نے سفارش کی ہے کہ ایک سال کے لیے اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو قانونی آڈیٹرز کے طور پر 3,960,000 روپے کے معاوضے پر دوبارہ مقرر کر لیا جائے۔ بورڈ نے اس سفارش کی توثیق بھی کی ہے۔

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 پیروی کی گئی ہے۔ یہ بین الاقوامی مالیاتی اکاؤنٹنگ اور رپورٹنگ معیارات (IFRS) جو کمپنیز ایکٹ 2017 کے تحت انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ بورڈ کی جانب سے جاری اور، کمپنیز ایکٹ 2017 کے ذریعے مطلع کیے گئے ہیں۔ اور اس کے علاوہ انشورنس آرڈیننس، 2000، ایس ای سی (انشورنس) رولز 2017 اور تکافل رولز 2012 کے تحت جاری کردہ ہدایات، دفعات، اور ایسا کسی قابل ذکر مادی انخلاء کا مناسب اظہار کیا گیا ہے؛

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 لسٹنگ کے ضابطوں میں تفصیلی ذکر موجود ہے، کوئی کوتاہی نہیں ہوئی۔

(2) کمپنی میں مناسب مالیاتی انٹرل کنٹرول موجود ہیں۔

کمپنیز ایکٹ 2017 کے سیکشن 227 اور انشوررز کے کوڈ آف کارپوریٹ گورننس، 2016 کے تحت دیگر معلومات

کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت درکار دیگر معلومات اس رپورٹ کے پیژن آف شیئرز ہولڈنگ (بشمول کمپنی کے ڈائریکٹران، اور ایگزیکٹوز کی کمپنی کے حصص میں خرید و فروخت کی تفصیلات) انٹرل کنٹرول فریم ورک، مالیاتی پوزیشن اور کارکردگی، رسک و مواقع اور سسٹیمبلیٹی میں ملاحظہ فرمائیں۔

بورڈ کارکردگی کا جائزہ

بورڈ نے اپنی اور اسکی کمیٹیوں اور ممبران کی کارکردگی کا جائزہ لینے کے لئے ایک سوالنامے کے ذریعے ایک خود مختار کمیٹیزم اختیار کیا ہوا ہے۔ جو بورڈ کی عملداری کے بنیادی امور کا احاطہ کرتا ہے۔ اس جائزے کا بنیادی مقصد بورڈ کو اپنے گورننس کے معیار کو جانچنا ہے جو کہ بورڈ ممبران کو اس قابل کرنا ہے وہ کمپنی کی ترقی میں مزید موثر کردار ادا کر سکیں۔ سوالنامے میں جن اہم حصوں کو شامل کیا گیا ہے، ان میں سے چند یہ ہیں۔

- بورڈ آف ڈائریکٹرز کی بنیادی تنظیم سے آگاہی
- بورڈ کی مجموعی ذمہ داریوں اور ان 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 اور اس کی کمیٹیوں کے آپریشن، کارکردگی، اور ان کے موثر ہونے کی صلاحیت
- انفرادی بورڈ ممبران کی شرکت اور کارکردگی کا تعین

بورڈ نے ڈائریکٹرز کی جانب سے بھیجی گئی تجویزوں کے نتائج مرتب کرنے کے لیے ایک معروف بیرونی آڈیٹرز کو مشغول کیا ہے تاکہ اس عمل کی شفافیت اور درستگی کو مزید بہتر کیا جائے۔

ری انشورنس

عالمی طور پر، ری انشورنس انڈسٹری کو پچھلے سے نمودار ہونے والے دوسرے درجے کی آفات کا سامنا رہا جیسا کہ جنگلات کو آگ، سیلاب اور قحط وغیرہ، اس کے ساتھ جاپان میں اٹھنے والے سمندری طوفانوں کی تباہی سے بڑے پیمانے کے انشورنس نقصانات اٹھانے پڑے۔ نتیجتاً ری انشورنس مارکیٹ میں شرائط سخت سے سخت ہوتی دیکھی گئیں۔

تاہم، آپ کی کمپنی اپنے صارفین کی بڑھتی ہوئی ضروریات کے پیش نظر ری انشورنس کی سہولیات اور مکافیل کے تحفظ میں اضافے کی حکمت عملی کو جاری رکھنے میں کامیاب رہی ہے۔ ایک اعلیٰ سطح کے انشورنس کی حیثیت سے ہم نے سوئس ری، یسور ری، لائیڈ آف لندن، SCOR، ایلیمانڈ وغیرہ جیسی باہر ناز سیکوریز کے ساتھ شراکت داری کی ہوئی ہے۔

مصنوعات کی ترقی

جوہلی جنرل ٹیکنالوجی کے ذریعے اپنے کاروبار میں جدید مصنوعات کو فروغ دینے اور موثر سروس کے لیے کوشاں ہے۔ کمپنی نئی شراکت داریوں اور ملٹی برانڈ ریٹیل پلیٹ فارمز کے ذریعے اپنی پہنچ اور زیادہ سے زیادہ صارفین تک بڑھانے کے لئے کوشاں ہے۔

منافع اور فوائد کا مختصر کرنا

مختصر کرنے کے لئے دستیاب رقم:000 روپے میں.....

43,632	گذشتہ سال سے آنے والی رقم
1,224,285	اس سال کا بعد از ٹیکس منافع
(11,055)	مقررہ فائدے کے پلان پر اچھور ٹیکس (خسارہ) (نیٹ)
(70,307)	ایسوسی ایٹ کے ڈی، یلنس کے گوشوارے کی ایڈجسٹمنٹ
1,186,555	

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

200,000	خصوصی ذخائر کو منتقلی
150,000	عمومی ذخائر کو منتقلی
541,340	تجویز کردہ حتمی نقد منافع 30 فیصد
180,446	تجویز کردہ بونس شیئرز 10 فیصد
114,769	اگلے سال کے حساب میں منتقلی
1,186,555	

بورڈ آف ڈائریکٹرز

کمپنی کا بورڈ آف ڈائریکٹرز، نو (9) افراد پر مشتمل ہے، جو وہ علم، تجربہ، مہارت اور ادراک رکھتے ہیں جو کہ کمپنی کی دور رس رہنمائی اور حکمت عملی کو ترتیب دینے کے لیے ضروری ہے۔ ماسوائے چیف ایگزیکٹو آفیسر، کمپنی کے تمام ڈائریکٹرز بشمول ایک خود مختار ڈائریکٹر، نان ایگزیکٹو ہیں۔ بورڈ کے ممبروں کی تفصیل انشوررز کو ڈی آف کارپوریشن گورننس 2016 کے بیانے میں ہے۔

کمپنی کے نان ایگزیکٹو ڈائریکٹرز بشمول ایک خود مختار ڈائریکٹر کے لئے بورڈ اور اس کی کمیٹیوں میں حاضری کی فیس بورڈ آف ڈائریکٹرز کی شخص اور منظور کردہ ہے۔ جیسے اس رپورٹ کے گورننس کے حصے میں دیا گیا 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 چٹائے	5
طاہر احمد	5
اکبر علی پسانا	5
آرڈاکر محمود	4
جان جوزف میٹکاف	5
امین اے ہاشوانی	5
امین کریم بھائی	5
فرحان طالب	3
ایم اختر ہادی (صدر الدین ہاشوانی کے متبادل ڈائریکٹر)	4

بورڈ کمیٹیاں

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

مینیجمنٹ کمیٹیاں

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 گورننس کے حصے میں دیئے گئے ہیں۔

ڈائریکٹرز کی ذمہ داریوں کا بیان

(1) ڈائریکٹرز کو ڈی آف کارپوریشن گورننس کے مالیاتی گوشوارے کے فریم ورک کی تعمیل میں 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 فلو اور ایکونٹی میں تبدیلیوں کی صحیح صورت حال کی عکاسی کرتے ہیں؛
- کمپنی کے اکاؤنٹس باقاعدہ طور پر مرتب کئے گئے ہیں؛

اس پورٹ فولیو نے بشمول ونڈو تکافل آپریٹرز سے حاصل ہونے والے سرپلس کے 315 ملین روپے (2018: 360 ملین روپے) کا مجموعی منافع حاصل کیا۔

میرین، ایوی ایشن اور ٹرانسپورٹ

اس شعبے کا کمپنی کے مجموعی پربیم اور کنٹریبیوشن میں 8 فیصد حصہ ہے۔

یہ پورٹ فولیو اس سال بھی 2.4 فیصد ترقی کے ساتھ متوازن رہا۔ حکومت کی جانب سے درآمدات کو کم کرنے کی پالیسی نے اس شعبے کو جمود کا شکار کر دیا ہے تاہم کاروبار نے 200 ملین روپے (2018: 96 ملین روپے) کا انڈر رائٹنگ منافع حاصل کیا۔

متفرق

یہ پورٹ فولیو کمپنی کے مجموعی کاروبار میں 18 فیصد کا حصہ دار ہے اور اس میں مختلف کاروباری شعبے جیسے، تعمیرات، ہونڈز، دہشت گردی، سینکڑ بلینٹ بانڈ، اور ٹریول وغیرہ شامل ہیں۔

دوران سال یہ پورٹ فولیو 15 فیصد تک سکڑ گیا تاہم پورٹ فولیو نے تکافل آپریٹرز سے کنٹریبیوشن میں 45 فیصد اضافہ کیا۔ اس پورٹ فولیو نے ونڈو تکافل آپریٹرز سے حاصل ہونے والے سرپلس سمیت 168 ملین روپے (2018: 228 ملین روپے) کا منافع اپنے نام کیا۔

ذمہ داری (لائیبیلیٹی)

حالانکہ لائیبیلیٹی پورٹ فولیو کا مجموعی بزنس میں 5.5 فیصد کا حصہ ہے مگر اس پورٹ فولیو سے مجموعی پربیم میں 33 فیصد اضافے کے ساتھ انڈر رائٹنگ منافع 26 ملین روپے حاصل ہوا (2018: 20 ملین روپے)۔

سرمایہ کاری کی آمدنی

کمپنی کے تمام ذرائع سے حاصل ہونے والی سرمایہ کاری آمدنی بشمول شیئرز پر ڈویڈنڈ، بینک میں جمع شدہ رقم سے ہونے والی آمدنی، سیکورٹیز پر کمپنٹل گین اور رینٹل اسٹیٹ کے کرایہ سے ہونے والی آمدنی 1.18 بلین روپے رہی (2018: 1.20 بلین روپے)۔

مالیاتی سال 2020 کی پہلی ششماہی کے دوران ہینگائی کی صورتحال برقرار رہنے کا امکان ہے۔ تاہم اس سال کے آخر میں ہینگائی کے دباؤ میں کمی کے ساتھ اسٹیٹ بینک آف پاکستان کی جانب سے شرح سود میں کمی بھی ہو سکتی ہے۔ مزید برآں، میکرو اکنامک سرگرمیوں کی بحالی سے بیرونی سرمایہ کاریوں کی واپسی اور مقامی لیکوئٹی مارکیٹ کو سہارا ملے گا۔ چونکہ کمپنی لیکوئٹی اور فیکسڈ آمدنی کے ذرائع کا حامل متوازن پورٹ فولیو رکھتی ہے اس لیے مستقبل قریب میں شرح سود میں کمی سے سرمایہ کاری کے پورٹ فولیو کو فائدہ ہوگا۔

مارکیٹ شیئر

انٹورنس ایسوسی ایشن آف پاکستان کی شائع کردہ تفصیلات کے مطابق آپ کی کمپنی کا مارکیٹ شیئر 11.8 فیصد پہنچ گیا ہے۔ کمپنی مالیاتی سال 2020 میں اپنے مارکیٹ شیئر میں مزید اضافے کے لیے پرمیڈ ہے۔

زیر جائزہ سال کے لئے کمپنی کے ونڈو تکافل آپریٹرز کے نتائج کا خلاصہ درج ذیل ہے:

2018	2019	
.....'000' روپے میں.....		
		پارٹنیشنرز فنڈ
907,162	1,101,336	مجموعی کنٹریبیوشن
474,514	550,573	خالص کنٹریبیوشن
82,832	(45,065)	سرمایہ کاری آمدنی سے قبل (خسارہ) / سرپلس
20,386	47,880	سرمایہ کاری آمدنی
99,125	(6,946)	سال کا مجموعی (خسارہ) / سرپلس
		آپریٹرز فنڈ
		ریونیو اکاؤنٹ
74,227	103,919	سرمایہ کاری آمدنی
11,396	24,686	قبل از ٹیکس منافع
82,411	124,789	بعد از ٹیکس سالانہ منافع
58,512	88,600	

آتشزدگی اور جائیداد (فائر اینڈ پراپرٹی)

یہ کمپنی کا سب سے بڑا پورٹ فولیو ہے فائر اینڈ پراپرٹی نے کمپنی کے مجموعی پربیم اور کنٹریبیوشن میں اس کا 30 فیصد کا حصہ ڈالا۔

یہ پورٹ فولیو زیر جائزہ سال کے دوران سکڑتی ہوئی معیشت میں بھی متوازن ترقی کے ساتھ 8 فیصد سے بڑھا، اس پورٹ فولیو نے کسی بڑے نقصان یا خسارے سے متاثر ہونے بغیر 218 ملین روپے (2018: 86 ملین روپے) نقصان کا ٹیکنیکل مجموعی منافع حاصل کیا۔

حادثات اور صحت (ایکسیڈنٹ اینڈ ہیلتھ)

ہیلتھ اور ایکسیڈنٹ بزنس نے میکرو ہیلتھ اور گروپ ہیلتھ پروڈکٹس کی مستحکم کارکردگی کی بدولت 22 فیصد اضافہ کیا۔ یہ پورٹ فولیو ہمارے بزنس کو تقریباً 19 فیصد معاونت دیتا ہے اور آپ کی کمپنی آنے والے سال میں اس شعبے کی مزید ترقی کے لیے پرمیڈ ہے۔ دوران سال اس کاروبار کے نتائج پر طبی خدمات اور ادویات کی قیمتوں میں ہوشربا اضافے نے منفی اثرات مرتب کئے۔

موٹر

موٹر پورٹ فولیو کا ہمارے کاروبار میں تیسرا بڑا حصہ ہے اور مجموعی پربیم اور کنٹریبیوشن 19 کا فیصد اس پورٹ فولیو سے حاصل ہوتا ہے۔

دوران سال اس پورٹ فولیو کی کارکردگی روپے کی تیزی سے ناقدری بڑھتی ہوئی شرح سود، معیشت میں سست روی اور بڑھتی ہوئی ریگولیٹری ڈیولپمنٹ کے سبب جمود (0.71 فیصد کی گراؤ) کا شکار رہی۔

ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 31 دسمبر 2019

ڈائریکٹرز 31 دسمبر 2019 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

2019 میں پاکستان کو متعدد داخلی سیاست، معاشی چیلنجز، علاقائی سیکورٹی کی غیر یقینی صورتحال اور عالمی صف بندی میں تبدیلیوں کا سامنا رہا، جس کی بدولت ملکی معیشت سست روی کا شکار رہی۔ خارجی محاذ پر خطے کی سیاسی و جغرافیائی ہنگامہ آرائی اور فنانسئل ایکشن ٹاسک فورس (FATF) کی جانب سے بلیک لسٹ ہونے کے منڈلاتے ہوئے خطرے کو شہ سرخیوں میں جگہ ملی۔ داخلی محاذ پر، سال 2019 میں حکومت نے کرنٹ اکاؤنٹ اور مالیاتی خسارے پر قابو پانے کے لیے کفایت شعاری کے اقدامات سے معاشی اصلاحات جاری رکھیں۔ دوران سال مہنگائی اور شرح سود میں تیزی سے اضافہ ہوا جو کہ بالترتیب 12.7 فیصد اور 13.25 فیصد کے ساتھ یہ اپنی انتہا پر رہے۔ انتظامی اصلاحات، مہنگائی کے دباؤ، اور معیشت پر کڑی نظر رکھنے کے اقدامات نے مقامی طلب پر منفی اثرات مرتب کئے نتیجتاً مالیاتی سال 2019 کے لیے جی ڈی پی کی شرح نمو 3.3 فیصد پر آنے کے ساتھ پوری معیشت سست روی کا شکار رہی۔ مزید یہ کہ مالیاتی سال 2019 کے دوران لارج اسکیل مینوفیکچرنگ (LSM) سیکٹر میں 3.64 فیصد تنزیل دیکھی گئی جو کہ مالیاتی سال 2020 کے پہلے چار ماہ میں 6.5 فیصد مزید سکتا کر رہ گئی۔

انشورنس سیکٹر کا جائزہ

پاکستان کے نان لائف انشورنس سیکٹر میں بشمول ہنگافل آپریشنز 2018 کا کل مجموعی پریمیم جمع مجموعی کٹری بیوشن 12 فیصد اضافہ (2017 میں بھی 12 فیصد) سے 85.6 بلین روپے تک پہنچ گیا۔ 2019 میں صنعتی ترقی کی شرح میں متوقع اضافہ 5 سے 7 فیصد کے درمیان ہوا جو افراط زر کی شرح 12.6 فیصد سے بہت نیچے ہے۔

مجموعی طور پر انشورنس کی صنعت انڈر رائٹنگ منافع اور پریمیم کی شرح میں کمی کی صورتحال سے دو چار رہی۔ معیشت کی سست روی کے امکانات کے سبب انشورنس صنعت کو 2020 میں بھی چیلنجز کا سامنا رہے گا۔

کمپنی کی کارکردگی

کمپنی کا مجموعی پریمیم (بشمول ہنگافل آپریشنز کے کٹری بیوشن) 4 فیصد اضافے کے ساتھ 10.48 بلین روپے تک پہنچ گیا (2018 میں 10.07 بلین روپے) جبکہ مشترکہ خالص پریمیم / کٹری بیوشن 8 فیصد اضافے کے ساتھ 5.83 بلین روپے ہو گیا (2017 میں 5.40 بلین روپے)۔ مجموعی کارکردگی کی بہتری میں ہیلتھ اور فائر پورٹ فولیوز نے بنیادی طور پر اہم کردار ادا کیا جبکہ منفرقات، لائسنسنگ اور ٹریول پورٹ فولیوز نے بھی بہتر کارکردگی دکھائی۔ زیر جائزہ سال کے دوران آپ کی کمپنی کا ٹیکنیکل منافع 431.2 ملین روپے رہا ہے (2017 میں 369 ملین روپے)۔

2019 کے دوران، سرمایہ کاری سے حاصل ہونے والی آمدنی (بشمول ونڈو ہنگافل آپریشنز) 2018 کے 1.20 بلین کے مقابلے میں 1.18 بلین روپے رہی۔

انشورنس

زیر جائزہ مدت کے دوران آپ کی کمپنی کے انشورنس بزنس نے معیشت کی سست روی میں بھی ترقی کا سفر جاری رکھا اور کمپنی کا مجموعی پریمیم 2 فیصد اضافے کے ساتھ 9.38 بلین روپے (2018 میں 9.16 بلین روپے) اور خالص پریمیم 7 فیصد اضافے کے ساتھ 5.28 بلین روپے (2018 میں 4.92 بلین روپے) رہا۔ ہم نے 2018 کے 212 ملین روپے کے مقابلے میں اس سال ہم نے 372 ملین روپے کا انڈر رائٹنگ منافع حاصل کیا۔

ہمیں یہ بتاتے ہوئے خوشی ہے کہ سرمایہ کاری سے متعلق متوازن منصوبہ بندی کی بدولت ہم اس سال 1.13 بلین روپے (2018 میں 1.19 بلین روپے) آمدنی حاصل کرنے میں کامیاب رہے۔

31 دسمبر 2019 کو ختم شدہ سال کے دوران کمپنی کے انشورنس کاروبار کے نتائج کا خلاصہ درج ذیل ہے:

2018	2019	
9,161,366	9,375,269	مجموعی پریمیم
4,922,929	5,279,188	خالص پریمیم آمدنی
211,727	372,326	انڈر رائٹنگ کے نتائج
1,187,743	1,134,021	سرمایہ کاری سے آمدنی (بشمول کرایہ اور سٹیبل گین)
1,631,278	1,725,016	قبل از ٹیکس منافع
1,066,305	1,224,285	بعد از ٹیکس سالانہ منافع
5,91	6.78	فی شیئر منافع ہر 10 روپے کے شیئر پر

ہنگافل

ونڈو ہنگافل آپریشنز نے اس کے ایک اور سال میں روایتی کاروبار کو پیچھے چھوڑتے ہوئے شاندار کارکردگی کا مظاہرہ کیا اور 21 فیصد شاندار اضافے کے ساتھ مجموعی کٹری بیوشن 1.1 بلین روپے (2018: 907 ملین روپے) حاصل ہو گیا۔ اس میں، ہیلتھ، فائر، اور موٹر پورٹ فولیوز نے زبردست ساتھ دیا۔ خالص کٹری بیوشن بھی 16 فیصد اضافے کے ساتھ 551 ملین روپے ہو گیا (2018: 475 ملین روپے)۔

زیر جائزہ سال کے دوران گزشتہ سال کے مقابلے میں 208 ملین روپے کے اضافی نیٹ کلیمز کی وجہ سے کمپنی کے پارٹنرس، ہنگافل فنڈ میں 6.95 ملین روپے کا خسارہ ہوا (2018: 99 ملین روپے سرپلس)۔ جبکہ آپریٹرز کا منافع 89 ملین روپے (2018 میں 59 ملین روپے) تک جا پہنچا۔

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	6/6
R. Zakir Mahmood	6/6
John Joseph Metcalf	6/6
Tahir Ahmed	6/6
Nawaid Jamal	6/6

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 and 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	4/4
R. Zakir Mahmood	4/4
John Joseph Metcalf	4/4
Amin A Hashwani	0/4
Farhan Talib	2/4
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 Dubai - UAE.

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).

In 2018, the Company had 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.

SIGNIFICANT CHANGES IN BOARD COMMITTEES

During the year ended December 31, 2019 no change occurred in the Board Committees.

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
Hassan Khan
Azfar Arshad
Syed Imran Rabbani
Karim Merchant

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
Nawaid Jamal
Uzair Mirza
Syed Imran Rabbani

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
Hassan Khan
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	
Hassan Khan	Azfar Arshad
Nawaid Jamal	Mohammad Nadeem Irshad
Mohammad Safdar	Imran Mughal
Uzair Mirza	Azfar Sabih

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	
Hassan Khan	Azfar Arshad
Syed Sohail Ahmed	Nawaid Jamal

GOVERNANCE POLICIES

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 and 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, 2018, are as follows

	Rupees in '000
Staff Provident Fund	503,442
Employees' Gratuity Fund	304,696

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 Policy

The Company is committed to the highest standards of honesty, openness and accountability. It aims to ensure that it operates in a responsible manner, considering ethical business standards set out in Company's Code of Conduct. It recognises that individual members of staff have an important role in helping to achieve this aim. The Company encourages its employees to come forward who have information of any wrongdoing and report it immediately.

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.

In order to make the records of the Company more secure by way IT tools, the Company has also 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.

During the year the Company has also implemented three-layer security system wherein Network, IT System and Applications in the Company are now protected from internal and external threats through respective modern IT tools. Furthermore, the Company has also implemented Auto Backup process of data in order to make this process more robust as well as to eliminate the chances of errors and / or omissions by reducing manual intervention.

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.

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 utilised 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 in order 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 is in the process of adhering the same in letter and spirit.

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.

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 the important stakeholders and is always keen to take steps for the welfare and betterment of the society.

During the year, the Company has devised a comprehensive CSR policy which is approved by the Board of Director. 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, National heritage, Arts, Culture and Sports for the underprivileged people.

The Board approves the minimum fund available for the CSR activities on annual basis. 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.

The Company has also availed the "Cloud Services" in order to create back-up of all critical data of DR site. This facility has made the BCP, including DRP, as a whole more robust against the 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 timely and in 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 business continuity. Results of these drills were found satisfactory.

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, has approved policy for the same.

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).

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 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. Transaction

Insurance: This includes issuance of insurance / Takaful policies, receiving premiums / contributions and /or paying refunds and payment of claims and commissions.

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 2018. 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 / services acquired from related parties during the year in ordinary course of business and payments made for the same.

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

i) Common Back Office Operations

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

ii) 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.

iii) Lease Agreements

During the year, the Company has continued lease agreements with an associated company, a bank 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, 2019 along with basis of association are as follows:

Name of Related Party	Basis of Relationship
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 Foundation	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.
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.
HBL Asset Management Company Limited	Wholly owned Subsidiary of an associate.
HBL Growth Fund	Fund managed by wholly owned subsidiary of an associate.
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.
Packages Limited	Common directorship.
Pakistan Services Limited	Common directorship.
Pearl Continental Hotels (Pvt) Limited	Common directorship.
Standard Chartered Bank (Pakistan) Ltd	Common directorship.
The First MicroFinance 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.

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. During the year, the Company has also briefed the shareholders on Company's performance.

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 service 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 interacts with one of the oldest and most authoritative rating agency A. M Best for its international rating.

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

As required by Pakistan Stock Exchange, the Company also arranges briefing on Company's performance and operations on annual basis.

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 "Forward" is published on quarterly basis. This bulletin is distributed among all the departments. The bulletin "Forward" keeps employees updated and connected with the Company. Furthermore, through annual employees gatherings, the employees of the Company are kept 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 step has been taken:

1. Approval of a comprehensive Whistle Blowing Policy by the Board of Director in order to make the Internal Control framework more robust and effective.

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 remained operative. Moreover, risk monitoring, analysis, measuring and reporting mechanism as per the framework also remained well in place.

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 (BOC). The BOC 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 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, 2001 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 framework 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 operations of the Company but also to adhere the newly promulgated compliance requirements.

The Compliance framework is a part and parcel of the Internal Control Framework 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 along with 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 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.

In order to increase knowledge of the staff in respect of Takaful business, as per the requirement of Takaful Rules 2012, the Operator arranges in-house trainings for the senior management of Takaful Operations which is conducted by our Shariah Advisor. In addition to that other staff and sales force are also trained on continuous basis through 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 accompanying to this Annual Report. The Shariah Advisor also briefs the Board of Directors on Shariah Compliance on annual basis.

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 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 exist, 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 an Independent reputable audit firm to ensure transparency and confidentiality of the process.
- A management committee has been formed to review the performance of Window Takaful Operations and advise the Board accordingly.



A large, stylized red feather graphic is positioned in the upper left corner of the page, extending towards the center. The feather has a gradient from dark red to a lighter red at the tip.

CORPORATE SOCIAL RESPONSIBILITY &

Sustainability

THE ARMORED FEATHERS

CORPORATE SOCIAL RESPONSIBILITY

The Company recognises its responsibility as an important stakeholder in the society and strives to work towards the betterment of the society constantly. Through its social investments, Jubilee General addresses the needs of the various communities, taking sustainable initiatives in the areas of health, education, environment conservation, infrastructure and community development. These investments during the year 2019 were to the tune of Rs. 12.00 million approximately.

The CSR activities of the Company focuses on to provide quality healthcare to the under privileged in collaboration with National Rural Support Programme (NRSP). The Company under the supervision of professionals, organizes free medical camps providing access to healthcare to the underprivileged having little access to healthcare services.

One such initiative during the year was a **free medical camp** organised at "Old Saeedabad" Village of District Matiari in collaboration with National Rural Support Programme (NRSP) EU SUCCESS team. A team of doctors consisting of General Physicians, a Consultant Cardiologist, a Consultant Pediatrician, a Consultant Gynecologist and a Consultant Ultrasonologist were available throughout the duration of the camp where over a thousand patients visited. Free medicines were also provided by the Company.

Our goal is to improve the environment in our community by working to create a clean and safe place to live and work. We are committed to a sustainable future and to improving the social, economic and environmental well-being of the community. We have been actively involved in organising **tree plantation drives** and this year planted around 150 plants, covering Khalil Park, Bibi Fatima Park and Jama Market Park.

Our employees are fully engaged in volunteer activities as we recognise that investment of time is the most important commitment to our communities. For the past four years we have been actively participating in causes like **"Fulfill a Wish Campaign"** for Sirat-ul-Jannah Orphanage as well as **"Ramadan Ration Drive"** where our employees wholeheartedly participate.

We are fully committed to continue to invest in social activities for the betterment of our communities.

Sports Activities

In Jubilee, we're determined to make a difference within the communities we live and work in and extensively support corporate sports events to improve health and wellbeing. During the year, following events were sponsored by Jubilee General reiterating our commitment to health and well being of the employees and communities at large:

- 01st National Junior (U-16) Snooker Championship 2019
- 04th National Junior (U-18) Snooker Championship 2019
- 11th National Junior (U-21) Snooker Championship 2019
- 03rd Master (+40) National Snooker Championship 2019
- 44th National Snooker Championship 2019
- 03rd Ranking Snooker Championship 2019
- 21st Sindh Open Golf Championship 2019
- IAP Cricket Tournament 2019
- Jubilee General Cricket Tournament 2019
- KII Table Tennis Tournament
- IAP Table Tennis Tournament

Energy Conservation

The Company is well aware with its responsibility towards the energy conservation. The Company has already installed movement and light sensors along with energy savers and Light Emitting Diode (LED) 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 has also implemented a Computerised Document Management System (DMS) which has significantly reduced 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" and Small Dispute Resolution Committee for Insurance.

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 physical 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 are abide by the Code of Conduct to keep his/her integrity intact while dealing with colleagues, potential customers, policyholders, suppliers and peer group. The Company will always strive to maintain high standards of Business 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 the 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.

Financial Contribution to the National Exchequer

The Company has contributed Rs. 2,173 million (2018: Rs. 2,143 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 geological 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 2019 which has any significant adverse impact on the Company.

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, other financial entities i.e. investment banks, leasing, modaraba and asset management companies. This is in continuation of preceding year performance as same top position was achieved in 32nd Map Corporate Excellence Award 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 2019, the Company with its determined efforts achieved 1st position among Insurance companies of Pakistan for its Annual Report of 2018. This award is a worthy addition to the 1st position awards secured by the Company in 2018, 2017 and constantly in 2009 till 2011. Overall, the Company has received this prestigious award ten times.

FPCCI Gold Medal on Marine Cover Note Issuance Web Access & Android Application

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 2019, the Company had received Gold Medal from FPCCI for its remarkable Marine Cover Note Issuance Web Access & Android Application which facilitate its customers to get marine insurance through a simple process. This award is also appreciation of the FPCCI over the Jubilee's effort to make its insurance products available for the customer on internet (Web Access).

This Gold Medal is a commendable addition to the Gold Medals received, by the Company in 2018 and 2017, from FPCCI for its Motor Insurance Claims Android Application and Motor Android Application respectively both have enhanced the experience of insured for insuring their motor vehicle till the hassle free settlement of their claims.

These Gold Medals also 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 2018. Including 2018, the Company is now having a gleaming history of securing nine (9) 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 upto 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
- International Chamber of Commerce



MANAGEMENT REPRESENTATION &

Outlook

THE FLIGHT TOWARDS EXCELLENCY



MANAGEMENT OBJECTIVES AND STRATEGIES

Following are the management objective 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 by 4% despite low growth economy and enormous pressure on premium rates.
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.	The underwriting profit including technical profit of Window Takaful Operations has increased by 17% and the investment income has decreased by 2%. However, Company has been able to achieve the level of after-tax profit at Rs. 1.22 billion and posted a robust growth of 15% over the last year.
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 contracted marginally by 2% over the last year despite the significant volatility in the stock market.
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.	Aggregate technical Net Premium / Net Takaful Contribution has increased by 9% 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 30% and stock dividend of 10% for the year 2019 have 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, several new steps have been taken to serve our customers in more efficient and effective way which include Integration of Company's Retail Portals with different business partners in order to ensure prompt action/ response. Furthermore, retail portals have also been revamped along with revised customer journey to increase the customer satisfaction.Improvements in our existing product and services is an ongoing process through which products and services are made day by day efficient and effective upto the satisfaction of our customers.
Retaining and attracting best employees.	The management will make best efforts for development of Human Resource by adding more professionals and competent staff in the team and also by arranging extensive training programme for the existing staff along with appropriate compensation for their work.	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 (IFS) Ratings** 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 periodic 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 growth in economy, 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.

FUTURE OUTLOOK

The Company's future outlook is reflecting in its forward looking statement which is as under:

Forward Looking Statement

The economic outlook of Pakistan is positive however the country's economy is expected to grow by 2.4%. Going forward this year, after difficult economic situation, the government's economic reforms agenda has started bearing fruits after successfully securing IMF's Extended Fund Facility and further financial packages from China, Saudi Arabia and UAE to ease the strain on the country's foreign reserves. The twin deficits have also been contained to a great extent, while inflationary pressures are expected to ease from Q2/Q3 2020 followed by expected decrease in interest rates. This will also have positive impact on business and in that way a broad-based recovery in the macroeconomic situation is expected to kick-off in the later part of the calendar year 2020.

The Company expects to unlock further growth from construction projects, Window Takaful Operations and microinsurance. The Company also plans to continue playing its role in development of retail market for insurance by leveraging its technological infrastructure and innovative products.

As one of the best insurance companies of Pakistan, Jubilee General is committed to serve all segments of the society. The Company is focused on driving a customer-centric, digitally innovative brand through adoption of innovative technologies in product development, distribution and customer service delivery.

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 2020.

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 2020:

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 microinsurance.
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.

In the year 2019, the country has faced internal political and economic challenges, uncertain regional security situation and various global dynamics which has affected country's economic growth. The GDP growth for the year has suffered massive decline from last year and higher inflation and interest rates have also adversely impacted the of the growth of insurance sector in Pakistan which is linked with the economic growth.

The complexity of taxation regime spread to various Federal and Provincial Revenue authorities had also struck the ease of doing business situation. Fluctuations of Stock Market, which continued all the year and has generated lower returns, has also halted the increase in investment income.

Analysis of Prior Year's Forward Looking Disclosure

Including 2019, 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 4% over the last year in Gross Written Premium including contribution written in Window Takaful Operations. In 2019, the Company has also surpassed the most covenant level 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 slight decline of 2% despite high volatility of equity market was witnessed in first of half of 2019.

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 30% and stock dividend 10% for the year have 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 various innovative retail products and increase in number of 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, several new steps has been taken to serve our customers in more efficient and effective way which include Integration of Company's Retail portals with different business partners in order to ensure prompt action/response. Furthermore, retail portal have also been revamped along with revised customer journey to increase the customer satisfaction.

Above all, improvements in our existing product and services is an ongoing process through which products and services are made day by day efficient and effective upto the satisfaction of our customers.

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 "Corporate Social Responsibility & Sustainability" section of this 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.

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, 2019:

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.	Low GDP growth of country.
Strong re-insurance arrangements.		Increase in net retention.	Scarcity of investment avenues.
Pioneer in Online Non-Life products.		CPEC Projects.	
Efficient Claims Handling System.			
Effective Enterprise Risk Management System.			

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" as a part of "Risks & Opportunities" 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 losses 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>

This annual report of the Jubilee General Insurance Company Limited has been prepared in guidelines of the International Integrated Reporting (IR) framework advocated by the International Integrated Reporting Council (IIRC). This report provide stakeholders quality, concise and transparent briefing of the Company's ability, position and expertise to create sustainable value, which is vital for its position, performance and reporting capabilities, which endorses our commitment to comply with the requirements of International Integrated Reporting Framework <IR>.

The Company has achieved good stage of compliance. The Company also considers the significance and strengthening of this report in terms of information connectivity and presentation of results impact, regarding various capital employed.

Reporting Period

The report is produced and published annually. The 2019 report covers the period 1 January to 31 December 2019.

Company's operations

The Company is engaged in insurance business since 1953 (68 years). The data and information presented in this report pertains to its branches and head office.

Objectives and Contents

The contents of this report are based on Company's engagement with its stakeholders and IR framework to provide quality information on material topics which are of interest of various groups of stakeholders having impact on activities in economy, market, environment and society as well as long-term sustainability of the Company's business.

Methodologies

Compilation of data has been done using mathematical calculation methods, accounting principles, actual basis and other different logical methodologies used. The Company makes every effort to ensure the accuracy of the sustainability as well as the information being provided. There has been no change in the reporting period, scope and boundary of the report. There are no changes that can significantly affect the comparability of data from period to period. Previous year's figures have been regrouped / rearranged wherever found necessary to conform to this year's classification.

JGICL makes every effort to ensure the accuracy of the sustainability information, from time to time, however, figures may be updated.

Relevance, Monitoring and Control

The Company's relevant information and reporting is monitored and ensure that it is shared in the most suited way for the stakeholders. Relevance of the information is another aspect which needs to be addressed properly.

The stakeholders' value is maximised through returns on investments, which management believes can be achieved through revenue maximisation.

Financial and non-financial reporting

The report includes both financial and non-financial information about performance, financial structure, insights, risks, and opportunities and outcomes attributable to our activities and key stakeholders having significant influence on our value creation ability.

Users

This report intended to address the needs of users, investors, stakeholders, suppliers, employees, regulators and society to provide view of value creation potential taking into account the risks and opportunities. The Company believes that to the stakeholders provide better understanding of its business strategies, opportunities & risks, business model, governance, performance which creates value to the Company and its shareholders. The Company shall continue to improve the information produced to make it even easier to understand.

Materiality

The report includes the information relevant for its stakeholders to make decisions on the organisation's economic, social and environmental performance.

Our Report

This Annual Report of the Company is consist of the following content elements for the users of this report:

- Organisational overview and external environment
- Shareholders' and investors information.
- Governance
- Corporate Social Responsibility and Sustainability
- Management Representations and Outlook.
- Resource Allocation and Strategy
- Risks and Opportunities
- Performance and Position

In addition to above, the stakeholders' relationship and engagement has been given under the following contents element of this Annual Report:

- Shareholders' and investors information.
- Governance.

SIGNIFICANT CHANGES IN THE BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

These annual financial of Jubilee General Insurance Company Limited is prepared in accordance with the IFRS issued by IASB as notified by the Securities and Exchange Commission of Pakistan (the SECP) under the Companies Act, 2017.

In order to prepare the accompanying financial statements, the Company has followed the format and guidelines of Insurance Rules 2017, Accounting Regulations 2017 and Takaful Rules 2012. The format of

financial statements prescribed by Insurance Rules 2017 was first time adopted by the Company in 2018.

During the year, the Company has changed its accounting policy with respect to recording of "Operating Leases" in order to adopt IFRS 16 'Leases' which was notified by the SECP on April 9th, 2018 and became effective from annual period beginning on or after January 1, 2019. The detail of change in accounting policy is as under:

Right-of-Use-Asset (Property and equipment) and Lease liabilities against Right-of-Use-Assets (Other creditors and accruals)

The Company has adopted IFRS 16 'Leases' with effect from January 1, 2019. On adoption of IFRS 16, the Company recognised its certain operating leases according to criteria prescribed under IFRS 16 to record right-of-use-assets representing right-of-use of the underlying asset of that operating lease and lease liability representing its obligations to make lease payment. The effect of change in accounting policy and the accounting policies relating to Company's right-of-use-assets along with lease liability have been disclosed in note 3.1 and 3.26 respectively of the accompanying financial statements.

During the year, no significant rearrangements or reclassifications have been made in these financial statements.

STATEMENT OF UNRESERVED COMPLIANCE OF IFRS ISSUED BY IASB

General Insurance Company Limited is preparing statutory financial statements in accordance with the International Financial Reporting Standards(IFRS) issued by International Accounting Standard Board (IASB) as notified by the Securities and Exchange Commission of Pakistan (the SECP) under the Companies Act 2017 and the preparation of the financial statements is in accordance with the provisions/directives issued by Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and the Takaful Rules, 2012.

With respect to implementation of IFRS 9 'Financial Instruments' (effective for period ending on or after June 30, 2019) which replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement' (already adopted by the Company), the IFRS 4 'Insurance Contracts' provides two alternative options for application of IFRS 9 for entities issuing contracts within the scope of IFRS 4, first is temporary exemption (enables eligible entities to defer the implementation date of IFRS 9) and second is an overlay approach (allows an entity for a limited application of IFRS 9 from the effective date till the effective date of IFRS 17 'Insurance Contract' i.e. December 31, 2021). As an insurance company, the management has opted temporary exemption as allowed by the IASB for entities whose activities are predominantly connected with insurance. This temporary exemption allows the Company to defer the application of IFRS 9 until December 31, 2021 which is the effective date to apply the IFRS 17.

In order to avail the temporary exemption from the application of IFRS 9, additional disclosure, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 has been given in note 2.4.1.2 of the accompanying financial statements.

In addition to above, the SECP has not notified adoption of following IFRS:

Standard	IASB effective date (annual periods beginning on or after)
IFRS 1 - First Time Adoption of IFRS	01 January 2004

Furthermore, note 2.5 to accompanying financial statements specifies few standards and interpretations which are yet to be effective in Pakistan. The management believes that that the standards and interpretations referred in note 2.5 do not have any material impact to the financial statements of the Company.

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





RESOURCE ALLOCATION &

Strategy

THE ELIXIR OF SUCCESS

ORGANISATIONAL RESOURCES

Organisational resources are all assets that are to available to an organisation for use in the production of goods and services. These resources are also known as Capital which is utilised by the Company to achieve its strategic objectives. The Company utilises different resources to accomplish its strategic objectives, targets and goals. Following are the major resources of the Company:

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. Financial resources are also known as "Financial Capital" of the Company. Following are the brief descriptions of each 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.4,142 million and Rs. 709 million (2018: Rs.4,374 million and Rs.706 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 1.12 and 66% of the total assets are liquid as at December 31, 2019.

b) Investments Management

Investments of the Company are one of the major components of Financial Capital. Effective and efficient investment management is always been a challenge 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 this function is also segregated into Front, Middle and Back Office to ensure high level of internal controls as required by the Code of Corporate Governnace. The investment position and its performance are reviewed regularly by the Board of Directors.

2. Human Resources

Generally, in all business and particularly in service sector, Human Resource are considered vary important component. It is also called Human Capital of the Company. 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 assets 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 which 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 also be 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.

b) 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 names and logos identify and distinguish the Jubilee General's products and services from the product and services of other insurance companies. These titles, 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.

In today's world, data is considered most important resource for taking effective and long lasting and fruitful decisions. Data is considered an intangible asset of the Company. In addition to data, there is an important intangible asset which is known as Social and Relationship Capital.

a) Social and Relationship Capital

It is the Company relationships with customers, partners, suppliers etc. Relationship Capital is one of the most important business assets as the future of the Company is also dependent the current position of the Company in market for its customers. Jubilee General working in the general insurance sector since 1953. Therefore, the Company's bondage with its customers, reinsurers, reinsurer brokers, suppliers, surveyors, service providers and all other stakeholders is exemplary. In the branches and staff of the Company working there try their best to satisfy the customers in order to build a healthy and long-term relationship with them. Each Department of the Company takes utmost care while dealing with the people with a focus to have long-term association with them and to build a strong social and relationship capital.

RESOURCE ALLOCATION

It is not necessary that a company should have all the resources in plenty of quantity and it is a fact that resources are always in scarcity. Therefore, resource allocation is very important part of the management process. It is a process and strategy involving a company deciding where scarce resources should be used in order to get maximum benefit in the production of good and services. In Jubilee General, due care is taken while utilising the resources. Following tools are adopted in the Company to ensure effective, efficient and optimum utilisation of resources:

1. Strategic planning

Resource allocation begins at strategic planning when a company formulates its vision and goals for the future. The vision and strategic goals are accomplished through achievement of objectives. In Jubilee, the higher management prepares a comprehensive strategy which is presented to the Board of Directors for its approval. This strategy reflects Company's long-term objectives. After due deliberation and profound thinking process, strategy is finalised to achieve the objectives of the Company.

2. Budgeting

Once the strategies have been finalised to achieve the objectives, sufficient resources are allocated to accomplish these objectives. The detailed numerical form to materialise these objectives is called budget wherein due care is taken to utilise the sources effectively and efficiently. Budget are made for 1 year which is also broken down on monthly basis to compare the same with actual results and for detailed variance analysis.

3. Logistic management

Resources are also moved to where they need to be in order to accomplish the company's objectives. Logistics is the process by which a company manages the flow of resources into

and flowing out of the company. The Company management takes into consideration all the logistic arrangements for optimum utilisation of resources.

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	6,898,212
Shareholders' Equity	<u>8,712,061</u>

The Revenue Reserves include Rs. 1.2 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 the operations. The Company's financial strength is reflecting from the confidence of the stock market where its share market price is 1.12 times of its break-up value as at December 31, 2019.

SIGNIFICANT CHANGES IN ASSETS & 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:

- 4% growth in book value of total assets
- 3% growth in market value of total assets
- 15% 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, 2019 is 1.12 times (2018: 1.02 times).

STRATEGIC OBJECTIVES

These are long-term organisational goals that help to transform a mission statement from a broad vision into more specific plans and projects. In JGI, this guidance, to identify the strategic objectives of Company, has been clearly given by the Board of Director so that the respective strategic objectives can be identified and strategic plans can be devised in order to achieve the objectives. The management also measures its performance with respect to these strategic objectives. These objectives along with related strategies and performance of the Company have been given in "Management Representations & outlook" section of this Annual Report.

In JGI, in order to effectively and efficiently implement the strategies to achieve the Company's objectives are categorised as under:

Long term Strategic Objectives

These are the specific results that the Company is required to achieve in pursuing its basic mission "To

provide solutions that protect the future of our customers". The time frame for long term objectives may ranges from 2 years to 5 years. In Jubilee, a complete long term plan is prepared in order to devise the strategies in detail to achieve the objective of the Company. This plan is in the form of financial budget to facilitate the conversion of strategies into financial action plan. In Jubilee, objectives and strategies are kept consistent in order to achieve the target by utilising the resources of the Company efficiently and effectively.

Medium Term Strategic Objectives.

Medium-term objectives are generally those that relate to a period from two to three years and are part and parcel of the Company's long-term objectives. In JGI, the medium term strategic objectives are part of long term plans which keep an imperative position in achieving long term strategic objectives.

Short-term objectives

These are specific activities that must be completed to meet short term goals. Short-term goals, in turn, help medium and long term targets to achieve. In Jubilee General, along with long term financial plans a comprehensive short term budget is prepared which is duly approved by the Board of Directors for the implementation purposes. This budget has complete detail particularly amount of Gross Written Premium/Contribution, investment income, management and capital expenditure in order to provide full detailed guidelines to run day to day operations of the Company. The actual performance is compared with the budgets and variances are analysed to be presented to the Board of Director and considered as input in the preparation of next year budget.

Above all, the Company utilises all the management tools for planning and budgeting in order to achieve its strategic objectives in different terms as well as to provide proper guidelines to the employees of the Company so that they can easily implement the operational plan accordingly.

RISK &

Opportunities

A VIEW OF HORIZONS



RISKS

Risks are inherent in the businesses and can relate to strategic threats, operational issues, compliance with laws, and reporting obligations. In order to deliver

value to all stakeholders, it is important that the Company understands and manages the risks faced across the entire organisation.

RISK GOVERNANCE

The Board of Directors of Jubilee General Insurance Company (the Company) are entrusted for ensuring that the Company has a robust process in place for assessment of principal risks facing the Company, including those that would threaten the business model, future performance, solvency or liquidity. In the

Company, Board of Directors, has managed to govern the risks to the Company effectively and efficiently. In order to oversee these risks, the Board has formed an Enterprise Risk Management Committee which oversee, governs the Risks to the Company according to the guidelines approved by the Board.

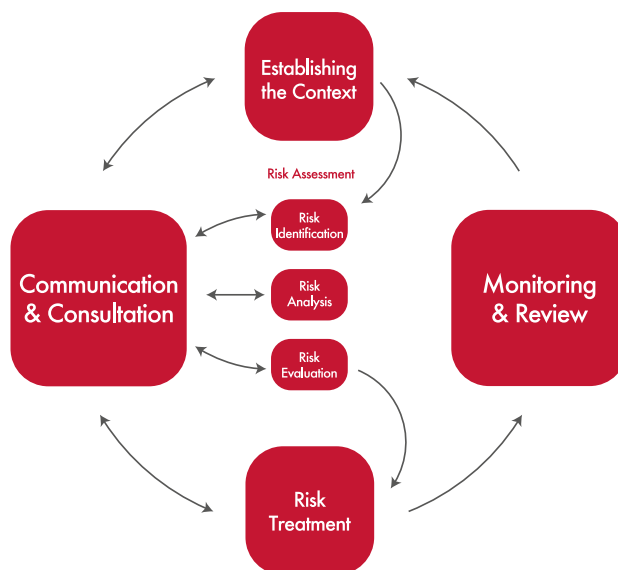
ENTERPRISE RISK MANAGEMENT - ERM

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

management system is to support business success and protect the Company through an opportunity-focused but risk aware decision-making process.

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

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 flowchart of ERM function in the Company is as under:



The Company’s risk management main functions are described as under:

Functions	Descriptions
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 consequences with special reference of their likelihood and 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 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.

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

Functions	Risks Type	Area of Impact	Risk Category	Risks Level	Impact	Mitigation Strategy
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.	Operational	Financial Capital	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.
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.	Strategic	Financial Capital	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.

Functions	Risks Type	Area of Impact	Risk Category	Risks Level	Impact	Mitigation Strategy
<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	Financial Capital	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	Financial Capital	External	Low	Unfavourable impact on profitability	To minimise its exposure to losses from reinsurer insolvencies, the Company obtains reinsurance from several 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.
<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	Financial Capital	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>	Financial	Financial Capital	External	Medium	Unfavourable impact on profitability	The Company attempts to control credit risk by monitoring credit exposures by undertaking transaction with many counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Functions	Risks Type	Area of Impact	Risk Category	Risks Level	Impact	Mitigation Strategy
<p>Investment Risk The changes in stock market variables and interest rates may affect future cash flows of financial instruments.</p>	Financial	Financial Capital	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>	Operational	Financial Capital	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	Financial / Social & Relationship Capital	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 Risks The development in Information Technology and its emerging challenges may affect the Company's operational process.</p>	Operational	Financial Capital	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.
<p>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.</p>	Operational and Reputational	Financial / Social & Relationship Capital	Internal	Medium	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.
<p>Safety and Security Risk Risk of loss/damage to the resources of the Company from external deliberate/ accidental attack/ threats.</p>	Operational and Financial	Financial / Intellectual / Human Capital	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.

OPPORTUNITIES

Following are major opportunities available to the Company with special reference to its insurance business along with strategies to materialise them.

Opportunities	Area of Impact	Source	Key source opportunity	Strategy to materialise
Branch network	Financial / Human Capital	Internal	Low market penetration creates future opportunities to explore untapped market segments and increase market share.	The Company has 27 fully functional branches spread over in three province of the country and these branches have sufficient skilled staff to generate business efficiently.
Sufficient Re-insurance Capacity	Relationship Capital	External	Diversification of business and awareness of insurance create new requirements and need of customers in order to cover their variety of risks effectively and efficiently.	Due to having more than 67 years of working experience in the insurance sector, the Company has good and exemplary relationship with the renowned global reinsurers and brokers resultantly having sufficient capacity to cater the needs of its insured.
Efficient and congenial working environment	Human Capital	Internal	Provide congenial work environment where employee feels motivated for work.	The Company has effective environment without excessive work pressure. Continuous training and development of employees make them more equipped to pay-off their responsibilities.
Insurtech	Financial Capital	Internal	Use of online sales and modern business tools are inevitable to serve the customers in more efficient and timely manner as per their requirements in future world.	Just like in previous years, the Company will continue to invest sufficient resources to generate Web and Android Applications to facilitate its customers to get insurance while sitting in their homes at any point of time.
Skilled staff	Human Capital	Internal	Services sector growth is dependent of the best and state of arts services to its customers from choosing of appropriate risk covers till the dealing of their claims (if any) with utmost efficiency.	The Company having high skilled staff which are available to the customers to facilitate them for choosing suitable product of insurance in order to sufficiently cover their respective risk and efficiently support them to process their claims (if any).
Sufficient liquidity	Financial Capital	Internal	Optimum liquidity is necessary to be maintained to fulfill the fund requirement for the payment of claims without losing good investment opportunities.	The skilled staff through modern monitoring tools, maintain sufficient level of funds for liquidity in order to meet the fund requirements without jeopardising the good investment opportunities.
Automation	Financial Capital	Internal	In order to cater the need of modern business world requirements, implementation of automated processes is compulsory.	The Company is continuously engaged in adopting automated processes for it's internal operating procedures in order to fulfill its contractual responsibility on timely and efficient manner without any unnecessary delays.

MATERIALITY APPROACH

Materiality is a matter of judgment and the Company thinks that a matter is material individually or in aggregate, if the same are expected to significantly affect the performance and profitability of the Company. In order to execute day to day operations/transactions, time and resources are allocated keeping in view the magnitude and severity of the matter hence effective, efficient and optimum utilisation of resources is ensured.

Furthermore, in order to perform effective communications 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, efficient and timely manner as per the guidelines provided by the relevant regulators wherever applicable.

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 and reported to the Company as at the reporting date which represents the estimates of the claims intimated or assessed before or at the end of the reporting period and measured at the undiscounted value of expected future payments.

Provision for IBNR 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 2019 has been carried out by independent firm of actuaries for determination of IBNR in respect of each class of business.

Premium deficiency reserve

Insurance companies are required as per the Insurance Accounting Regulations, 2017, to maintain a provision in respect of premium deficiency for each class of business where the unearned premium reserve is not adequate to meet the expected future liability. This process involves great amount of estimation and management judgement.

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 recoverable amount is 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 updated 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'.

Lease liability against right-of-use asset

The Company carries leases in order to occupy premises for certain branches, and therefore Company enters into lease agreements which are typically for a period of 3 years and may have extension options. On adoption of IFRS 16 'Leases', the Company recognised lease liabilities in relation to these leases agreements, which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities, in respect of all those lease agreements on which fall under the criteria as provided in IFRS 16, have been recognised and measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. Furthermore, as per the requirement of the IFRS 16, the Company has recognised right-of-use asset at cost model against these lease liabilities. The recognition of

lease liability for certain rental agreements is governed by the criteria laid down the IFRS "16" along with rational judgment of the management.

The right-of-use asset is depreciated on a straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits

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 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 remained are under pressure and became one of the important factors 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, 2019.

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 & benefits, advertisement and IT related 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 and Pakistan Investment Bonds. 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, 2019.

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 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 10.51% (2018: 9%). 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 partners.
- 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 CURRENCIES 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 foreign currency exchange rates hence the amount of asset, liabilities, revenues and expenditures are not sensitive to the fluctuation in exchange rates of foreign currencies particularly US Dollar. During the year, the Company has recorded exchange gain of Rs. 15.2 million (2018 Rs.21.8 million) which is 0.88% (2018: 1.34%) 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. 66.89 million which is 0.58% 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 of the Company.

Investment in Foreign Associate

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, 2019, the amount of the investment in JKIC is Rs. 147.56 million which is 0.67% of the total assets and 1.38% 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 under the 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 to update its claims reserves accordingly.

Payment of Risk and Technical Surveys to Foreign Consultants.

In order to avail technical risk survey/inspection services and technical assessment for underwriting and claims respectively, where expertise in that field are not available in Pakistan, the Company acquires the services of any reputable foreign consultant. The relevant department of the Company takes utmost care while selecting the appropriate foreign consultant so that the Company can avail maximum benefit of their expertise. It is the foremost priority of the Company that all the surveys and assessments are performed through consultants/experts available in Pakistan and only in those cases where required expertise is not available in the country, foreign consultants are approached. Payment to these consultants for their services are made in foreign currency mostly in US Dollars which are directly remitted to their designated bank accounts according to the regulatory requirements applicable in Pakistan. The Company regularly monitors exchange rate fluctuations with respect of remittance to foreign consultants however, due to insignificant numbers of transactions and minor amounts, the exposure of the fluctuation in exchange rates is insignificant to the financial statements of the Company.



PERFORMANCE &

Position

SOARING HIGH WITH GUSTO

KEY FINANCIAL DATA

(Six Years)

	2019	2018	2017	2016	2015	2014
..... Rs. in million						
FINANCIAL DATA						
Paid-up Capital	1,804	1,804	1,804	1,569	1,569	1,569
General & Capital Reserves	6,908	6,104	6,509	7,204	5,485	5,122
Equity	8,712	7,908	8,313	8,773	7,054	6,691
Total Liabilities	13,377	13,405	11,385	11,743	9,822	8,740
Investment - at carrying value	13,270	11,564	11,371	12,861	10,521	9,814
Investment Property - (at book value)	651	657	659	665	672	678
Cash and Bank	1,343	1,839	2,042	1,578	1,391	876
Other assets - Current	6,576	7,001	5,415	5,210	4,099	3,900
Other assets - Non-Current	196	181	188	180	168	137
Intangible Assets	53	71	23	22	25	26
Total assets (Book value)	22,089	21,313	19,698	20,516	16,876	15,431
Total assets (Market value)	26,253	25,534	25,077	24,612	20,900	18,943
OPERATING DATA (UNDERWRITING)						
CONVENTIONAL						
Gross Premium Revenue	9,375	9,161	7,694	7,851	7,979	6,961
Net Premium Revenue	5,279	4,923	4,611	4,171	4,151	3,645
Net Claims	2,828	2,691	2,450	2,030	2,174	2,083
Management Expenses	1,703	1,607	1,360	1,257	1,085	957
Underwriting Results	372	212	409	473	468	275
COMBINED*						
Gross Premium / Gross Contribution	10,476	10,068	8,336	8,253	8,094	6,961
Net Premium / Contribution Revenue (Technical)	6,140	5,637	5,107	4,353	4,185	3,645
Net Claims	3,427	3,082	2,743	2,160	2,188	2,083
Management Expenses	1,803	1,693	1,415	1,292	1,106	957
Underwriting Results (Technical Profit)	431	369	502	468	462	275
OPERATING DATA (CONVENTIONAL)						
Investment Income	1,134	1,188	1,041	1,316	1,220	966
Profit before Taxation	1,725	1,631	1,664	1,854	1,713	1,270
Taxation - Net	(501)	(565)	(547)	(675)	(361)	(191)
Profit After Taxation	1,224	1,066	1,117	1,179	1,352	1,079
CASH FLOW SUMMARY						
Operating Activities	417	422	(373)	229	926	405
Investing Activities	(186)	(80)	952	(758)	(459)	4
Financing Activities	(723)	(706)	(539)	(462)	(844)	(401)
Cash & Cash Equivalents at the year end	1,199	1,691	2,054	2,014	1,490	948
Free Cash Flow	365	315	(439)	159	857	372

* Inclusive of Window Takaful Operations

	2019	2018	2017	2016	2015	2014	
FINANCIAL RATIOS							
Profitability (Conventional)							
Underwriting Result / Gross Premium	%	3.97	2.31	5.32	6.02	5.87	3.95
Underwriting Result / Net Premium	%	7.05	4.31	8.87	11.34	11.27	7.54
Combined ratio	%	92.95	95.69	91.13	88.66	88.73	92.46
Net Claims / Net Premium	%	53.57	54.66	53.13	48.67	52.37	57.15
Management Expense / Net Premium	%	32.26	32.64	29.49	30.14	26.14	26.26
Profitability (Combined)							
Underwriting Result / Gross Premium & Contribution	%	4.11	3.67	6.02	5.67	5.71	3.95
Underwriting Result / Net Premium & Contribution	%	7.02	6.55	9.83	10.75	11.04	7.54
Combined ratio	%	92.98	93.45	90.17	89.25	88.96	92.46
Net Claims / Net Premium & Contribution	%	55.81	54.67	53.71	49.62	52.28	57.15
Management Expense / Net Premium & Contribution	%	29.36	30.03	27.71	29.68	26.43	26.26
Overall Profitability							
Profit Before Tax / Gross Premium	%	18.40	17.80	21.63	23.61	21.47	18.24
Profit Before Tax / Net Premium	%	32.68	33.13	36.09	44.45	41.27	34.84
Profit After Tax / Gross Premium	%	13.06	11.64	14.52	15.02	16.94	15.50
Profit After Tax / Net Premium	%	23.19	21.65	24.22	28.27	32.57	29.60
Profit Before Tax / Total Income	%	26.90	26.69	29.44	33.79	31.89	27.54
Profit After Tax / Total Income	%	19.09	17.44	19.76	21.49	25.17	23.40
Return to Share Holders							
Return on Equity - (after tax)	%	14.05	13.48	13.44	13.44	19.17	16.13
Earnings Per Share (pre tax)	Rs.	9.56	9.04	9.22	11.82	10.92	8.09
Earnings Per Share (after tax)	Rs.	6.78	5.91	6.19	7.51	8.62	6.88
Earnings Per Share (pre tax)-Restated	Rs.	9.56	9.04	9.22	10.28	9.50	7.04
Earnings Per Share (after tax)-Restated	Rs.	6.78	5.91	6.19	6.54	7.49	5.98
Earning Growth	%	14.82	(4.57)	(5.26)	(12.80)	25.30	3.25
Price Earning Ratio - PAT	Times	7.96	10.16	12.92	16.60	13.74	17.05
Price to Book Ratio	Times	0.44	0.51	0.73	0.83	0.96	1.04
Breakup value per share (Book value)	Rs.	48.29	43.84	46.08	55.91	44.96	42.64
Breakup value per share (Market value)	Rs.	71.37	67.23	75.90	82.02	70.61	65.03
Return on Assets (Book value)	%	5.54	5.00	5.67	5.75	8.01	6.99
Return on Assets (Market value)	%	4.66	4.17	4.45	4.79	6.47	5.70
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.	54.01	60.01	80.00	108.50	103.00	102.00
Market Price per share - Highest during the year	Rs.	65.00	89.99	128.00	120.00	127.98	122.37
Market Price per share - Lowest during the year	Rs.	35.21	60.01	76.00	95.30	76.00	71.01
Pakistan Stock Exchange Index	Points	40,735	37,067	40,471	47,807	32,816	32,131
Market Capitalization	(Rs. M)	9,743	10,826	14,432	17,024	16,161	16,004
Cash Dividend Per Share	Rs.	3.00	4.00	4.00	3.50	4.50	4.00
Cash Dividend	%	30.00	40.00	40.00	35.00	45.00	40.00
Stock Dividend Per Share	Rs.	1.00	-	-	1.50	-	-
Stock Dividend	%	10.00	-	-	15.00	-	-
Dividend Yield	%	5.55	6.67	5.00	3.23	4.37	3.92
Dividend Pay out	%	44.22	67.69	64.60	53.55	60.04	66.88
Dividend Cover	Times	2.26	1.48	1.55	1.87	1.67	1.50
Performance / Liquidity							
Current Ratio	Times	1.62	1.55	1.74	1.83	1.74	1.75
Liquid Ratio	Times	1.12	1.02	1.24	1.34	1.28	1.32
Cash / Current Liabilities	%	10.27	13.94	18.82	14.68	14.99	10.79
Total Assets Turnover	Times	0.42	0.43	0.39	0.38	0.47	0.45
Fixed Assets Turnover	Times	10.46	10.43	9.00	9.30	9.66	12.52
Total Liabilities / Equity	Times	1.54	1.70	1.37	1.34	1.39	1.31
Return on Capital Employed (RoCE)	%	20.76	20.11	19.48	23.43	24.93	20.76
Liquid Assets / Total Assets	%	66.16	62.89	68.09	70.38	70.59	69.28
Paid-up Capital / Total Assets	%	8.17	8.46	9.16	7.65	9.30	10.17
Earning assets / Total Assets	%	69.10	65.97	71.44	73.62	74.57	73.67
Equity / Total Assets	%	39.44	37.10	42.20	42.76	41.80	43.36
Solvency							
Solvency Ratio (Based on Market Value)	Times	7.96	6.94	8.23	7.92	8.38	10.88

FINANCIAL STATEMENTS ANALYSIS

(Six Years)

	2019		2018	
	(Rupees '000)	%	(Rupees '000)	%
Vertical Balance Sheet				
Tangible and Intangible Fixed Assets	242,542	1.10	241,992	1.14
Investment properties	651,142	2.95	656,871	3.08
Investments	13,198,762	59.75	11,527,926	54.09
Insurance / reinsurance receivables	1,304,973	5.91	1,718,328	8.06
Other Assets	5,133,273	23.24	5,176,859	24.29
Cash and Bank	1,148,951	5.20	1,669,039	7.83
Total assets of Window Takaful Operations - Operator's Fund	409,281	1.85	322,137	1.51
Total Assets	22,088,924	100.00	21,313,152	100.00
Total Equity	8,712,061	39.44	7,908,055	37.10
Underwriting Provisions	7,914,842	35.83	7,997,798	37.53
Deferred liabilities	296,709	1.34	209,388	0.98
Insurance / Reinsurance Payables & Advances	2,078,018	9.41	1,949,273	9.15
Other Creditors and Accruals	1,032,602	4.67	1,229,204	5.77
Deposits and other payables	1,582,179	7.16	1,616,174	7.58
Taxation - provision less payments	250,595	1.13	236,052	1.11
Total liabilities of Window Takaful Operations - Operator's Fund	221,918	1.00	167,208	0.78
Total Shareholders' Equity & Liabilities	22,088,924	100.00	21,313,152	100.00
Profit & Loss Account				
Net premium revenue	5,279,188	100.00	4,922,929	100.00
Net claims	2,827,884	53.57	2,691,068	54.66
Expenses	1,702,929	32.26	1,606,545	32.63
Net commission	376,049	7.12	413,589	8.40
Investment income including rental & bank deposits returns	1,134,021	21.48	1,187,743	24.13
Other income including share of profit of an associates	147,178	2.79	219,414	4.46
General and administration expenses	53,298	1.01	70,017	1.42
Profit / (loss) from Window Takaful Operations	124,789	2.36	82,411	1.67
Profit before tax	1,725,016	32.68	1,631,278	33.14
Taxation - net	(500,731)	(9.49)	(564,973)	(11.48)
Profit after tax	1,224,285	23.19	1,066,305	21.66

	2019	2018	2017	2016
	(Rupees '000)			
Horizontal Balance Sheet				
Tangible and Intangible Fixed Assets	242,542	241,992	198,596	187,010
Investment properties	651,142	656,871	658,873	665,263
Investments	13,198,762	11,527,926	11,340,106	12,827,410
Insurance / reinsurance receivables	1,304,973	1,718,328	1,782,824	1,528,452
Other Assets	5,133,273	5,176,859	3,556,443	3,617,407
Cash and Bank	1,148,951	1,669,039	1,893,276	1,504,687
Total assets of Window Takaful Operations - Operator's Fund	409,281	322,137	267,446	185,969
Total Assets	22,088,924	21,313,152	19,697,564	20,516,198
Total Equity	8,712,061	7,908,055	8,312,970	8,773,381
Underwriting Provisions	7,914,842	7,997,798	6,503,336	6,289,692
Deferred liabilities	296,709	209,388	533,565	995,906
Insurance / Reinsurance Payables & Advances	2,078,018	1,949,273	1,294,932	1,470,100
Other Creditors and Accruals	1,032,602	1,229,204	1,032,519	969,121
Deposits and other payables	1,582,179	1,616,174	1,665,900	1,693,482
Taxation - provision less payments	250,595	236,052	227,839	240,029
Total liabilities of Window Takaful Operations - Operator's Fund	221,918	167,208	126,503	84,487
Total Shareholders' Equity & Liabilities	22,088,924	21,313,152	19,697,564	20,516,198
Profit & Loss Account				
Net premium revenue	5,279,188	4,922,929	4,610,717	4,170,928
Net claims	2,827,884	2,691,068	2,450,107	2,030,292
Expenses	1,702,929	1,606,545	1,360,183	1,256,675
Net commission	376,049	413,589	391,738	410,982
Investment income including rental & bank deposits returns	1,134,021	1,187,743	1,041,638	1,315,975
Other income including share of profit of an associates	147,178	219,414	219,114	125,048
General and administration expenses	53,298	70,017	65,246	76,064
Profit / (loss) from Window Takaful Operations	124,789	82,411	60,109	16,187
Profit before tax	1,725,016	1,631,278	1,664,304	1,854,125
Taxation - net	(500,731)	(564,973)	(547,319)	(674,694)
Profit after tax	1,224,285	1,066,305	1,116,985	1,179,431

2017		2016		2015		2014	
(Rupees '000)	%	(Rupees '000)	%	(Rupees '000)	%	(Rupees '000)	%
198,596	1.01	187,010	0.91	164,627	0.98	138,281	0.90
658,873	3.34	665,263	3.24	671,653	3.98	678,043	4.39
11,340,106	57.57	12,827,410	62.52	10,475,735	62.08	9,815,503	63.61
1,782,824	9.05	1,528,452	7.45	1,154,438	6.84	1,129,413	7.32
3,556,443	18.06	3,617,407	17.63	2,931,232	17.37	2,794,408	18.11
1,893,276	9.61	1,504,687	7.33	1,360,712	8.06	875,593	5.67
267,446	1.36	185,969	0.91	117,342	0.70	-	-
19,697,564	100.00	20,516,198	100.00	16,875,739	100.00	15,431,241	100.00
8,312,970	42.20	8,773,381	42.76	7,054,156	41.80	6,690,825	43.36
6,503,336	33.02	6,289,692	30.66	5,653,766	33.50	5,237,385	33.94
533,565	2.71	995,906	4.85	540,118	3.20	624,565	4.05
1,294,932	6.57	1,470,100	7.17	1,063,194	6.30	873,344	5.66
1,032,519	5.24	969,121	4.72	760,593	4.51	601,160	3.90
1,665,900	8.46	1,693,482	8.25	1,506,839	8.93	1,241,324	8.04
227,839	1.16	240,029	1.17	266,723	1.58	162,638	1.05
126,503	0.64	84,487	0.41	30,350	0.18	-	-
19,697,564	100.00	20,516,198	100.00	16,875,739	100.00	15,431,241	100.00
4,610,717	100.00	4,170,928	100.00	4,150,808	100.00	3,644,630	100.00
2,450,107	53.14	2,030,292	48.68	2,174,381	52.38	2,082,704	57.14
1,360,183	29.50	1,256,675	30.13	1,084,952	26.14	957,122	26.26
391,738	8.50	410,982	9.85	423,751	10.21	329,657	9.05
1,041,638	22.59	1,315,975	31.55	1,219,632	29.38	966,192	26.51
219,114	4.75	125,048	3.00	118,510	2.86	79,568	2.18
65,246	1.42	76,064	1.82	79,575	1.92	51,085	1.40
60,109	1.30	16,187	0.39	(14,999)	(0.36)	-	-
1,664,304	36.10	1,854,125	44.45	1,711,292	41.23	1,269,822	34.84
(547,319)	(11.87)	(674,694)	(16.18)	(358,642)	(8.64)	(190,703)	(5.23)
1,116,985	24.23	1,179,431	28.28	1,352,650	32.59	1,079,119	29.61

2015	2014	2019	2018	2017	2016	2015	2014
(Rupees '000)		% increase / (decrease) over preceding year					
164,627	138,281	0.23	21.85	6.20	13.60	19.05	(0.81)
671,653	678,043	(0.87)	(0.30)	(0.96)	(0.95)	(0.94)	333.46
10,475,735	9,815,503	14.49	1.66	(11.59)	22.45	6.73	13.93
1,154,438	1,129,413	(24.06)	(3.62)	(16.64)	(32.40)	(2.22)	(1.04)
2,931,232	2,794,408	(0.84)	45.56	(1.69)	23.41	4.90	(8.74)
1,360,712	875,593	(31.16)	(11.84)	25.83	10.58	55.40	(1.54)
117,342	-	27.05	20.45	43.81	58.48	-	-
16,875,739	15,431,241	3.64	8.20	(3.99)	21.57	9.36	10.19
7,054,156	6,690,825	10.17	(4.87)	(5.25)	24.37	5.43	20.64
5,653,766	5,237,385	(1.04)	22.98	3.40	11.25	7.95	(6.12)
540,118	624,565	41.70	(60.76)	(46.42)	84.39	(13.52)	54.01
1,063,194	873,344	6.60	50.53	-	38.27	21.74	29.85
760,593	601,160	(15.99)	19.05	6.54	27.42	26.52	7.61
1,506,839	1,241,324	(2.10)	(2.98)	(1.63)	12.39	21.39	16.55
266,723	162,638	6.16	3.60	(5.08)	(10.01)	64.00	(7.86)
30,350	-	32.72	32.18	49.73	-	-	-
16,875,739	15,431,241	3.64	8.20	(3.99)	21.57	9.36	10.19
4,150,808	3,644,630	7.24	6.77	10.54	0.48	13.89	3.37
2,174,381	2,082,704	5.08	9.83	20.68	(6.63)	4.40	(3.34)
1,084,952	957,122	6.00	18.11	8.24	15.83	13.36	14.35
423,751	329,657	(9.08)	5.58	(4.68)	(3.01)	28.54	6.07
1,219,632	966,192	(4.52)	14.03	(20.85)	7.90	26.23	(1.41)
118,510	79,568	(32.92)	0.14	75.22	5.52	48.94	29.56
79,575	51,085	(23.88)	7.31	(14.22)	(4.41)	55.77	14.73
(14,999)	-	51.42	37.10	271.34	(207.92)	-	-
1,711,292	1,269,822	5.75	(1.98)	(10.24)	8.35	34.77	4.07
(358,642)	(190,703)	(11.37)	3.23	(18.88)	88.12	88.06	9.04
1,352,650	1,079,119	14.82	(4.54)	(5.29)	(12.81)	25.35	3.23

COMMENTS ON KEY FINANCIAL DATA AND PERFORMANCE RATIOS

(Six Years)

Performance Ratios

- The Claims ratio has declined from 57% to 54% from 2014 to 2019 reflecting strength in the underwriting profitability of the Company. The Combined ratio has remained upto 93% over the last six years despite heavy inflation and high pressure on premium rates particularly during the last three years.
- The Company is able to maintain its expense ratio at 29% and below till the year 2017 except for 2016. Whereas, in 2018 it has increased to 33% due to increase in advertising expenses. However, in 2019, the Company was able to maintain the expense ratio at 32% due to timely management decisions to counter economic impediments. Expense ratio of the Company including Window Takaful Operations for the year 2019 reflecting 29% which is considered appropriate at this level of overall operations of the Company.
- The return on equity in 2019 has improved to 14% as compared to last year 13%, despite the heightened volatility in stock market witnessed during the year.
- The Pre tax earnings per share for the year 2019 is Rs. 9.56 as compared to last year's Rs. 9.04 reflecting increase of 6% which is due to better underwriting results of the Company in the current year.
- Cash dividend per share to the shareholders remained at the level of 40% till 2018 reflects steadiness of the Company in distributing handfull amount of profit to the shareholders. In 2019, 30% cash dividend and 10%

issuance of bonus shares have endorsed the commitment of the Company to increase the shareholders' wealth.

Balance Sheet

- The Company's assets have increased to Rs. 22.09 billion in 2019 from Rs. 15.43 billion in 2014 reflecting the increase of Rs. 6.66 billion over the period of six years which is in line with business growth of the Company.
- The carrying value of total investments have increased to Rs. 13.27 billion as at 31 December 2019 in comparison to Rs. 9.81 billion as at December 31, 2014 reflecting increase of 35% over the period of six years.
- The total equity and technical reserves stood at Rs. 16.63 billion as at December 31, 2019 in comparison to Rs. 11.93 billion as at December 31, 2014 which reflects increase of 39% over the last six years which is reflecting the strength of the Company.
- A continuous improvement in the size of investments has been witnessed over the years until 2016. Despite slight decrease in the year 2017, an increasing trend can be witnessed in 2018 and onwards, particularly in 2019 where the size of investments has increased by 15% as compared to 2018.
- Total assets of the Company in terms of market value have grown to Rs. 26.25 billion depicting remarkable growth of 39% since 2014.

Profit and loss Account

- The gross & net premium / contribution increase by 51% and 68% respectively over the period of 6 years.
- The underwriting profit has increased by 35% as compared to the year 2014 reflecting strength in the underwriting policies. However, the underwriting result including Window Takaful Operation's (technical profit) reflecting an increase of 57% over the period of six years.
- Due to vigilant and dynamic investment strategy of the Company, investment income has increased by 17% over the last six years. This reflects better utilisation of the Company's earning assets despite the volatile equity market in 2019.
- The profit before tax reached to Rs. 1.73 billion for the year ended 31 December 2019 in comparison to Rs. 1.27 billion for the year of 2014, which reflects increase of 36% over the period of six years.
- The Company has been crossing more than Rs. 1 billion of profit after tax(PAT) since 2014 including the current year wherein the Company has achieved PAT of Rs. 1.22 billion and maintained the glowing history of high profit earnings.

Cash Flows

- Cash Inflow of Rs 417 million from Operating activities is the outcome of management's vigorous efforts to collect the premium well in time.
- Due to consistent policy of paying handsome dividend to the shareholders, the cash outflow of financing activities has also gone up significantly over the years.

- Cash & bank deposits have increased by 53% to Rs. 1.343 billion at the end of 2019 from Rs. 876 million at the end of 2014 reflects Company's strong footing as well as adequate liquidity position in line with the Company's growth since 2014.

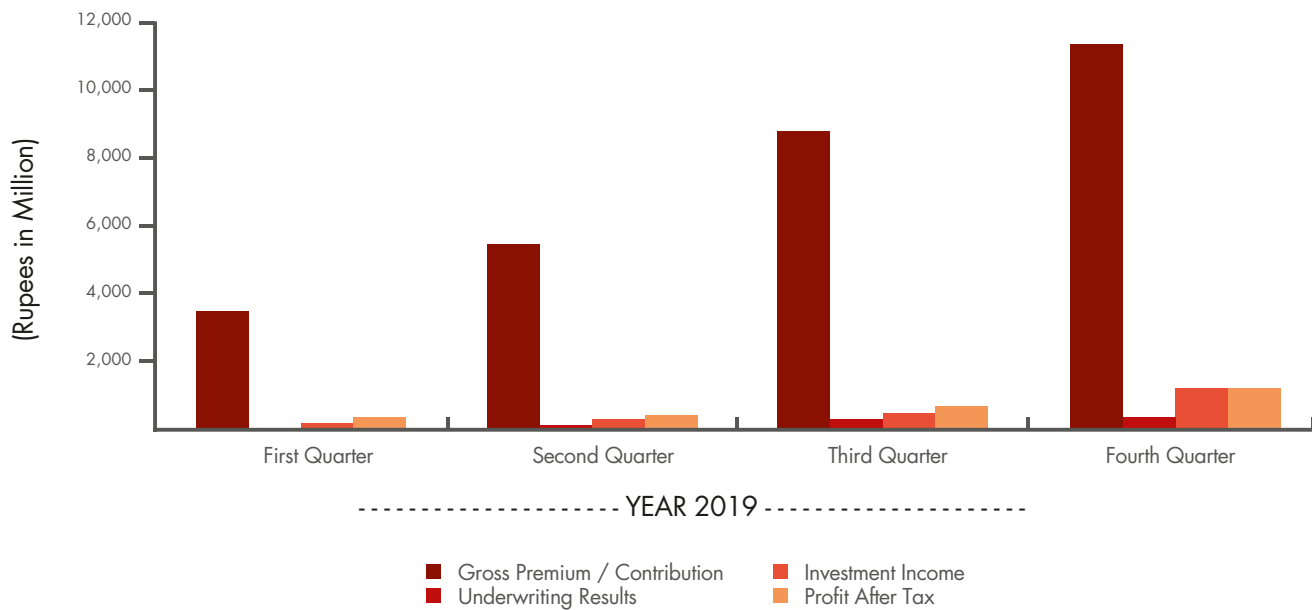
Solvency

- The market value of the Company's assets has increased by 39% to Rs. 26.25 billion at the end of 2019 from Rs.18.94 billion at the end of 2014 reflecting a strong balance sheet footing. This is also evident from the robust solvency of the Company which stood at 7.96 times in 2019.

Comments on Free Cash Flow

- Free Cash Flow of the Company in 2019 has reached to Rs. 365 million by increasing 16% over the last year which is mainly due to vigorous efforts in collecting outstanding premiums.
- Free Cash Flow for 2019 is 87% of the total operating cash flow which is due to the reason that appropriate 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. Total premium / contribution at the end of each quarter in terms of percentage remained consistent to past trend; however, due to growth of premium/contribution witnessed in first three quarters, the Company is able to maintain the most covenant milestone of Rs. 10.48 billion Gross Premium/Contribution which is Company's highest level of Gross Premium / Contribution till date.

Underwriting results:

Noticeable achievements started from second half of the year where underwriting results have grown considerably as compared to first two quarters of the year. Due to vigilant management decisions, Company posted underwriting profit including technical profit from Window Takaful Operations aggregating to Rs. 431 million (2018: 369 million).

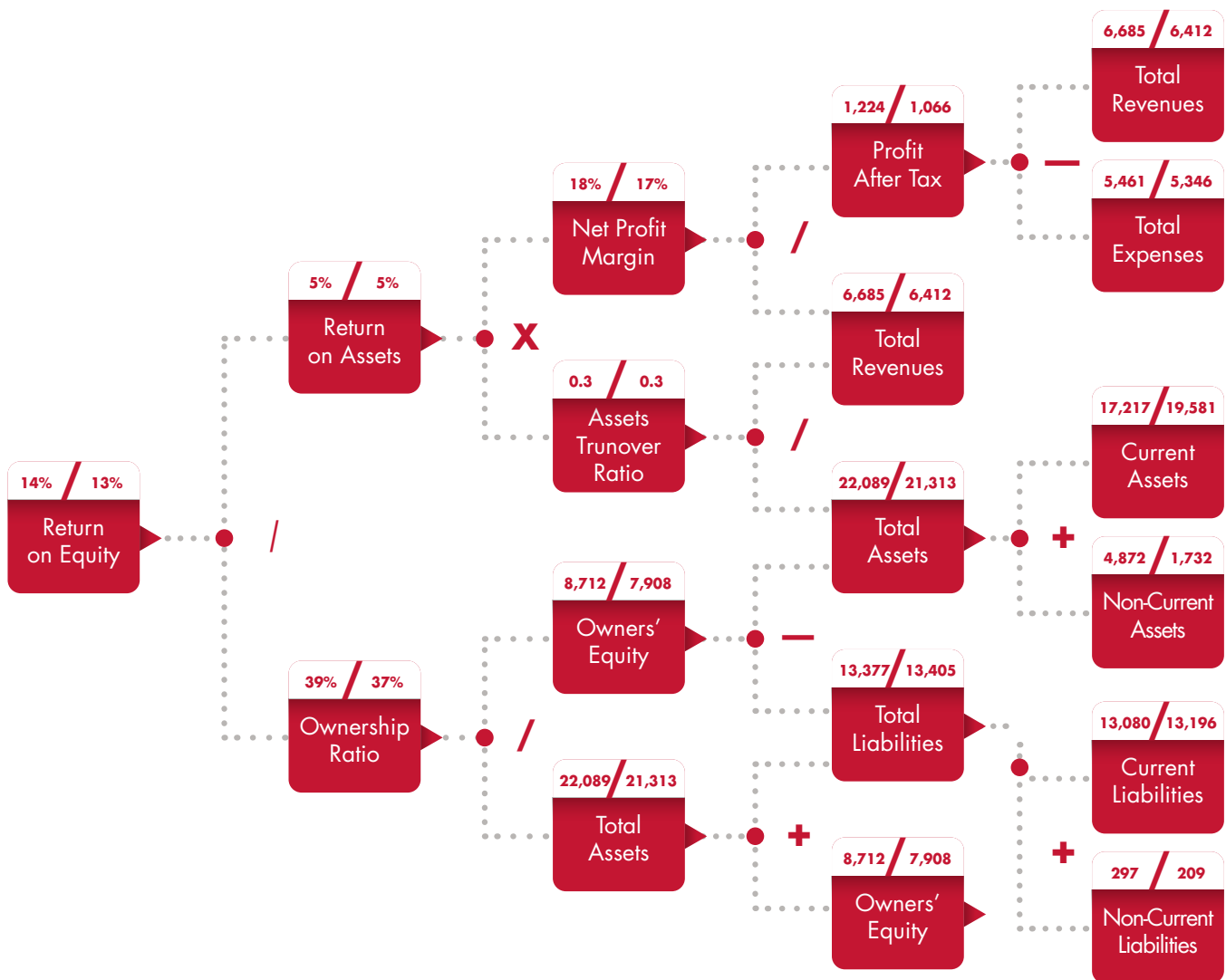
Investment Income

Considerable increase in investment income has been recorded in third and last quarter of the year due to realisation of capital gains and dividend income and the same has contributed significantly in achieving annual investment income of Rs. 1.18 billion. This level of investment income reflects better investment decisions despite the volatility in the stock market during the year.

Profit after Tax:

The profit after Tax has witnessed tremendous growth in the third and last quarter mainly due to investment income and the same has played a vital role with the heavy support of underwriting profit in third and last quarter, therefore profit after tax has surpassed the Rs. 1 billion mark with a considerable margin in the seventh year consecutively.

DUPONT ANALYSIS 2019 AND 2018



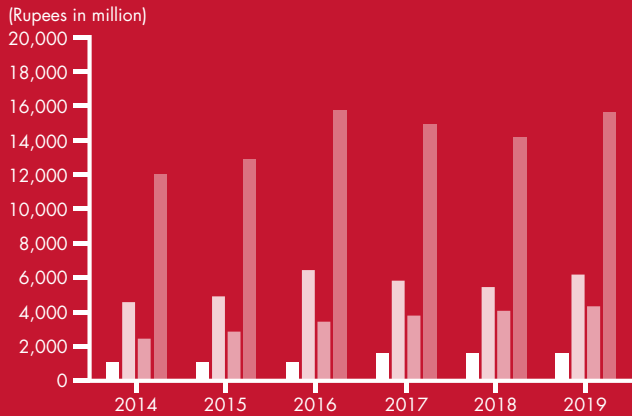
Comments on DuPont Analysis

- The Net Profit Margin increased by 1% in year 2019 from preceding year due to decrease in claims ratio and slight decrease in management expense ratio as compared to last year.
- The Company's Return on Equity increased by 1% in year 2019 as compared to last year despite slow economic growth.
- Although the economy growth was slow during the year, however the Company remained able to maintain Return on Assets as compared to last year.
- The ownership ratio has increased by 2% from the last year despite distribution of healthy cash dividend during the year. Furthermore, the equity values has also improved due to increase in profitability by 15% as compared to last year.

PERFORMANCE AT A GLANCE - SIX YEARS

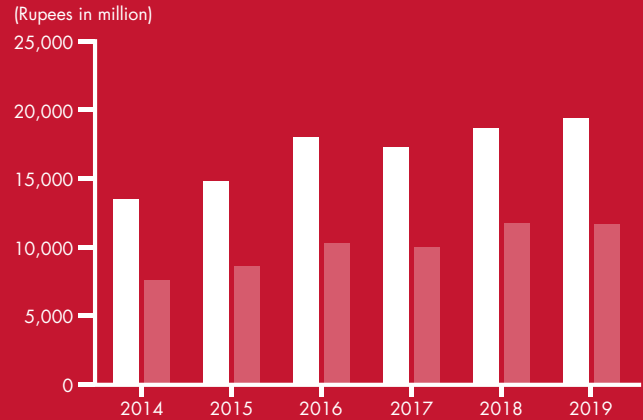
Capital & Reserves

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



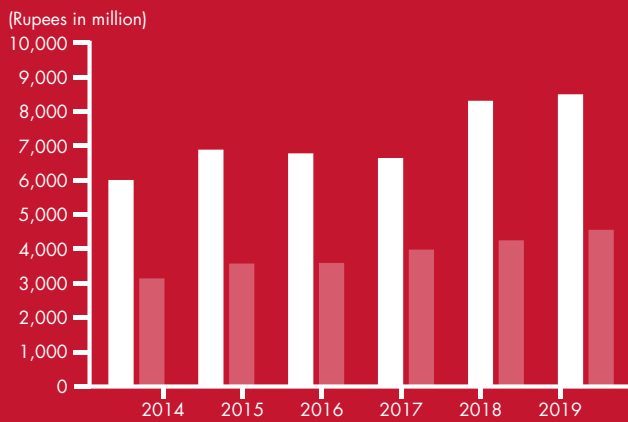
Assets & Liabilities

- Assets
- Liabilities



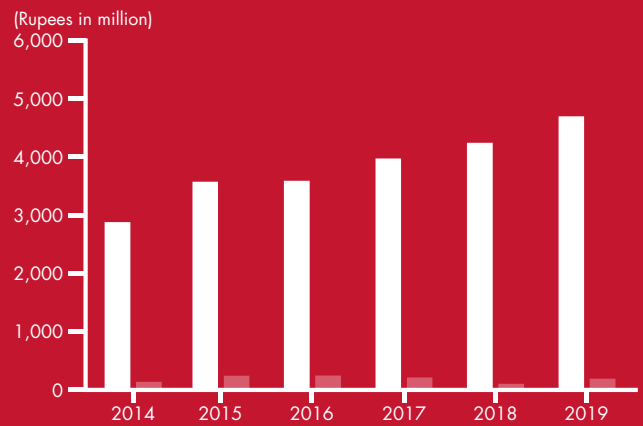
Gross Premium & Net Premium

- Gross Premium
- Net Premium



Net Premium & Underwriting Result

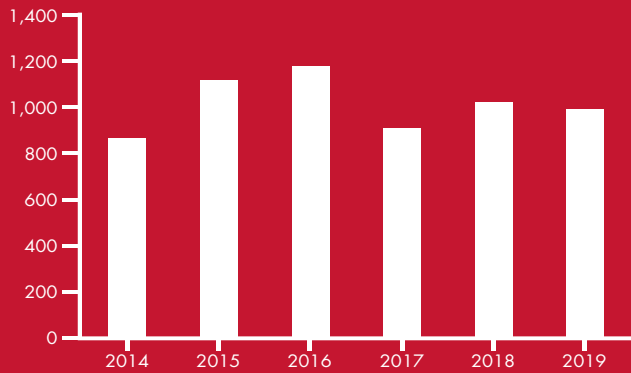
- Net Premium
- Underwriting Result



Investment Income

■ Investment Income

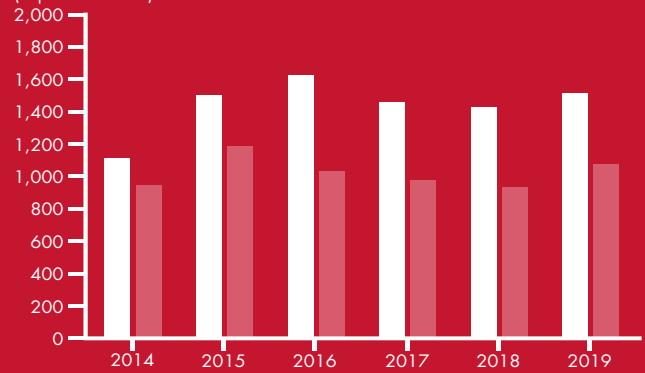
(Rupees in million)



Profit before Tax & after Taxation

■ Profit before Taxation
■ Profit after Taxation

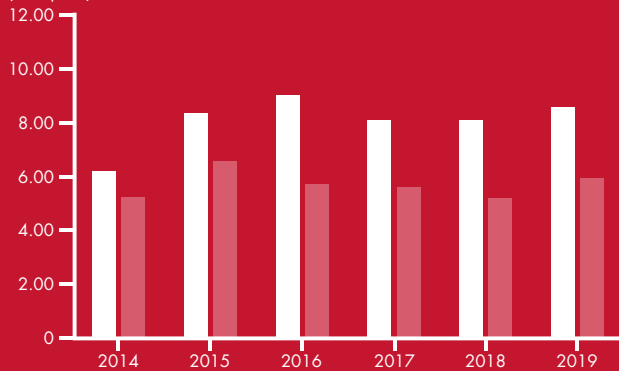
(Rupees in million)



Earning Per Share (Pre Tax & After Tax)

■ Pre Tax
■ After Tax

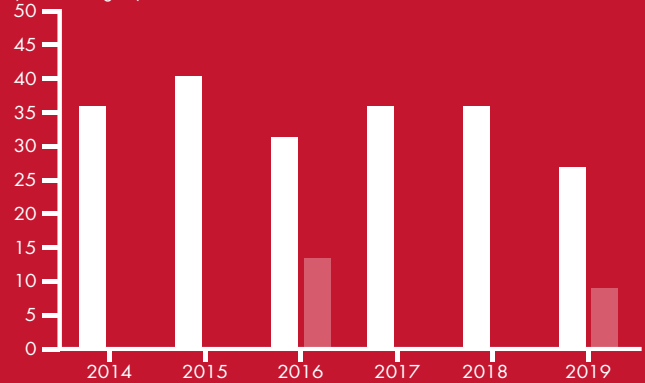
(In Rupees)



Dividends

■ Cash Dividend
■ Stock Dividend

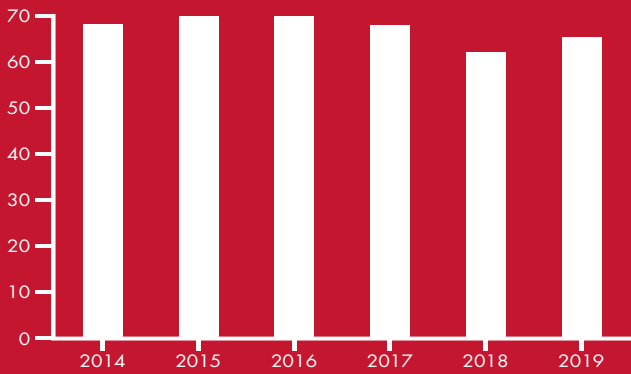
(In Percentage%)



PERFORMANCE AT A GLANCE - SIX YEARS

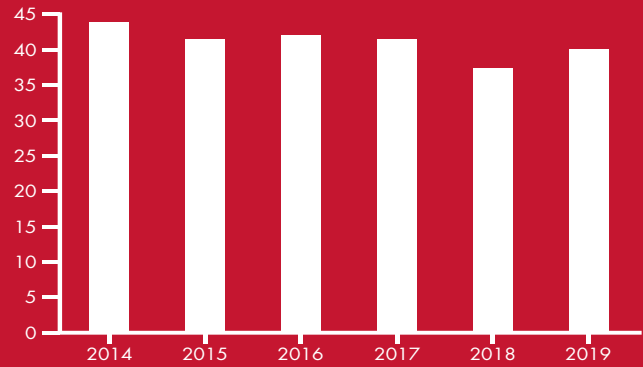
Liquid Assets / Total Assets

(In Percentage%)



Equity / Total Assets

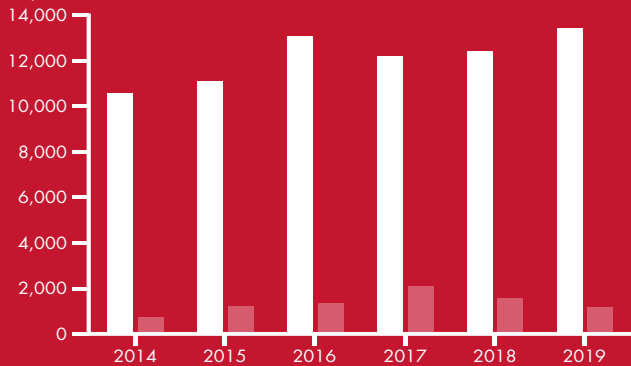
(In Percentage%)



Investments and Cash & Bank

■ Investment
■ Cash & Bank

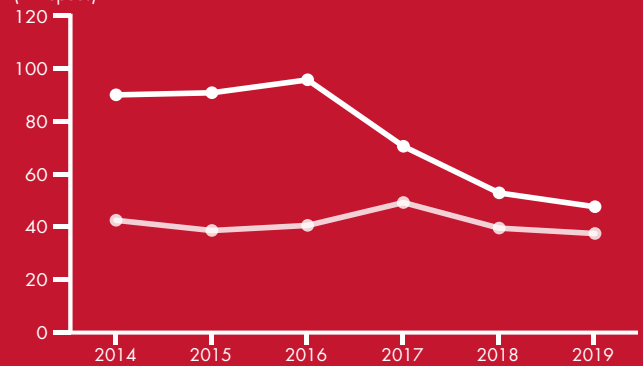
(Rupees in million)



Market Value vs Breakup Value per Share

■ Market Value per Share
■ Breakup Value per Share

(In Rupees)

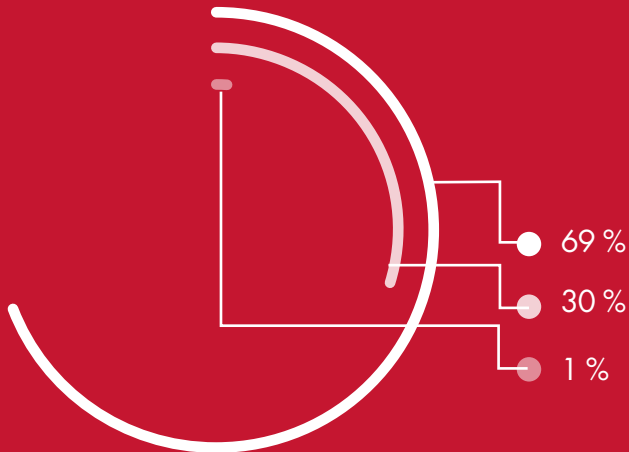


GRAPHICAL COMPOSITION OF FINANCIAL STATEMENTS

BALANCE SHEET

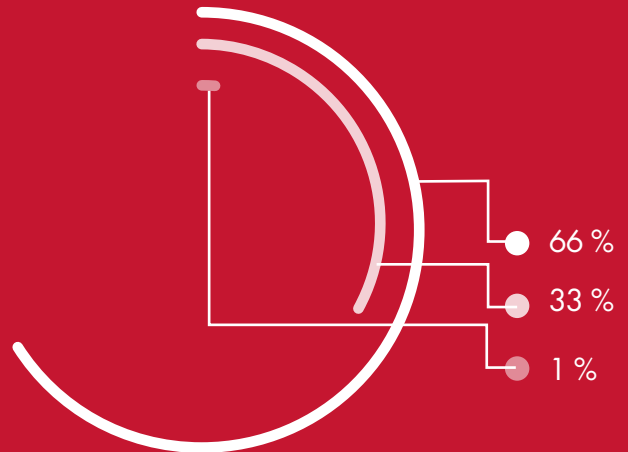
Assets 2019

- Earning Assets
- Current Assets-others
- Fixed Assets



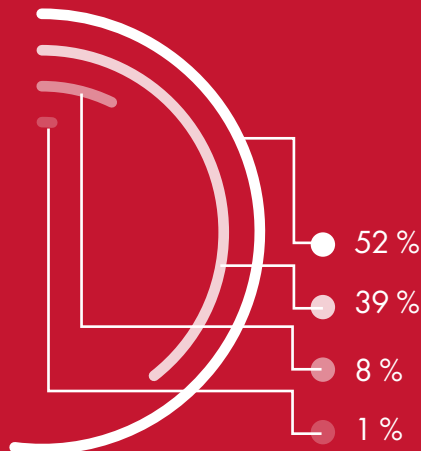
Assets 2018

- Earning Assets
- Current Assets-others
- Fixed Assets



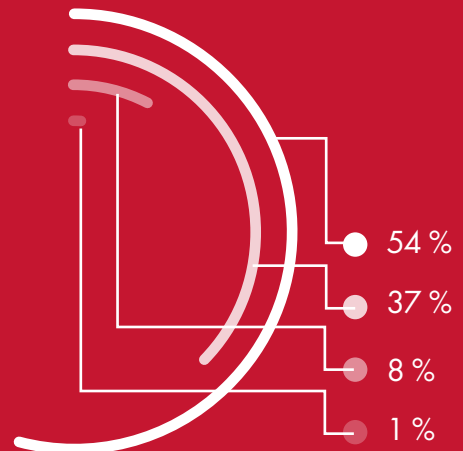
Shareholders' Equity and Liabilities 2019

- Share Capital & Reserves
- Current Liabilities
- Non Current Liabilities
- Deferred Liabilities



Shareholders' Equity and Liabilities 2018

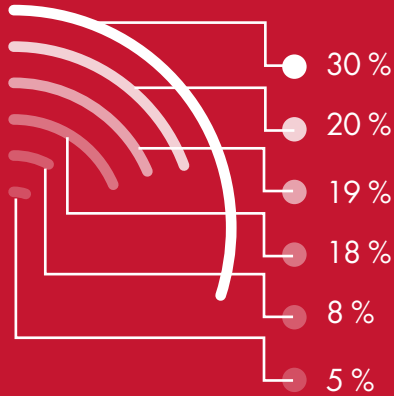
- Share Capital & Reserves
- Current Liabilities
- Non Current Liabilities
- Deferred Liabilities



GRAPHICAL COMPOSITION OF FINANCIAL STATEMENTS PROFIT AND LOSS ACCOUNT

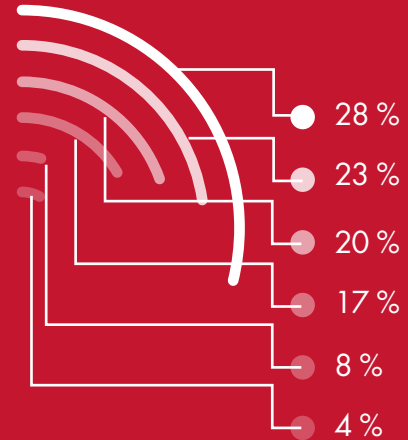
Gross Premium Classwise 2019

- Fire
- Motor
- Accident & Health
- Miscellaneous
- Marine
- Liability



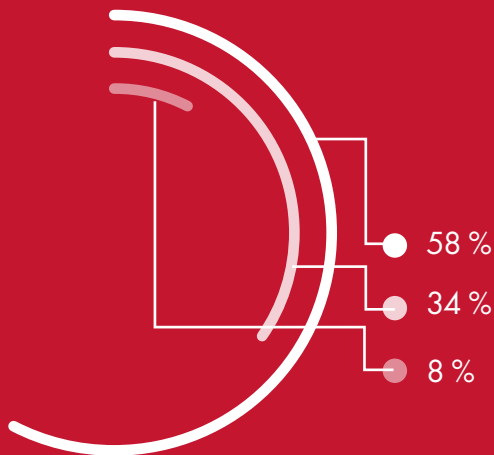
Gross Premium Classwise 2018

- Fire
- Miscellaneous
- Motor
- Accident & Health
- Marine
- Liability



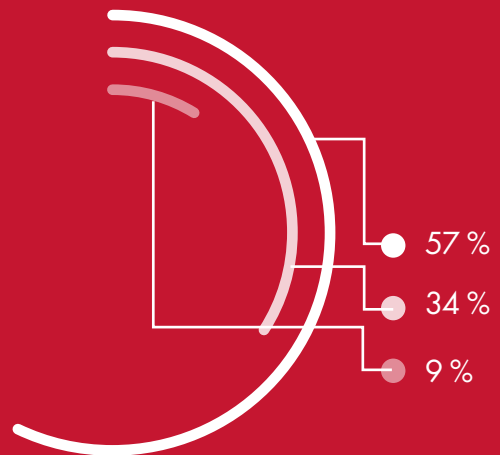
Combined Ratio 2019

- Net Claims
- Expenses
- Net Commission



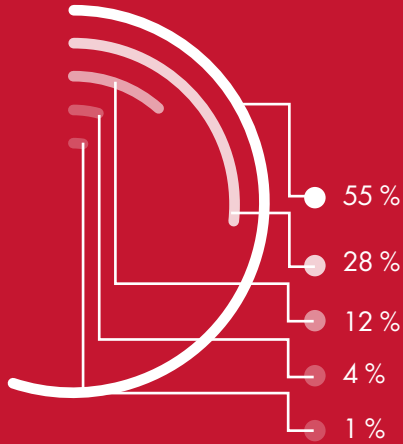
Combined Ratio 2018

- Net Claims
- Expenses
- Net Commission



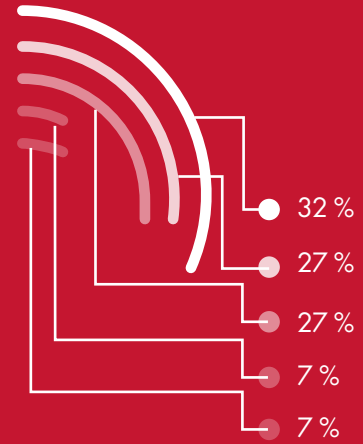
Investment Income 2019

- Return on Govt. Securities
- Dividend Income
- Return on Bank Deposits
- Rental Income
- Capital Gains



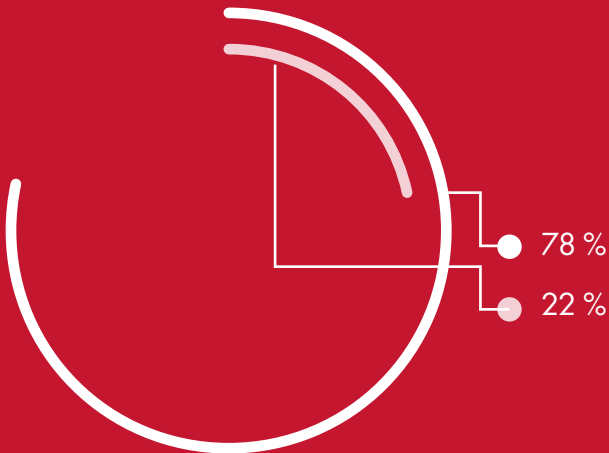
Investment Income 2018

- Return on Govt. Securities
- Capital Gains
- Dividend Income
- Return on Bank Deposits
- Rental Income



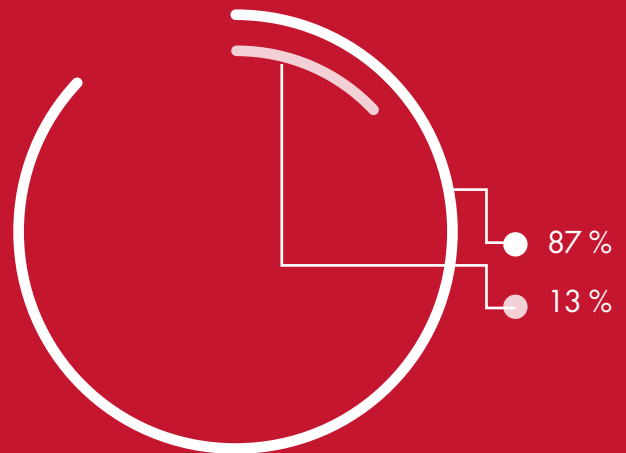
Profit Before Tax 2019

- Investment and Other Income
- Underwriting Income



Profit Before Tax 2018

- Investment and Other Income
- Underwriting Income



GRAPHICAL COMPOSITION OF FINANCIAL STATEMENTS

CASH FLOW

Cash Generated 2019

- Investing Activities
- Operating Activities



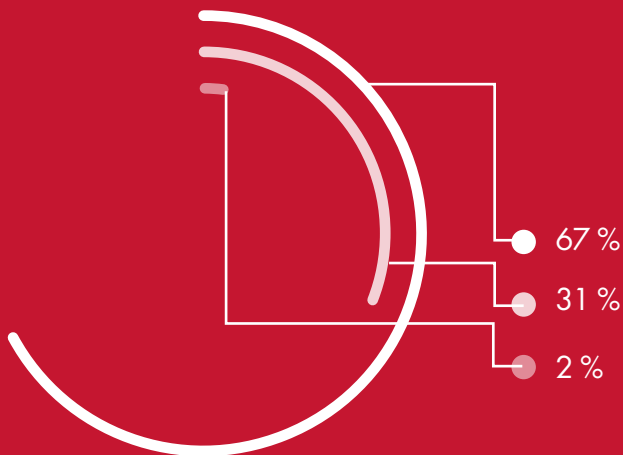
Cash Generated 2018

- Investing Activities
- Operating Activities



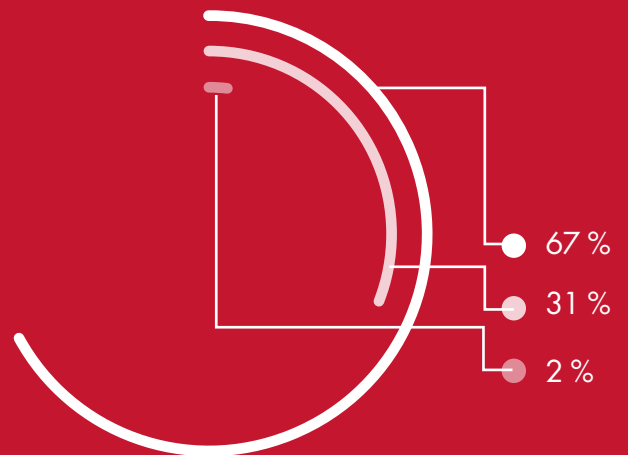
Cash Consumed 2019

- Investing Activities
- Operating Activities
- Financing Activities



Cash Consumed 2018

- Investing Activities
- Operating Activities
- Financing Activities

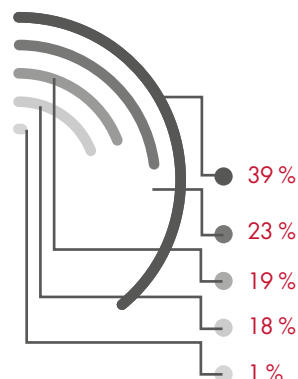


STATEMENT OF VALUE ADDED

	2019	2018
..... (Rupees in '000)		
WEALTH GENERATED		
Net premium revenue	5,279,188	4,922,929
Commission from reinsurers	336,501	289,543
Investment income	1,424,712	1,340,463
Rental income	96,300	123,592
Other income	137,266	101,759
	7,273,967	6,778,286
Less:		
Claims, Commissions and expenses (excluding employees remuneration, depreciation, and other taxes)	4,174,264	3,904,423
	3,099,703	2,873,863
WEALTH DISTRIBUTION		
Employees remuneration	1,201,520	1,103,328
Government taxes	582,366	640,701
Contribution to society	11,983	19,816
Dividend to shareholders		
- Cash	541,340	721,786
- Stock	180,446	-
	721,786	721,786
Retained in business		
- Depreciation and Amortisation	90,604	64,330
- Earnings	491,444	323,902
	582,048	388,232
	3,099,703	2,873,863

DISTRIBUTION OF WEALTH-2019

- Employees remuneration
- Dividend to shareholders
- Government taxes
- Retained in business
- Contribution to society



PERFORMANCE MEASUREMENT

Performance measurement is key to evaluate how well an organisation is managed and the value it delivers for stakeholders. As a listed company, for Jubilee General, the most important stakeholders are our shareholders being the ultimate owner of the business. Due to the same reason, the value delivered 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 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.

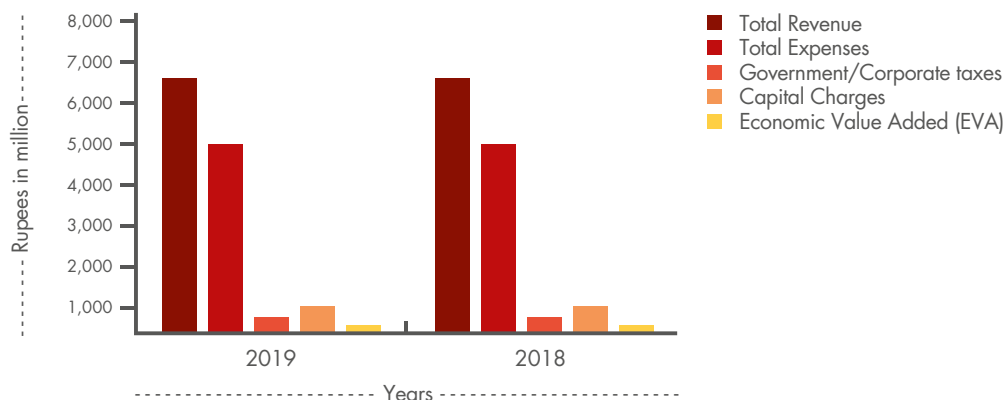
ECONOMIC VALUE ADDED

Economic Value Added (EVA) is a measurement of a Company's financial performance based on the residual wealth calculated by deducting 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 2019, the Company generated economic value of Rs. 193 million (2018: Rs. 120 million). In both years the Company successfully added economic value from its operations.

Following is a table indicates the EVA at the year ended 31 December 2019 and 2018:

PARTICULARS

	2019	2018
	.....(Rupees in Million).....	
Total Revenue	6,685	6,412
Less: Total Expenses	4,960	4,781
Government/corporate taxes	501	565
Capital charges	1,031	946
Economic Value Added (EVA)	193	120



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, 2019, the market value of total outstanding shares of the Company stood at Rs. 9.75 billion (2018: Rs. 10.83 billion) and the total book value of outstanding share as at December 31, 2019 reflected Rs. 8.7 billion (2018:Rs. 7.9 billion). Therefore, the market value is more than book value of the Company in 2019 by Rs. 1.05 billion (2018: Rs. 2.93 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.

In order to make the Claims Settlement Process swift and smooth, Company has already 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 also being followed in Pakistan. In order to create a Paperless Environment in the organisation, the Company implemented "Document Management System (DMS)" in order to avoid pile of documents and made the relevant documents available on a single click.

In order to facilitate our customers in obtaining Marine Insurance, A Marine Cover Note Issuance Web Access & Android Application has already been developed. This Web Access facilitates our customers to get marine insurance through hassle free process.

During the year, Internet Protocol Phone (IP Phone System) was implemented throughout the Company whereby all officials in Head Office and Zone/Branches are now connected with each other through IP lines rather than traditional telephone line. This facility will save the time of employees to connect with each other and will also decrease the future expenses of the Company as IP Phones are cheaper source of communication as compared to traditional phone lines.

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 on IT related expense including capital expenditure Rs. 71 million which shows the commitment of the Company to equip itself with modern IT tools, software along with communication tools in order 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 2019

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 organizations.

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, 2019 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, 2019, 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. A. F. Ferguson & 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, 2019.

- The Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements under the listing regulations and will therefore accordingly be discussed in the Committee meeting following the receipt of the management letter.
- The Committee held independent meeting with the external auditors during the year without the presence of the management.
- The Audit firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The statutory auditors have indicated their willingness to continue as auditors.
- Being eligible for reappointment under listing regulations, the Board Audit Committee recommends the reappointment of M/s. A. F. Ferguson & Co., as statutory auditors for the financial year ending December 31, 2020 on terms approved by the Board of Directors.



Aryn Currimbhoy
Chairman, Board Audit Committee

Karachi: 03 February, 2020

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 2019

الحمد لله رب العالمين والصلوة والسلام على سيد الأنبياء والمرسلين وبعد

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 2019.

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, and 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 2019 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 & Participant Takaful Fund into Shariah Compliant Investment avenues only, including Islamic Banks, Islamic Funds and Shariah Compliant Equities, with prior Shariah approvals. Further, all bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) with Shariah Advisor's prior 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. 75,823/- and Rs. 115,665/- from OTF and PTF respectively, has been realized and disbursed as Charity amount through dividend income purification process, with prior Shariah approval.

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 operations.

"And Allah Knows Best"



Mufti Zeeshan Abdul Aziz
Shariah Advisor
Date: 29 January, 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Jubilee General Insurance Company Limited

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

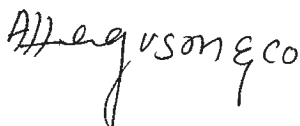
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Code of Corporate Governance for Insurers, 2016 (both herein referred to as 'the Regulations') prepared by the Board of Directors of Jubilee General Insurance Company Limited ('the Company') for the year ended December 31, 2019 in accordance with the requirements of regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and provision Ixxviii of the Code of Corporate Governance for Insurers, 2016.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal 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 December 31, 2019.



A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: 10 February, 2020

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AND THE **CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016**

For the year ended 31 December 2019

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

The Company has complied with the requirements of 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). The composition of the Board is as follows:

Category	Names
Independent Director	Amyr Currimbhoy
Executive Director	Tahir Ahmed
Non-Executive Directors	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.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies in which each one of them is a director).
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. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.
7. All powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act), the Code and the Regulations.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act, the Code and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
9. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
10. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
11. All the Directors have either attended the orientation course or have been provided appropriate 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

Towfiq H. Chinoy

Akbarali Pesnani

Zakir Mahmood

John Joseph Metcalf

Amyr Currimbhoy

Tahir Ahmed

Executive

Fahad Alam - Company Secretary

12. The Board has approved appointment of the Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Code and the Regulations.
13. 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.
14. Chief Executive Officer (CEO) and CFO duly endorsed the financial statements before approval of the Board.
15. The directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
16. The Company has complied with all the corporate and financial reporting requirements of the Code.

17. The Board has formed the following Management Committees:

Underwriting Committee:

Name of Member	Category
Tahir Ahmed	Chairman
Hassan Khan	Member
Syed Imran Rabbani	Member
Karim Merchant	Member
Azfar Arshad	Secretary

Claim Settlement Committee:

Name of Member	Category
Tahir Ahmed	Chairman
Nawaid Jamal	Member
Uzair Mirza	Member
Syed Imran Rabbani	Secretary

Reinsurance & Co-insurance Committee:

Name of Member	Category
Tahir Ahmed	Chairman
Hassan Khan	Member
Mohammad Nadeem Irshad	Member
Mohammad Safdar	Secretary

Risk Management & Compliance Committee:

Name of Member	Category
Tahir Ahmed	Chairman
Hassan Khan	Member
Azfar Arshad	Member
Nawaid Jamal	Member
Mohammad Safdar	Member
Uzair Mirza	Member
Mohammad Nadeem Irshad	Member
Azfar Sabih	Member
Imran Mughal	Secretary

Takaful Committee:

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

18. The Board has formed committees comprising of members given below:

Human Resource, Remuneration & Nomination Committee:

Name of Member	Category
Amyr Currimbhoy	Chairman (Independent Director)
John Joseph Metcalf	Member (Non-Executive Director)
Amin A. Hashwani	Member (Non-Executive Director)
Tahir Ahmed	Member (Executive Director)

Investment Committee:

Name of Member	Category
Akbarali Pesnani	Chairman (Non-Executive Director)
John Joseph Metcalf	Member (Non-Executive Director)
R. Zakir Mahmood	Member (Non-Executive Director)
Tahir Ahmed	Member (Executive Director)
Nawaid Jamal	Member (Chief Financial Officer)

Risk Committee:

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

Audit Committee

The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors. 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 Director)
Akbarali Pesnani	Member (Non-Executive Director)
John Joseph Metcalf	Member (Non-Executive Director)

19. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
20. The frequency of meetings of the committees were as per following:
- a) Audit Committee: quarterly meetings;
 - b) Human Resource, Remuneration & Nomination Committee: half yearly;
 - c) Investment Committee: quarterly meetings; and
 - d) Risk Committee: quarterly meetings.
21. The Board has set up an effective internal audit function who 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.
22. The Chief Executive Officer, Chief Financial Officer, Chief 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 and grievance functions / departments possess qualification and experience of direct relevance to their respective functions as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000).

Name of Persons	Category
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
Syed Imran Rabbani	Head of Claims
Mohammad Safdar	Head of Reinsurance
Imran Mughal	Head of Risk Management
Uzair Mirza	Head of Financial Lines (including Grievance)
Tariq Mushtaq	Head of Underwriting

23. 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 the Company 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 and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan, that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the CEO, CFO, Head of Internal Audit, Company Secretary or Directors of the Company and that they or any partners of the firm, their spouses and minor children do not hold shares of the Company.
24. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations, the Code or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

- 25. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
- 26. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code.
- 27. The Company has set up a risk management function / department, which carries out its tasks as covered under the Code.
- 28. The Board ensures that as part of the risk management system, the Company gets 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+	06 December 2019
PACRA – Pakistan	AA+	31 May 2019
VIS - Pakistan	AA+	31 December 2019

- 29. The Board has set up a grievance function, which fully complies with the requirements of the Code.
- 30. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
- 31. We confirm that all other material principles contained in the Code have been complied with.

By Order of the Board



HASSAN KHAN
 Managing Director & Chief Executive
 Karachi: 04 February, 2020



AMYN CURRIMBHOY
 Director

STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

For the year ended 31 December 2019

The financial arrangements, contracts and transactions, entered into by Jubilee General Insurance Company Limited - Window Takaful Operations ('the Company') for the year ended 31 December 2019 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 sensitization 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 polices approved by Shariah Advisor; and
- The assets and liabilities of Window takaful Operations (Participant Takaful Fund and Operator's Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

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



HASSAN KHAN

Managing Director & Chief Executive

Karachi: 04 February, 2020

INDEPENDENT ASSURANCE REPORT ON THE STATEMENT OF MANAGEMENT'S ASSESSMENT OF COMPLIANCE WITH **THE SHARIA'H PRINCIPLES**

TO THE BOARD OF DIRECTORS OF JUBILEE GENERAL INSURANCE COMPANY LIMITED

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 December 31, 2019, with the Takaful Rules, 2012, in the form of an independent limited assurance conclusion about whether the annexed statement reflects the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Sharia'h scholars.

Applicable Criteria

The criteria for the assurance engagement against which the annexed statement has been assessed comprises of the Takaful Rules, 2012, issued by the Securities and Exchange Commission of Pakistan (SECP).

Management's Responsibility for Sharia'h Compliance

The management of the Company is responsible for preparation of the annexed statement that is free from material misstatement.

This responsibility includes 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.

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 Standards 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.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5, Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

Our responsibility and summary of the work performed

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements 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 limited assurance about whether the annexed statements reflect the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

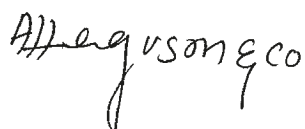
The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations' compliance with the 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. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with the Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with the 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.

In this connection, we have also reviewed the work carried out by the Internal Sharia'h Compliance Department and the Sharia'h reviews carried out by the Internal Sharia'h Compliance Department. We have designed and performed necessary verification procedures on various financial arrangements, contracts, classes of transactions and related policies and procedures based on judgmental and systematic samples with regard to the compliance with the Takaful Rules, 2012 and Sharia'h guidelines issued by the Sharia'h Advisor of the Company. In performing our audit procedures necessary guidance on Sharia'h matters was provided by independent Sharia'h scholars referred above.

We believe that the evidences we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the annexed statement does not reflect the Company's status of compliance, in all material respects, with the Takaful Rules, 2012 for the year ended December 31, 2019.



A. F. Ferguson & Co.

Chartered Accountants

Engagement Partner: Noman Abbas Sheikh

Dated: 10 February, 2020

Karachi



FINANCIAL

Statements

THE FEATHERS OF GLORY

INDEPENDENT AUDITOR'S 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 (the Company), which comprise the statement of financial position as at December 31, 2019, 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 December 31, 2019 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	<p>Valuation of investments</p> <p>(Refer notes 9, 10 and 11 of the annexed financial statements)</p>	
	<p>The investments of Rs 12,372.180 million as at December 31, 2019 held by the Company constitute a significant component of total assets of the Company.</p> <p>The proper valuation of investments portfolio of the Company as at December 31, 2019 was considered a significant area and therefore, we considered this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Tested the design and operating effectiveness of the key controls for valuation of investments. Checked that investments were valued appropriately in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
 State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
 Tel: +92 (21) 32426682-6/32426711-5, Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

S. No.	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • Checked that net unrealized gains / losses arising on the subsequent measurement of investments were appropriately accounted for in the financial statements. • Evaluated the Company's assessment of available-for-sale investments for any additional impairment in accordance with the accounting and reporting standards as applicable in Pakistan and performed an independent assessment of the assumptions and conclusions. • Obtained independent confirmations for verifying the existence of the investment portfolio as at December 31, 2019 and reconciled them with the books and records of the Company. • Checked the relevant presentation and disclosures made in the financial statements to determine whether these are complied with the accounting and reporting standards as applicable in Pakistan.
2	<p>Valuation of Incurred But Not Reported (IBNR) claims reserves</p> <p>(Refer notes 3.17 and 27 of the annexed financial statements)</p>	
	<p>As at December 31, 2019, provision for IBNR amounted to Rs 269.638 million.</p> <p>The provision for IBNR claims is determined by the Company as required under circular No. 9 of 2016 issued by the Securities and Exchange Commission of Pakistan (SECP). As per the SECP circular No. 9 of 2016, an insurer shall estimate and maintain the provision for IBNR for each class of business by using the prescribed method which is "Chain Ladder Method" or any other alternate method as allowed under the provisions of the Guidelines.</p> <p>The determination of provision for IBNR claims involves estimation and judgment. Because of the significance of the impact of these judgments / estimations, we considered the area of IBNR as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Tested the design and operating effectiveness of key controls over the measurement and calculation of IBNR reserves and evaluated the appropriateness of methodologies and assumptions used. • Tested the completeness, accuracy and reliability of the underlying data utilized by the management, to support the actuarial valuation. • Involved an independent actuarial expert to review the assumptions and assess the reasonableness of the assumptions used therein. • Reviewed the adequacy of IBNR reserves and assessed internal consistency and reasonableness of basic actuarial figures with prior year. • Considered whether the Company's disclosures in relation to the valuation of IBNR reserves are compliant with the relevant accounting and reporting requirements.

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

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

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

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

Auditor's 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

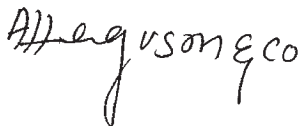
Based on our audit, we further report that in our opinion:

- 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.

Other Matter

The financial statements of the Company for the year ended December 31, 2018 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated February 05, 2019.

The engagement partner on the audit resulting in this independent auditor's report is Noman Abbas Sheikh.



A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: February 10, 2020

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

		2019	2018
	Note	.....(Rupees in '000).....	
Assets			
Property and equipment	5	191,199	173,500
Intangible assets	6	51,343	68,492
Investment properties	7	651,142	656,871
Investments in associates	8	826,582	769,210
Investments			
Equity securities	9	4,865,054	5,105,119
Debt securities	10	7,337,530	5,521,901
Term deposits	11	169,596	131,696
Loans and other receivables	12	263,607	147,500
Insurance / reinsurance receivables	13	1,304,973	1,718,328
Reinsurance recoveries against outstanding claims		2,948,397	3,029,644
Salvage recoveries accrued		30,515	27,150
Deferred commission expense / acquisition cost	28	247,849	280,970
Prepayments	15	1,642,905	1,691,595
Cash and bank	16	1,148,951	1,669,039
Total assets of Window Takaful Operations - Operator's Fund	17	409,281	322,137
Total Assets		22,088,924	21,313,152



Towfiq H. Chinoy
Chairman



Hassan Khan
Chief Executive

		2019	2018
	Note	.....(Rupees in '000).....	
Equity and Liabilities			
Capital and reserves attributable to the Company's equity holders			
Share capital	18	1,804,465	1,804,465
Reserves	19	5,721,041	5,038,172
Unappropriated profit		1,186,555	1,065,418
Total Equity		8,712,061	7,908,055
Liabilities			
Underwriting Provisions			
Outstanding claims including IBNR	27	4,240,397	4,362,199
Unearned premium reserves	26	3,556,851	3,533,063
Unearned reinsurance commission	28	117,594	102,536
Deferred taxation	20	296,709	209,388
Premium received in advance		386,996	196,109
Insurance / reinsurance payables	21	1,691,022	1,753,164
Other creditors and accruals	22	1,032,602	1,229,204
Deposits and other payables	23	1,582,179	1,616,174
Taxation - provision less payments	24	250,595	236,052
		13,154,945	13,237,889
Total liabilities of Window Takaful Operations - Operator's Fund	17	221,918	167,208
Total Liabilities		13,376,863	13,405,097
Total Equity and Liabilities		22,088,924	21,313,152
Contingencies and Commitments			
	25		

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



Amyn Currimbhoy
Director



Akbarali Pesnani
Director



Nawaid Jamal
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

		2019	2018
	Note	.....(Rupees in '000).....	
Net insurance premium	26	5,279,188	4,922,929
Net insurance claims	27	2,827,884	2,691,068
Net commission expense / acquisition cost	28	376,049	413,589
Insurance claims and acquisition expenses		3,203,933	3,104,657
Management expenses	29	1,702,929	1,606,545
Underwriting results		372,326	211,727
Investment income	30	949,909	1,019,544
Rental income	31	51,359	87,885
Other income	32	145,230	99,662
Other expenses	33	(53,298)	(70,017)
Results of operating activities		1,465,526	1,348,801
Share of profit of associates	8	134,701	200,066
Profit from Window Takaful Operations - Operator's Fund	17	124,789	82,411
Profit before tax		1,725,016	1,631,278
Taxation - net	34	(500,731)	(564,973)
Profit after tax		1,224,285	1,066,305
Earnings (after tax) per share - Rupees	35	6.78	5.91

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



Towfiq H. Chinoy
Chairman




Hassan Khan
Chief Executive



Aryn Currimbhoy
Director



Akbarali Pesnani
Director



Nawaid Jamal
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	.....(Rupees in '000).....	
Profit after tax	1,224,285	1,066,305
Other comprehensive income for the year		
Items that will never be reclassified to the profit and loss account in subsequent years		
Actuarial loss on defined benefit plan - net of tax	(11,072)	(20,617)
Share in other comprehensive income of an associate		
- Actuarial gain on defined benefit plan - net of tax	17	-
Items that may be reclassified to the profit and loss account in subsequent years		
Foreign currency translation difference - net of tax	9,944	-
Unrealised appreciation / (diminution) on revaluation of available-for-sale investments - net of tax	372,665	(549,263)
Reclassification adjustment for net gain on sale of available-for-sale investments included in the profit and loss account - net of tax	(73,183)	(193,784)
	299,482	(743,047)
Share in other comprehensive income of an associate		
- Unrealised (diminution) / appreciation on revaluation of available-for-sale investments - net of tax	(1,039)	546
- Foreign currency translation difference - net of tax	1,829	15,272
	790	15,818
Other comprehensive income of Window Takaful Operations - Operator's Fund	2,346	(1,588)
Other comprehensive income / (loss) for the year	301,507	(749,434)
Total comprehensive income for the year	1,525,792	316,871

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


Towfiq H. Chinoy
Chairman


Hassan Khan
Chief Executive


Aryn Currimbhoy
Director


Akbarali Pesnani
Director


Nawaid Jamal
Chief Financial Officer

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2019	2018
	.....(Rupees in '000).....	
Operating Cash flows		
(a) Underwriting activities		
Insurance premium received	9,971,343	9,281,146
Reinsurance premium paid	(4,082,807)	(3,594,158)
Claims paid	(3,489,678)	(3,996,825)
Reinsurance and other recoveries received	626,042	1,183,398
Commission paid	(768,327)	(713,032)
Commission received	336,501	289,543
Management expenses paid	(1,655,988)	(1,580,603)
Net cash flows generated from underwriting activities	937,086	869,469
(b) Other operating activities		
Income tax paid	(508,132)	(548,048)
General and administration expenses paid	(21,312)	(37,291)
Other operating payments	(1,141,321)	(1,001,432)
Other operating receipts	1,151,417	1,139,510
Loans advanced	(1,793)	(1,152)
Loan repayments received	1,348	1,118
Net cash flows used in other operating activities	(519,793)	(447,295)
Total cash flows generated from all operating activities	417,293	422,174
Investment activities		
Profit / return received	633,323	465,303
Dividends received	322,416	314,958
Rentals received - net of expenses	44,518	99,833
Payments for investments / investment property	(25,192,114)	(24,220,666)
Proceeds from investments	24,053,269	23,364,603
Fixed capital expenditure	(52,269)	(106,701)
Proceeds from sale of property and equipment	4,435	3,000
Total cash flows used in investing activities	(186,422)	(79,670)
Financing activities		
Dividends paid	(708,857)	(705,595)
Principal repayment of lease liabilities against right of use asset	(13,952)	-
Total cash flows used in financing activities	(722,809)	(705,595)
Net cash flows used in all activities	(491,938)	(363,091)
Cash and cash equivalents at the beginning of the year	1,691,215	2,054,306
Cash and cash equivalents at the end of the year	1,199,277	1,691,215

	2019	2018
.....(Rupees in '000).....		
Reconciliation to the Profit and Loss Account		
Operating cash flows	417,293	422,174
Depreciation / amortisation expense	(84,875)	(57,798)
Loss on disposal of property and equipment	(4,097)	(2,507)
Unrealised appreciation / (diminution) on revaluation of investments classified as at fair value through profit or loss	11,487	(90,851)
Profit on disposal of investments	148,342	439,752
Rental income	51,359	87,885
Dividend income	317,939	315,383
Other investment income	604,894	435,574
Share of profit of associates	134,701	200,066
Profit from Window Takaful Operations - Operator's Fund	88,600	58,512
Actuarial loss on defined benefit plan	15,594	29,038
(Decrease) / increase in assets other than cash	(628,091)	1,513,699
Decrease / (increase) in liabilities other than borrowings	151,139	(2,284,622)
Profit after tax	1,224,285	1,066,305
Cash for the purposes of the Statement of Cash Flows comprises of:		
Cash and other equivalents		
Cash in hand	149	99
Policy and revenue stamps, bond papers	4,784	4,594
	4,933	4,693
Cash at bank		
Current accounts	69,664	185,075
Savings accounts	1,074,354	1,479,271
	1,144,018	1,664,346
Deposits having original maturity within 3 months		
Term deposits - foreign currency	50,326	22,176
	1,199,277	1,691,215
Reconciliation of liabilities arising out of financing activities		
Unclaimed dividend as at January 1	99,141	82,950
Changes from financing activities		
Dividend paid	(708,857)	(705,595)
Others		
Final cash dividend for the year ended December 31, 2018 @ 40% (2017: 40%)	721,786	721,786
Unclaimed dividend as at December 31	112,070	99,141
Lease liability against right-of-use assets as at January 1	23,477	-
Changes from financing activities		
Principal repayment of lease liabilities against right of use asset	(13,952)	-
Others		
Additions during the year	12,228	-
Lease liability against right-of-use assets as at December 31	21,753	-

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



Towfiq H. Chinoy
Chairman



Hassan Khan
Chief Executive



Aryn Currimbhoy
Director



Akbarali Pesnani
Director



Nawaid Jamal
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

Share capital	Attributable to equity holders of the Company							Total
	Capital reserve		Revenue reserves					
	Reserve for exceptional losses	General reserve	Special reserve	Unrealised appreciation / (diminution) on revaluation of available-for-sale investments - net of tax	Foreign currency translation difference - net of tax	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 money ceded to waqf fund by an associate	

1,804,465	9,384	3,450,000	800,000	1,070,444	(2,316)	115,962	32	1,064,999	8,312,970
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Balance as at January 1, 2018

Changes in equity for the year ended December 31, 2018

Total comprehensive income for the year

Profit after tax	-	-	-	-	-	-	-	1,066,305	1,066,305
Ledger D balances	-	-	-	-	-	23,483	-	(23,483)	-
Other comprehensive income	-	-	-	-	-	-	-	(20,617)	(20,617)
Actuarial loss on defined benefit plan - net of tax	-	-	-	-	546	-	-	-	15,818
Share in other comprehensive income of an associate	-	-	-	-	-	-	-	-	-
Other comprehensive income of Window	-	-	-	-	(1,588)	-	-	-	(1,588)
Takaful Operations - Operator's Fund - net of tax	-	-	-	-	(549,263)	-	-	-	(549,263)
Unrealised diminution on revaluation of available-for-sale investments - net of tax	-	-	-	(193,784)	-	-	-	-	(193,784)
Reclassification adjustment for net gain on sale of available-for-sale investments included in the profit and loss account - net of tax	-	-	-	(744,089)	15,272	-	-	-	(588,817)
	-	-	-	-	-	23,483	-	1,022,205	316,871

Transactions with owners recorded

directly in equity

Final cash dividend at Rs 4 (40%) per share for the year ended December 31, 2017	-	-	-	-	-	-	-	(721,786)	(721,786)
Transfer to general reserve	-	100,000	-	-	-	-	-	(100,000)	-
Transfer to special reserve	-	-	200,000	-	-	-	-	(200,000)	-
	-	100,000	200,000	-	-	-	-	(1,021,786)	(721,786)

Balance as at December 31, 2018

1,804,465	9,384	3,550,000	1,000,000	326,355	12,956	139,445	32	1,065,418	7,908,055
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Attributable to equity holders of the Company									
Share capital	Revenue reserves								
	Capital reserve	General reserve	Special reserve	Unrealised appreciation / (diminution) on revaluation of available-for-sale investments - net of tax	Foreign currency translation difference - net of tax	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 money ceded to waqf fund by an associate	Unappropriated profit	Total
-	-	-	-	-	-	70,307	-	1,224,285	1,224,285
-	-	-	-	-	-	-	-	(70,307)	(70,307)
-	-	-	-	9,944	9,944	-	-	(11,072)	(11,072)
-	-	-	(1,039)	1,829	1,829	-	-	-	9,944
-	-	-	-	-	-	-	-	17	17
-	-	-	2,346	-	-	-	-	-	2,346
-	-	-	372,665	-	-	-	-	-	372,665
-	-	-	(73,183)	-	-	-	-	-	(73,183)
-	-	-	300,789	11,773	70,307	-	-	1,142,923	1,525,792
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(721,786)	(721,786)
-	-	100,000	-	-	-	-	-	(100,000)	-
-	-	200,000	-	-	-	-	-	(200,000)	-
-	-	100,000	200,000	-	-	-	-	(1,021,786)	(721,786)
1,804,465	9,384	3,650,000	1,200,000	627,144	24,729	209,752	32	1,186,555	8,712,061

Changes in equity for the year ended December 31, 2019

Total comprehensive income

Profit after tax
 Ledger D balance
Other comprehensive income
 Actuarial loss on defined benefit plan - net of tax
 Foreign currency translation difference - net of tax
 Share in other comprehensive income of an associate
 Other comprehensive income of Window
 Takaful Operations - Operator's Fund - net of tax
 Unrealised appreciation on revaluation of available-for-sale investments - net of tax
 Reclassification adjustment for net gain on sale of available-for-sale investments included in the profit and loss account - net of tax

Transactions with owners recorded directly in equity

Final cash dividend at Rs 4 (40%) per share for the year ended December 31, 2018
 Transfer to general reserve
 Transfer to special reserve

Balance as at December 31, 2019

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


 Towfiq H. Chinoy
 Chairman


 Hassan Khan
 Chief Executive


 Aryn Currimbhoy
 Director


 Akbarali Pesnani
 Director


 Nawaid Jamal
 Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

Jubilee General Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on May 16, 1953. The Company is listed on the Pakistan Stock Exchange Limited 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 March 10, 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations (WTO) in respect of general takaful products by the Securities and Exchange Commission of Pakistan (SECP) and subsequently the Company commenced Window Takaful Operations on May 7, 2015.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

These financial statements have been prepared in accordance with the 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 the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, 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 the Takaful Rules, 2012, shall prevail.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain investments which are carried at fair values and obligation in respect of staff retirement benefits which are carried at present value.

2.3 Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentational currency.

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

2.4.1 IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019) 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 has also carried forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 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 the effective date to remove from the profit and loss account 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 IFRS 9 until December 31, 2021.

For the companies adopting the temporary exemption, the IFRS 4 requires certain disclosures which have been disclosed as follows:

2.4.1.1 Temporary exemption from application of IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given in note 2.4.1.2 below.

2.4.1.2 Fair value of financial assets as at December 31, 2019 and change in the fair values during the year

	As at December 31, 2019	As at December 31, 2018	Change during the year
	(Rupees in '000)		
Financial assets with contractual cash flows that meet the SPPI criteria, excluding those held for trading			
Pakistan Investment Bonds - held to maturity	196,528	189,460	7,068
Debt securities - available-for-sale	7,135,103	6,896,351	238,752
Financial assets that do not meet the SPPI criteria			
Listed securities - available-for-sale	4,562,789	4,420,419	142,370

2.4.2 IFRS 16: 'Leases', became effective from annual period beginning on or after January 1, 2019. The impact of the adoption of IFRS 16 on the Company's financial statements is disclosed in note 3.1 below.

2.4.3 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore, have not been stated in these financial statements.

2.5 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 the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2020:

Standards, amendments or interpretations	Effective date (period beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2020
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2020

The management is in the process of assessing the impacts of above amendments on the financial statements of the Company.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or will not have any significant effect on the Company's operations and are therefore not stated in these 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 change in accounting policy as stated in note 3.1 below.

3.1 Effective January 1, 2019, the Company has adopted IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases-Incentive 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 recognises a right of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The accounting policies relating to Company's right-of-use assets and lease liability are disclosed in note 3.26.

The Company has adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from adoption of IFRS 16 are therefore recognised in the opening statement of financial position on January 1, 2019. The new accounting policies are disclosed in note 3.26 to these financial statements.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 13.38% as of January 1, 2019.

On adoption of IFRS 16, the Company has recognised lease liability amounting to Rs 23,477 thousands as at January 1, 2019 in respect of operating lease commitments of its rental premises amounting to Rs 26,611 thousands for the year ended December 31, 2018. The on-balance sheet recognition of leases previously accounted for as operating leases was most significantly impacted by adjustments as a result of different treatment of extension and termination options under IFRS 16.

	December 31, 2019	January 1, 2019
	.....(Rupees in '000).....	
Total lease liability recognised of which:		
Current	14,076	10,545
Non-current	7,677	12,932
	21,753	23,477

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at December 31, 2018.

	December 31, 2019	January 1, 2019
	.....(Rupees in '000).....	
The recognised right-of-use assets relate to the following type of assets:		
Land and buildings	26,960	29,460
Impact on the statement of financial position		
Increase in property and equipment (right-of-use assets)	26,960	29,460
Decrease in prepayments - prepaid rent	(7,046)	(5,983)
Increase in total assets	19,914	23,477
Increase in other creditors and accruals - lease liability against right-of-use assets	21,753	23,477
Increase in tax liabilities	(533)	-
Decrease in net assets	(1,306)	-

**For the year
ended
December 31,
2019**

(Rupees in '000)

Impact on the profit and loss account

Increase in management expenses - other expenses (lease liability against right-of-use assets)	(3,090)
(Increase) / decrease in management expenses:	
- Depreciation on right-of-use assets	(14,728)
- Rent expense	15,979
Decrease in profit before tax	(1,839)
Tax charge @ 29%	533
Decrease in profit after tax	(1,306)
Decrease in earnings (after tax) per share - Rupees	(0.01)

Practical Expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its arrangement made applying IAS 17 and Interpretation for determining whether an arrangement contains a Lease.

3.2 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged using the straight line method in accordance with the rates specified in note 5 to these financial statements and after taking into account residual values, if significant.

Depreciation on additions is charged from the month the assets are available for use, while no depreciation is charged in the month of disposal.

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. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. 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 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.

Intangible having indefinite useful life

These are stated at cost less impairment losses, if any.

Intangible having definite useful life

- a) These are stated at cost less accumulated amortisation and accumulated impairment losses, 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 in the month the asset is disposed of.

3.4 Investment property

Investment properties are accounted for under the cost model in accordance with the requirements of International Accounting Standard (IAS) 40, "Investment Property".

- Leasehold land is stated at cost.
- Buildings on leasehold land are depreciated to its estimated salvage value on straight line basis over its useful lives, which are estimated to be 40 - 80 years.
- Lifts and other installations forming part of buildings on leasehold land but having separate useful lives are depreciated at 10 years under the straight line method.

Depreciation, subsequent capital expenditure on existing properties and gains or losses on disposals are accounted for in the similar manner as those applicable to property and equipment (note 3.2).

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 compensates hospitalisation and out-patient medical coverage to the insured. These contracts are generally one year contracts.

f) Miscellaneous

All other types of insurance contracts 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, normal 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 / acquisition cost incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with the pattern of recognition of premium revenue.

3.7 Provision for unearned premium

Provision for unearned premium is calculated by applying twenty fourths' method, except accident and health insurance for which unearned premium is calculated by applying 365 days method.

3.8 Premium deficiency reserve

The Company is required as per the Insurance Accounting Regulations, 2017, 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 recognises the entitled benefits under the contracts as various reinsurance assets and liabilities. Reinsurance assets and liabilities are derecognised when contractual rights are extinguished or expired.

The deferred portion of reinsurance premium is recognised 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 losses, 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 provision in the 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 Accounting Regulations, 2017. 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 the purposes of statement of cash flows includes policy and revenue stamps, bond papers, cash at bank and term deposits having original maturity within 3 months.

3.13 Revenue Recognition

a) Premium

Premium including administrative surcharge under an insurance contract is recognised as written from the date of issuance of policy / cover note (i.e. the date of attachment of risk).

Revenue from premium is determined after taking into account the unearned portion of premium. The unearned portion of premium income is recognised as a liability (refer note 3.7).

Reinsurance premium is recognised as an 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 a revenue on a straight line basis over the period of the lease agreement.

d) Investment income

- Unrealised appreciation or diminution on revaluation of investments classified as available-for-sale is included in the statement of comprehensive income in the period to which it relates.
- Unrealised appreciation or diminution on revaluation of investments classified as at fair value through profit or loss is included in the profit and loss account in the period to which it relates.
- Gain or loss on sale of investments is accounted for in the profit and loss account in the period to which it relates.
- Dividend income is recognised when the Company's right to receive the dividend is established.
- Interest / mark-up on bank balances, term deposits and government securities is recognised on an accrual basis using the effective interest method.

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 includes 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:

- 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 At fair value through profit or loss**

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking.

Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in the profit and loss account for the period to which it relates.

3.14.2.2 Held to maturity

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

Subsequently, these are measured at amortised cost using the effective yield less provision for impairment losses, if any.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortised over the term of investment using the effective yield.

3.14.2.3 Available for sale

Investments which are not eligible to be classified as "at fair value through profit or loss" or "held to maturity" are classified as 'available-for-sale'.

Quoted

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on remeasurement of these investments are recognised in the statement of comprehensive income.

Unquoted

Unquoted investments are recognised at fair value less accumulated impairment losses, if any.

3.14.3 Fair value measurements

The fair value of investments in listed equity securities is determined by reference to the stock exchange's quoted market prices at the close of period end.

The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the Mutual Fund Association of Pakistan's website.

3.14.4 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 recognize the investor's share of the profit or 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.

3.14.5 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 financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position 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

Provisions are recognised in the statement of financial position 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 Provisions for outstanding claims including Incurred But Not Reported (IBNR)

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

Outstanding claims

This represents 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

This represents 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 the 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 the SECP circular no. 9 of 2016 dated March 9, 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 the prescribed method which is "Chain Ladder Method" or any other alternate method as allowed under the provisions of the Guidelines.

The actuarial valuation as at December 31, 2019 has been carried out by an 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 the statement of comprehensive income, in which case it is recognised in equity or in the statement of comprehensive income respectively.

Current tax

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

Deferred tax

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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 recognised in the statement of financial position 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 the statement of comprehensive income. The Company makes contributions to the plan on the basis of advice of its actuary.

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 the profit and loss account and actuarial gains / losses are recognised in the statement of comprehensive income as they occur and are not reclassified to the profit and loss account in subsequent periods.

The latest actuarial valuation of the Company's defined benefit plan was carried out as of December 31, 2019.

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 management assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

In the case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an objective evidence of impairment. In case of impairment of available-for-sale equity securities, the cumulative loss previously recognised in the statement of comprehensive income is removed therefrom and included in the profit and loss account. Impairment losses recognised in the profit and loss account on equity securities are only reversed when the equity securities are derecognised.

3.21 Dividend distribution and reserve appropriation

Dividend distribution and reserve appropriation are recognised when approved.

3.22 Management expenses

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

3.23 Foreign currency

3.23.1 Foreign currency transactions

Transactions in foreign currencies are translated to rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date.

Non-monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the date of initial recognition of the non-monetary assets / liabilities.

3.23.2 Foreign operations

The assets and liabilities of foreign operations (associate) are translated to rupees at exchange rates prevailing at the statement of financial position date. The results of foreign operations are translated at the average rates of exchange for the year.

3.23.3 Translation gains and losses

Translation gains and losses are taken to the profit and loss account, except those arising on translation of the net investment in foreign operations (associate) which are taken to the statement of comprehensive income under "Exchange Translation Reserve" until the disposal of the net investment, at which time these are recognised in the profit and loss account.

3.24 Financial instruments

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 are derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. 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 the profit and loss account in the period in which financial instrument is derecognised.

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 December 31, 2019.

3.26 Lease liability and right-of-use asset

The Company leases certain branches. Rental contracts are typically for a period of 3 years and may have extension options as described below. At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease term are negotiated on an individual basis and contain different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the period lease term and that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Company reassesses the reasonable certainty of exercising the extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the profit and loss account if the carrying amount of right-of-use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right-of-use asset is subsequently measured at cost model. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient of not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

3.27 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.28 Share capital

Ordinary shares are classified as equity and recognised at their face value.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

4.1 Use of estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- a) provision for unearned premium (notes 3.7 and 26);
- b) provision for receivables and payables related to insurance contracts (notes 3.10 and 13);
- c) provision for outstanding claims including IBNR (notes 3.17 and 27);
- d) premium deficiency reserve (note 3.8);
- e) defined benefit plan (notes 3.19.1 and 14);
- f) classification and impairment of investments (notes 3.14, 3.20, 9, 10 and 11);
- g) residual values and useful lives of property and equipment, intangible assets and investment property (notes 3.2, 3.3, 3.4, 5, 6 and 7);
- h) allocation of management expenses (notes 3.22 and 29);
- i) taxation (notes 3.18 and 34); and
- j) lease liability and right-of-use assets (notes 3.1, 3.26 and 5).

4.2 Change in accounting estimate

During the year, the estimated residual value of the tracker equipment has been reviewed and based on experience the estimated residual value has been revised from 15% to 10% 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 the profit and loss account in the period of the change. 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. 5,590 thousands and Rs. 3,969 thousands respectively.

5. PROPERTY AND EQUIPMENT

2019	Buildings	Furniture, fixtures and equipment				Sub total	Motor vehicles	Right-of-use assets	Total
		Furniture and fixtures	Office equipment	Tracker equipment	Computer equipment				
(Rupees in '000)									
As at January 1, 2019									
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 January 1, 2019	4,728	19,056	29,242	85,123	26,149	159,570	9,202	-	173,500
For the year ended December 31, 2019									
Opening net book value	4,728	19,056	29,242	85,123	26,149	159,570	9,202	-	173,500
Adoption of IFRS 16 (note 3.1)	-	-	-	-	-	-	-	29,460	29,460
Additions	-	20,004	23,486	2,900	4,001	50,391	1,878	12,228	64,497
Disposals									
- Cost	-	(5,573)	(6,826)	(28,477)	(2,053)	(42,929)	(3,268)	-	(46,197)
- Accumulated depreciation	-	4,128	4,580	25,534	1,538	35,780	1,885	-	37,665
Depreciation charge	(228)	(6,628)	(8,949)	(28,958)	(7,101)	(51,636)	(1,134)	(14,728)	(67,726)
Net book value as at December 31, 2019	4,500	30,987	41,533	56,122	22,534	151,176	8,563	26,960	191,199
As at December 31, 2019									
Cost	7,069	95,214	110,018	131,674	75,983	412,889	13,605	41,688	475,251
Accumulated depreciation	(2,569)	(64,227)	(68,485)	(75,552)	(53,449)	(261,713)	(5,042)	(14,728)	(284,052)
Net book value as at December 31, 2019	4,500	30,987	41,533	56,122	22,534	151,176	8,563	26,960	191,199
Annual rate of depreciation	3%	17%	17% - 25%	20%	25%		20%	33% - 40%	
(Rupees in '000)									
2018	Buildings	Furniture, fixtures and equipment				Sub total	Motor vehicles	Right-of-use assets	Total
		Furniture and fixtures	Office equipment	Tracker equipment	Computer equipment				
(Rupees in '000)									
As at January 1, 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 January 1, 2018	4,957	23,928	29,774	96,110	17,408	167,220	6,002	-	178,179
For the year ended December 31, 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
Depreciation charge	(229)	(4,928)	(7,143)	(26,983)	(5,709)	(44,763)	(830)	-	(45,822)
Net book value as at December 31, 2018	4,728	19,056	29,242	85,123	26,149	159,570	9,202	-	173,500
As at December 31, 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 December 31, 2018	4,728	19,056	29,242	85,123	26,149	159,570	9,202	-	173,500
Annual rate of depreciation	3%	17%	17% - 25%	20%	25%		20%	-	

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)							
Disposals having book value exceeding Rs. 50,000 individually							
Motor vehicles							
- Toyota Corolla - AXR-530	824	446	378	650	272	Negotiation	Mr. Ghulam Hussain
- Suzuki Highroof - CR-7066	437	262	175	150	(25)	Negotiation	Mr. Suleman
- Civic Vti Oriel - ASA-396	1,300	780	520	1,100	580	Auction	Mr. Aqeel (salvage buyer)
Office equipment							
- Split Airconditioner (16 units)	1,699	775	924	268	(656)	Negotiation	Mr. Saifullah Bangush
Disposals having book value not exceeding Rs. 50,000 individually							
Furniture and fixtures	5,573	4,128	1,445	1,059	(386)	Negotiation	Various
Office equipment	5,127	3,805	1,322	805	(517)	Negotiation	Various
Tracker equipment	28,477	25,534	2,943	6	(2,937)	Negotiation	Various
Computer equipment	2,053	1,538	515	329	(186)	Negotiation	Various
Motor vehicles	707	397	310	68	(242)	Negotiation	Various
2019	46,197	37,665	8,532	4,435	(4,097)		
2018	29,620	24,113	5,507	3,000	(2,507)		

6. INTANGIBLE ASSETS

	Cost			Amortisation			Written down value as at 31 December	Amortisation period		
	As at 1 January	Addition (Disposals)	Adjustment	As at 31 December	As at 1 January	For the year			Adjustment	As at 31 December
Computer Software - 2019	110,848	-	-	110,848	42,356	17,149	-	59,505	51,343	5 years
Computer Software - 2018	74,205	60,051 (23,408)	-	110,848	53,788	11,976 (23,408)	-	42,356	68,492	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. 50,000							
2019	-	-	-	-	-		
2018	23,408	23,408	-	-	-		

7. INVESTMENT PROPERTIES

	2019							Written down value as at 31 December 2019	Useful life
	Cost			Depreciation					
	As at 01 January 2019	Transfer / (disposal)	As at 31 December 2019	As at 01 January 2019	For the year	As at 31 December 2019			
(Rupees in '000)									
Leasehold land	556,600	-	556,600	-	-	-	556,600		
Buildings on leasehold land	125,563	-	125,563	37,124	3,450	40,574	84,989	40-80 years	
Lifts and other installations	36,564	-	36,564	24,732	2,279	27,011	9,553	10 years	
	718,727	-	718,727	61,856	5,729	67,585	651,142		

	2018						Written down value as at 31 December 2018	Useful life
	Cost			Depreciation				
	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	
Buildings 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>	

7.1 The market value of investment properties as per the valuations carried out by professional valuers, M/s MYK Associates (Private) Limited and Consultancy Support & Services, as at December 31, 2019 is Rs. 3,453,729 thousands (2018: Rs. 2,988,078 thousands based on the valuation carried out in 2017).

8. INVESTMENTS IN ASSOCIATES

2019	2018	Face value per share (Rupees)	Note	2019	2018
Number of shares				(Rupees in '000)	
5,101,448	5,101,448	10	Quoted Jubilee Life Insurance Company Limited (JLICL) (Chief Executive Officer - Javed Ahmed)	679,026	642,605
29,250,000	29,250,000	1	(KGS) Unquoted Jubilee Kyrgyzstan Insurance Company Limited (JKIC) (incorporated in Kyrgyzstan) (Chief Executive Officer: Khagai V.I.)	147,556	126,605
				<u>826,582</u>	<u>769,210</u>

8.1 JLICL is engaged in the business of life insurance. The market value of investment is Rs. 2,040,579 thousands (2018: Rs. 2,541,541 thousands) and percentage of holding in associate is 6.43% (2018: 6.43%).

8.2 JKIC is a closed joint stock company and is engaged in the business of life and non-life insurance. The break-value of investment is Rs. 4.85 (2018: Rs. 4.13) per share and percentage of holding in associate is 19.5% (2018: 19.5%). The Company assessed the recoverable amount of investment in JKIC based on value-in-use calculation. Based on the valuation, the recoverable amount exceeds the carrying amount and accordingly, no impairment has been recognised in respect of JKIC for the year ended December 31, 2019 (2018: Rs. Nil).

8.3 Movement of investment in associates is as follows:

	JLICL		JKIC		Total	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Opening balance	642,605	541,858	126,605	96,942	769,210	638,800
Share of profit of associates	124,560	190,149	10,141	9,917	134,701	200,066
Dividend received	(89,276)	(89,275)	(3,197)	(2,659)	(92,473)	(91,934)
Foreign currency translation difference - net	2,576	(896)	14,007	22,405	16,583	21,509
Net unrealised (diminution) / appreciation on revaluation of available-for-sale investments	(1,463)	769	-	-	(1,463)	769
Actuarial gain on defined benefit plan	24	-	-	-	24	-
Closing balance	<u>679,026</u>	<u>642,605</u>	<u>147,556</u>	<u>126,605</u>	<u>826,582</u>	<u>769,210</u>

8.4 Following is the summarised financial information of JLICL and JKIC:

	JLICL		JKIC	
	30 September 2019	30 September 2018	31 December 2019	31 December 2018
	(Note 8.4.1)		(Note 8.4.2)	
	(Rupees in '000)			
For the twelve months period / year ended				
Revenue	35,339,470	36,026,493	280,719	204,430
Profit after tax	1,559,133	2,035,957	52,011	50,856
Share of profit of associates	124,560	190,149	10,141	9,917
Share of other comprehensive income	1,137	(127)	14,007	22,405
As at				
Total assets	151,688,551	137,154,653	1,037,503	797,030
Total liabilities	141,128,277	127,160,799	307,531	178,184
Net assets	10,560,274	9,993,854	729,972	618,846
Share of net assets	679,026	642,605	142,344	120,675
Fair value of consideration net of exchange translation	-	-	5,212	5,930
Carrying value of investment	679,026	642,605	147,556	126,605

8.4.1 The annual financial statements of JLICL have not been published till the date of authorisation of the financial statements of the Company. Therefore, the above information has been summarised based on the most recent available unaudited condensed interim financial statements of JLICL for the period ended September 30, 2019 (2018: September 30, 2018).

8.4.2 The above information has been summarised based on the most recent available audited financial statements of JKIC for the year ended December 31, 2019. The functional and presentational currency of JKIC is Kyrgyz Som (KGS).

9. INVESTMENTS IN EQUITY SECURITIES

Note	2019			2018			
	Cost	Impairment / provision for the year	Carrying value	Cost	Impairment / provision for the year	Carrying value	
Available-for-sale							
(Rupees in '000)							
Related parties							
Mutual funds	9.1.1.1	1,268	-	5,761	1,268	-	5,462
Listed shares	9.1.1.2	620,975	-	672,183	620,975	-	514,322
		622,243	-	677,944	622,243	-	519,784
Others							
Listed shares / certificates	9.1.2.1	3,143,332	189,573	3,890,606	3,363,553	27,032	3,894,033
Unlisted shares							
- Matiari Sugar Mills Limited [951,665 shares (2018: 951,665 shares)]							
Name of CEO: Syed Shafqat Ali Shah							
Break-up value: Rs. 47.63 (2018: Rs. 50.80)		2,500	-	2,500	2,500	-	2,500
Mutual funds	9.1.2.2	-	-	-	143,075	-	180,233
		3,145,832	189,573	3,893,106	3,509,128	27,032	4,076,766
At fair value through profit or loss							
Listed shares	9.2	282,515	-	294,004	599,418	-	508,569
		282,515	-	294,004	599,418	-	508,569
		4,050,590	189,573	4,865,054	4,730,789	27,032	5,105,119

9.1 Investments - Available-for-sale

9.1.1 Related parties

9.1.1.1 Mutual funds

Name of Fund	Number of units		2019		2018	
	2019	2018	Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)						
HBL Growth Fund Class B	142,500	142,500	457	2,719	457	2,423
HBL Investment Fund Class B	100,379	100,379	107	1,000	107	892
HBL Growth Fund Class A	142,500	142,500	607	1,630	607	1,639
HBL Investment Fund Class A	100,379	100,379	97	412	97	508
			1,268	5,761	1,268	5,462

9.1.1.2 Listed shares

Name of Investee Company	Number of shares		2019		2018	
	2019	2018	Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)						
Commercial Banks						
Habib Bank Limited	4,270,000	4,270,000	620,975	672,183	620,975	514,322

9.1.2 Others

9.1.2.1 Listed shares / certificates

Name of Investee Company	Number of shares		2019		2018	
	2019	2018	Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)						
Modarabas						
Orix Modaraba	1,297,972	1,297,972	8,839	21,754	8,839	22,390
First Habib Modaraba	2,000,000	2,000,000	11,345	19,380	11,345	20,900
			20,184	41,134	20,184	43,290
Leasing Companies						
Orix Leasing Pakistan Limited	434,787	434,787	2,300	11,413	2,300	11,409
Commercial Banks						
Bank Al Habib Limited	962,500	1,187,500	33,904	73,304	41,830	81,688
National Bank of Pakistan	1,640,000	1,640,000	47,478	71,012	93,514	68,929
United Bank Limited	3,296,500	2,946,500	490,689	542,274	440,091	361,359
Bank Alfalah Limited	5,000,000	4,733,400	177,898	228,500	164,060	192,129
Faysal Bank Limited	172,500	172,500	2,649	3,281	2,649	4,152
Habib Metropolitan Bank Limited	475,000	475,000	15,581	17,266	15,581	21,760
MCB Bank Limited	643,500	643,500	129,744	131,879	129,744	124,562
Allied Bank Limited	585,000	585,000	56,043	55,926	56,043	62,870
			953,986	1,123,442	943,512	917,449
Textile Composite						
Nishat Mills Limited	633,389	608,389	56,898	67,228	54,574	76,979
Textile Spinning						
Service Textiles Industries Limited	199,420	199,420	100	1,845	100	1,994
Automobile Parts & Accessories						
Thal Limited	238,239	238,239	12,228	80,580	12,228	101,885
Insurance						
Adamjee Insurance Company Limited	925,000	925,000	48,454	38,933	48,454	38,869

Name of Investee Company	Number of shares		2019		2018	
	2019	2018	Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)						
Cement						
Fauji Cement Company Limited	2,200,000	2,200,000	43,821	34,232	43,822	46,046
Maple Leaf Cement Factory Limited	100,000	-	2,299	2,314	-	-
Pioneer Cement Limited	420,300	420,300	8,040	12,815	19,695	17,615
D. G. Khan Cement Company Limited	525,000	450,000	53,094	38,992	47,479	36,068
Lucky Cement Limited	177,650	137,650	90,052	76,105	74,924	59,832
			197,306	164,458	185,920	159,561
Power Generation & Distribution						
Hub Power Company Limited	3,900,000	3,915,000	234,430	364,065	240,120	335,868
Kot Addu Power Company Limited	4,950,000	6,192,000	220,422	156,074	283,154	306,814
K-Electric Limited	2,300,000	2,300,000	15,076	10,051	15,076	13,662
			469,928	530,190	538,350	656,344
Oil & Gas Marketing Companies						
Attock Petroleum Limited	246,840	246,240	107,085	91,281	106,860	106,248
Pakistan State Oil Company Limited	320,400	135,805	36,849	61,401	34,223	56,808
			143,934	152,682	141,083	163,056
Oil & Gas Exploration Companies						
Pakistan Oilfields Limited	340,000	362,200	129,403	151,885	137,852	153,870
Pakistan Petroleum Limited	850,000	929,750	86,177	116,569	111,803	139,146
Oil & Gas Development Company Limited	1,500,000	1,478,000	212,763	213,480	210,067	189,184
Mari Petroleum Company Limited	56,918	51,744	71,771	74,568	71,771	63,948
			500,114	556,502	531,493	546,148
Engineering						
International Industries Limited	1,920,284	1,772,700	53,205	212,844	54,028	273,084
Mughal Iron & Steels Industries Limited	935,000	935,000	23,525	38,307	48,807	37,821
Amreli Steels Limited	850,000	800,000	18,539	30,702	53,443	38,304
			95,269	281,853	156,278	349,209
Automobile Assembler						
Millat Tractors Limited	149,000	165,500	14,462	104,959	18,072	137,694
Technology & Communication						
Pakistan Telecommunication Company Limited	10,006,500	10,006,500	69,045	93,661	127,691	96,162
Fertilizer						
Fauji Fertilizer Company Limited	1,575,000	1,700,000	150,132	159,815	162,047	157,845
Fauji Fertilizer Bin Qasim Limited	200,000	200,000	7,930	3,904	7,929	7,454
Engro Corporation Limited	675,000	630,000	145,571	233,044	147,314	183,380
Engro Fertilizers Limited	2,695,000	2,675,000	201,142	197,894	200,186	184,709
			504,775	594,657	517,476	533,388
Food & Personal Care Products						
Al Shaheer Corporation Limited	973,500	973,500	22,715	13,756	22,715	23,296
Cable & Electrical Goods						
Pak Elektron Limited	700,000	700,000	11,788	18,949	23,253	17,430
Miscellaneous						
TPL Properties Limited	2,394,000	2,394,000	19,846	14,364	19,870	19,870
			3,143,332	3,890,606	3,363,553	3,894,033

9.1.2.2 Mutual funds

Name of Fund	Number of units		2019		2018	
	2019	2018	Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)						
UBL Stock Advantage Fund	-	2,927,768	-	-	143,075	180,233

9.2 Investment at fair value through profit and Loss

9.2.1 Listed shares

Name of Investee Company	Number of shares		2019		2018	
	2019	2018	Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)						
Fertilizer						
Engro Corporation Limited	100,000	240,000	26,512	34,525	72,503	69,859
Engro Fertilizers Limited	-	200,000	-	-	15,191	13,810
Fauji Fertilizer Bin Qasim Limited	100,000	-	1,876	1,952	-	-
			28,388	36,477	87,694	83,669
Power Generation & Distribution						
K-Electric Limited	600,000	961,500	3,564	2,622	5,801	5,711
Commercial Banks						
MCB Bank Limited	100,000	178,000	19,248	20,494	33,767	34,455
Bank Alfalah Limited	350,000	398,450	15,928	15,995	18,421	16,173
United Bank Limited	286,900	585,000	38,946	47,195	88,141	71,744
Allied Bank Limited	29,100	-	2,822	2,782	-	-
Bank Al Habib Limited	200,000	-	15,353	15,232	-	-
			92,297	101,698	140,329	122,372
Textile Composite						
Nishat Mills Limited	77,500	234,800	8,589	8,226	32,857	29,709
Food & Personal Care Products						
FrieslandCampina Engro Pakistan Limited	25,000	50,000	1,971	1,983	3,779	3,987
Al Shaheer Corporation Limited	97,000	200,000	2,321	1,371	5,299	4,786
			4,292	3,354	9,078	8,773
Cement						
D.G. Khan Cement Company Limited	200,000	422,300	15,450	14,854	47,137	33,847
Maple Leaf Cement Limited	375,000	412,000	10,815	8,678	15,707	16,748
Lucky Cement Limited	50,000	56,350	20,767	21,420	24,132	24,494
Pioneer Cement Limited	200,000	268,500	7,926	6,098	12,805	11,253
Kohat Cement Limited	37,800	37,800	3,211	2,926	3,092	3,211
			58,169	53,976	102,873	89,553
Refinery						
Attock Refinery Limited	90,000	-	10,266	10,052	-	-
Oil & Gas Marketing Companies						
Sui Northern Gas Pipelines Limited	50,000	150,000	3,854	3,809	11,565	11,561
Oil & Gas Exploration Companies						
Oil & Gas Development Company Limited	75,000	250,000	10,303	10,674	36,995	32,000
Pakistan Oilfields Limited	-	10,000	-	-	5,000	4,248
Pakistan Petroleum Limited	100,000	156,500	13,703	13,714	27,598	23,422
Pakistan State Oil Company Limited	65,000	110,000	12,163	12,457	25,941	24,797
			36,169	36,845	95,534	84,467
Engineering						
Aisha Steel Mills Limited	200,000	1,310,000	2,084	1,918	17,508	13,755
Crescent Steel & Allied Products Limited	45,000	148,500	2,500	2,494	13,158	8,251
Mughal Iron & Steels Industries Limited	-	300,000	-	-	16,758	12,135
Amreli Steels Limited	-	75,000	-	-	4,399	3,591
			4,584	4,412	51,823	37,732
Pharmaceuticals						
The Searle Company Limited	115,000	-	22,034	21,705	-	-
Automobile Assembler						
Honda Atlas Cars (Pakistan) Limited	-	50,000	-	-	18,592	8,827
Cable & Electrical Goods						
Pak Elektron Limited	400,000	1,052,000	10,309	10,828	43,272	26,195
			282,515	294,004	599,418	508,569

10. INVESTMENTS IN DEBT SECURITIES

	31 December 2019		31 December 2018		
	Cost	Carrying value	Cost	Carrying value	
Government securities	Note (Rupees in '000)				
Held to maturity					
Pakistan Investment Bonds	10.1.1	202,427	202,427	53,828	53,828
Treasury Bills	10.1.2	-	-	394,970	394,970
		<u>202,427</u>	<u>202,427</u>	<u>448,798</u>	<u>448,798</u>
Available-for-sale					
Pakistan Investment Bonds	10.2.1	2,857,447	2,942,566	-	-
Treasury Bills	10.2.2	4,195,839	4,192,537	5,075,307	5,073,103
		<u>7,053,286</u>	<u>7,135,103</u>	<u>5,075,307</u>	<u>5,073,103</u>
		<u>7,255,713</u>	<u>7,337,530</u>	<u>5,524,105</u>	<u>5,521,901</u>

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	2019		2018	
					Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)								
160,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	149,239	149,239	-	-
50,000,000	10	Semi annually	Pakistan Investment Bond - 20 years	20-01-2024	53,188	53,188	53,828	53,828
					<u>202,427</u>	<u>202,427</u>	<u>53,828</u>	<u>53,828</u>

10.1.1.1 The market value of these investments amounted to Rs 196,528 thousands (2018: Rs 45,050 thousands).

10.1.2 Treasury Bills

Face value (Rupees)	Profit rate %	Profit payment	Type of Security	Maturity date	2019		2018	
					Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)								
150,000,000	8.74	On maturity	Treasury Bills	03-01-2019	-	-	149,930	149,930
250,000,000	10.30	On maturity	Treasury Bills	14-03-2019	-	-	245,040	245,040
					<u>-</u>	<u>-</u>	<u>394,970</u>	<u>394,970</u>

10.1.2.1 The market value of these investments amounted to Rs Nil (2018: Rs 394,938 thousands).

10.1.3 Pakistan Investment Bonds with face value of Rs. 210,000 thousands (2018: Rs. 50,000 thousands) and Treasury Bills with face value of Rs. Nil (2018: Rs. 150,000 thousands) are placed with the State Bank of Pakistan under Section 29 of the Insurance Ordinance, 2000.

10.2 Government securities - available for sale

10.2.1 Pakistan Investment Bonds

Face value (Rupees)	Profit rate %	Profit payment	Type of Security	Maturity date	2019		2018		
					Cost	Carrying value	Cost	Carrying value	
..... (Rupees in '000)									
125,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	113,716	115,975	-	-	
100,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	91,375	92,780	-	-	
50,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	45,593	46,390	-	-	
75,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	68,244	69,585	-	-	
37,500,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	34,969	34,793	-	-	
50,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	45,842	46,390	-	-	
125,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	113,503	115,975	-	-	
56,200,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	52,566	52,142	-	-	
37,500,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	35,075	34,793	-	-	
100,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	91,747	92,780	-	-	
50,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	45,687	46,390	-	-	
100,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	93,469	92,780	-	-	
50,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	45,656	46,390	-	-	
50,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	45,625	46,390	-	-	
50,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	45,531	46,390	-	-	
100,000,000	9.00	Semi annually	Pakistan Investment Bond - 3 years	19-09-2022	93,826	93,750	-	-	
100,000,000	9.00	Semi annually	Pakistan Investment Bond - 3 years	19-09-2022	93,854	93,750	-	-	
50,000,000	9.00	Semi annually	Pakistan Investment Bond - 3 years	19-09-2022	46,818	46,875	-	-	
50,000,000	9.00	Semi annually	Pakistan Investment Bond - 3 years	19-09-2022	46,921	46,875	-	-	
100,000,000	9.00	Semi annually	Pakistan Investment Bond - 3 years	19-09-2022	93,853	93,750	-	-	
50,000,000	9.00	Semi annually	Pakistan Investment Bond - 3 years	19-09-2022	46,867	46,875	-	-	
150,000,000	9.00	Semi annually	Pakistan Investment Bond - 3 years	19-09-2022	137,060	140,625	-	-	
100,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	84,217	90,350	-	-	
75,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	63,211	67,763	-	-	
100,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	84,462	90,350	-	-	
100,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	84,945	90,350	-	-	
100,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	84,452	90,350	-	-	
150,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	126,472	135,525	-	-	
50,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	42,293	45,175	-	-	
50,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	42,170	45,175	-	-	
50,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	42,109	45,175	-	-	

Face value (Rupees)	Profit rate %	Profit payment	Type of Security	Maturity date	2019		2018	
					Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)								
75,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	63,734	67,763	-	-
200,000,000	9.50	Semi annually	Pakistan Investment Bond - 5 years	19-09-2024	186,049	188,980	-	-
75,000,000	9.50	Semi annually	Pakistan Investment Bond - 5 years	19-09-2024	70,530	70,868	-	-
100,000,000	9.50	Semi annually	Pakistan Investment Bond - 5 years	19-09-2024	89,958	94,490	-	-
75,000,000	9.50	Semi annually	Pakistan Investment Bond - 5 years	19-09-2024	69,602	70,868	-	-
37,500,000	8.75	Semi annually	Pakistan Investment Bond - 10 years	12-07-2028	29,258	32,903	-	-
37,500,000	8.75	Semi annually	Pakistan Investment Bond - 10 years	12-07-2028	28,704	32,903	-	-
50,000,000	10.00	Semi annually	Pakistan Investment Bond - 10 years	19-09-2029	46,314	47,045	-	-
50,000,000	10.00	Semi annually	Pakistan Investment Bond - 10 years	19-09-2029	43,971	47,045	-	-
50,000,000	10.00	Semi annually	Pakistan Investment Bond - 10 years	19-09-2029	47,199	47,045	-	-
					<u>2,857,447</u>	<u>2,942,566</u>	-	-

10.2.2 Treasury Bills

Face value (Rupees)	Profit rate %	Profit payment	Type of Security	Maturity date	2019		2018	
					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
200,000,000	13.64	On maturity	Treasury Bills	02-01-2020	199,928	199,927	-	-
150,000,000	13.45	On maturity	Treasury Bills	12-03-2020	146,192	146,184	-	-
250,000,000	13.45	On maturity	Treasury Bills	12-03-2020	243,656	243,640	-	-
165,000,000	13.45	On maturity	Treasury Bills	12-03-2020	160,856	160,802	-	-
500,000,000	13.84	On maturity	Treasury Bills	26-03-2020	484,937	484,870	-	-
178,000,000	14.16	On maturity	Treasury Bills	30-07-2020	165,236	165,274	-	-
230,000,000	14.25	On maturity	Treasury Bills	13-08-2020	212,340	212,572	-	-
200,000,000	13.85	On maturity	Treasury Bills	24-09-2020	182,366	182,328	-	-
200,000,000	13.85	On maturity	Treasury Bills	24-09-2020	182,343	182,328	-	-
150,000,000	13.85	On maturity	Treasury Bills	24-09-2020	136,732	136,746	-	-
350,000,000	13.85	On maturity	Treasury Bills	24-09-2020	319,339	319,074	-	-
100,000,000	13.85	On maturity	Treasury Bills	24-09-2020	91,098	91,164	-	-
500,000,000	13.85	On maturity	Treasury Bills	24-09-2020	455,731	455,820	-	-
400,000,000	13.42	On maturity	Treasury Bills	08-10-2020	363,535	363,025	-	-
450,000,000	12.71	On maturity	Treasury Bills	05-11-2020	407,019	404,799	-	-
250,000,000	13.05	On maturity	Treasury Bills	17-12-2020	222,239	221,992	-	-
250,000,000	13.05	On maturity	Treasury Bills	17-12-2020	222,292	221,992	-	-
					<u>4,195,839</u>	<u>4,192,537</u>	<u>5,075,307</u>	<u>5,073,103</u>

11. INVESTMENTS IN TERM DEPOSITS		2019	2018
Held to maturity	Note	.....(Rupees in '000).....	
Deposits maturing within 12 months			
Term deposits - local currency	11.1 & 11.2	26,360	26,360
Term deposits - foreign currency		143,236	105,336
	11.3	<u>169,596</u>	<u>131,696</u>

11.1 This includes sum of Rs. 1,360 thousands (2018: Rs. 1,360 thousands) placed under lien with commercial banks against bank guarantees.

11.2 This includes an amount of Rs. 25,000 thousands (2018: Rs. 25,000 thousands) held with a related party. Term deposit with related party carries profit rate of 11.50% (2018: 7.25%) per annum and having maturity of May 9, 2020.

11.3 Term deposits carry interest rates ranging from 1.25% to 11.39% (2018: 1.20% to 5%) per annum and having maturity upto July 17, 2020.

12. LOANS AND OTHER RECEIVABLES - Considered good		2019	2018
	Note	.....(Rupees in '000).....	
Rent receivable		-	691
Accrued investment income		120,052	10,728
Security deposit		28,928	23,803
Advance to supplier		68,378	88,101
Loans to employees		1,256	809
Sales tax recoverable		20,639	7,487
Medical claims recoverable		6,689	10,579
Receivable against sale of investments		9,985	-
Other receivable		7,680	5,302
		<u>263,607</u>	<u>147,500</u>

13. INSURANCE / RE-INSURANCE RECEIVABLES

Due from insurance contract holders	13.1	1,407,144	1,802,331
Less: provision for impairment of receivables from Insurance contract holders		(174,961)	(164,961)
Due from other insurers / reinsurers	13.2	89,790	97,958
Less: provision for impairment of due from other insurers / re-insurers		(17,000)	(17,000)
		<u>1,304,973</u>	<u>1,718,328</u>

13.1 This includes Rs. 129,663 thousands (2018: Rs. 116,447 thousands) receivable from related parties.

13.2 This includes Rs. Nil (2018: Rs. 8,147 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% (2018: 12.25%) per annum.
- Expected rate of increase in the salaries of the employees 12% (2018: 12.25%) per annum.
- Expected interest rate on plan assets 12.25% (2018: 8%) per annum.
- Average service length of the employees 10 years (2018: 9.8 years).

		2019	2018
	Note	.....(Rupees in '000).....	
14.1.1	Asset / (liability) appearing on the statement of financial position		
	Present value of defined benefit obligation	368,427	312,094
	Fair value of plan assets	(368,427)	(312,094)
		-	-
14.1.2	Movement in asset / (liability) during the year		
	Opening balance	-	-
	Charge to the profit and loss account	29,219	23,091
	Charge to the statement of comprehensive income	15,594	29,038
	Contributions to the fund during the year	(44,813)	(52,129)
	Closing balance	-	-
14.1.3	Reconciliation of the present value of the defined benefit obligations		
	As at January 1	312,094	248,408
	Current service costs	29,219	23,091
	Interest costs	37,592	19,446
	Benefits paid	(10,447)	(10,671)
	Actuarial (gain) / loss from changes in financial assumptions	(66)	720
	Experience adjustments	35	31,100
	As at December 31	368,427	312,094
14.1.4	Changes in the fair value of plan assets		
	As at January 1	312,094	248,408
	Interest income on plan assets	37,592	19,446
	Contribution to the Fund	44,813	52,129
	Benefits paid	(10,447)	(10,671)
	Return on plan assets, excluding interest income	(15,625)	2,782
	As at December 31	368,427	312,094
14.1.5	Charge to the profit and loss account		
	Current service costs	29,219	23,091
	Interest costs	37,592	19,446
	Interest income on plan assets	(37,592)	(19,446)
		29,219	23,091
14.1.6	Remeasurements recognised in the statement of comprehensive income during the year		
	Actuarial (gain) / loss from changes in financial assumptions	(66)	720
	Experience adjustments	35	31,100
	Return on plan assets, excluding interest income	15,625	(2,782)
		15,594	29,038

14.1.7 Composition of plan assets	2019		2018	
	Fair value (Rupees in '000)	Percentage	Fair value (Rupees in '000)	Percentage
Equity instruments	13,078	3.55	24,795	7.94
Government securities	280,282	76.08	227,000	72.73
Others	75,067	20.37	60,299	19.33
Total	368,427	100.00	312,094	100.00

14.1.8 Historical data	2019	2018	2017	2016	2015
	(Rupees in '000)				
Present value of defined benefit obligations	368,427	312,094	248,408	209,989	154,639
Fair value of plan assets	(368,427)	(312,094)	(248,408)	(209,989)	(154,639)
(Surplus) / deficit	-	-	-	-	-
Experience adjustments					
- Actuarial (gain) / loss on defined benefit obligation	35	31,100	17,431	(219)	4,106
- Actuarial gain / (loss) on plan assets	(15,625)	2,782	13,777	(8,902)	(10,832)

14.1.9 The estimated charge to the profit and loss account in respect of defined benefit plan for the year ending December 31, 2020 would be Rs. 33,208 thousands.

14.1.10 Sensitivity analysis on significant actuarial assumptions - Actuarial liability	2019	2018
	(Rupees in '000)	
Discount rate +1%	342,513	288,422
Discount rate -1%	395,317	336,295
Future salary increases +1%	395,332	336,308
Future salary increases -1%	342,054	288,007

14.1.12 Number of employees covered under the scheme	2019	2018
	(Number)	
Defined benefit plan	564	562

14.2 Defined contribution plan	2019	2018
	(Un-audited)	(Audited)
	(Rupees in '000)	
14.2.1 Provident fund trust		
Size of the fund	630,492	526,449
Cost of investments made	517,029	433,685
Percentage of investments made (based on fair value)	85%	96%
Fair value of investments	536,696	503,442

- 14.2.2** Investments out of the 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 value of investments is as follows:

	2019	2018
	(Un-audited)	(Audited)
	.....(Rupees in '000).....	
Listed shares / mutual funds	62,847	82,630
Government securities	473,849	420,812
	536,696	503,442

	2019	2018
	.....(Rupees in '000).....	
15. PREPAYMENTS		
Prepaid reinsurance premium ceded	1,618,960	1,669,551
Prepaid rent	9,100	9,326
Prepaid miscellaneous expenses	14,845	12,718
	1,642,905	1,691,595

		2019	2018
		.....(Rupees in '000).....	
16. CASH AND BANK			
Cash and cash equivalents			
- Cash in hand		149	99
- Policy and revenue stamps, bond papers		4,784	4,594
		4,933	4,693
Cash at bank			
- Current accounts		69,664	185,075
- Savings accounts	16.1	1,074,354	1,479,271
	16.2	1,144,018	1,664,346
		1,148,951	1,669,039

- 16.1** Savings accounts carry interest rates ranging from 10.28% to 13.25% (2018: 5.95% to 8.75%) per annum.

- 16.2** Cash at bank includes Rs. 787,032 thousands (2018: Rs. 166,903 thousands) held with related parties. Savings accounts with related parties carries profit rate of 10.28% and 11.25% (2018: 5.95%) per annum.

	2019	2018
	.....(Rupees in '000).....	
17. WINDOW TAKAFUL OPERATIONS - OPERATOR'S FUND		
Assets		
Cash and bank	193,740	170,203
Investments	71,035	35,944
Property and equipment and intangible assets	7,057	10,447
Other assets	137,449	105,543
Total assets	409,281	322,137
Total liabilities	221,918	167,208
Profit before tax	124,789	82,411

Details of assets and liabilities and segment information of Window Takaful Operations - Operator's Fund are stated in annexed financial statements for the year ended December 31, 2019.

18. SHARE CAPITAL

18.1 Authorised capital

2019	2018		2019	2018
(Number of shares in '000)			.....(Rupees in '000).....	
250,000	250,000	Ordinary shares of Rs. 10 each	2,500,000	2,500,000

18.2 Issued, subscribed and paid-up capital

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
180,447	180,447		1,804,465	1,804,465

Shares of the Company held by related parties amounted to Rs.1,302,051 thousands (130,205,118 shares of Rs. 10 each) [2018: Rs. 1,302,051 thousands (130,205,118 shares of Rs.10 each)].

19. RESERVES

Capital reserves

Reserve for exceptional losses

Revenue reserves

General reserve

Special reserve

Unrealised appreciation / (diminution) on revaluation of available-for-sale investments - net of tax

Foreign currency translation difference - net of tax

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 money ceded to waqf fund by an associate

2019	2018
.....(Rupees in '000).....	
9,384	9,384
3,650,000	3,550,000
1,200,000	1,000,000
627,144	326,355
24,729	12,956
209,752	139,445
32	32
5,721,041	5,038,172

19.1 In accordance with the requirements of Income Tax Act, 1922 which was applicable to insurance companies, the Company had set aside in prior years amounts up to 10 percent of premium earnings, net of reinsurances 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 up to the accounting year ended December 31, 1978. Accordingly, the Company has ceased to set aside such amounts, but has retained the reserve created up to December 31, 1978.

19.2 General reserve

Balance at the beginning of the year

Transfer from unappropriated profit

Balance at the end of the year

2019	2018
.....(Rupees in '000).....	
3,550,000	3,450,000
100,000	100,000
3,650,000	3,550,000

19.3 Special reserve

Balance at the beginning of the year

Transfer from unappropriated profit

Balance at the end of the year

1,000,000	800,000
200,000	200,000
1,200,000	1,000,000

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

20.	DEFERRED TAXATION - net		2019	2018
	Deferred tax liabilities / (assets) arising in respect of:	Note	.....(Rupees in '000).....	
	Accelerated tax depreciation		2,750	8,415
	Share of profit of associates		211,352	199,106
	Right-of-use assets - net		1,576	-
	Provision for doubtful debts		(55,669)	(52,769)
	Unrealised appreciation on revaluation of available-for-sale investments		(57,174)	(27,022)
	Other provisions		(45,877)	(36,538)
			<u>56,958</u>	<u>91,192</u>
	Foreign currency translation difference		9,282	5,220
	Unrealised appreciation on revaluation of available-for-sale investments		255,948	134,262
	Share in other comprehensive income of an associate		842	513
	Actuarial loss on defined benefit plan		(26,321)	(21,799)
			<u>239,751</u>	<u>118,196</u>
			<u>296,709</u>	<u>209,388</u>
21.	INSURANCE / REINSURANCE PAYABLES			
	Due to insurance contract holders		29,893	30,930
	Due to other insurers / reinsurers		1,661,129	1,722,234
			<u>1,691,022</u>	<u>1,753,164</u>
22.	OTHER CREDITORS AND ACCRUALS			
	Agent commission payable		521,183	625,139
	Federal excise duty / sales tax		58,283	150,430
	Federal insurance fee		3,981	3,302
	Sindh Workers' Welfare Fund		192,190	160,204
	Tax deducted at source		15,484	3,483
	Accrued expenses		22,690	52,741
	Claims payable - stale cheques		58,853	38,917
	Unpaid and unclaimed dividend		112,070	99,141
	Payable against purchase of investments		2,316	77,097
	Lease liability against right-of-use assets		21,753	-
	Others		23,799	18,750
			<u>1,032,602</u>	<u>1,229,204</u>
23.	DEPOSITS AND OTHER PAYABLES			
	Advance rent	23.1	30,032	43,293
	Security deposits against bond insurance	23.2	1,550,555	1,571,289
	Other deposits		1,592	1,592
			<u>1,582,179</u>	<u>1,616,174</u>
23.1	This includes advance rent from a related party amounting to Rs. 18,365 thousands (2018: Rs. 17,492 thousands).			
23.2	This represents margin deposit on account of performance and other bond policies issued by the Company.			
24.	TAXATION - PROVISION LESS PAYMENTS		2019	2018
			.....(Rupees in '000).....	
	Provision for taxation		3,867,472	3,344,797
	Less: advance tax including tax deducted at source		(3,616,877)	(3,108,745)
			<u>250,595</u>	<u>236,052</u>

- 24.1** The Company has filed returns up to tax year 2019. The income tax assessments of the Company have been finalised up to and including assessment year 2002-2003 and tax years 2004, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018. 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 2019 has been received by the Company. The proceeding 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.
- 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.
- 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 has filed an appeal before ATIR. During the year, the ATIR has decided the appeal in favour of the Company and deleted all disallowances made by Taxation Officer. The appeal effect order is pending.
- 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.
- 24.7** In prior years, the Additional Commissioner Inland Revenue (ACIR) had amended the orders under Section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2009 and tax year 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 thousands and Rs. 42,878 thousand respectively. The Company had filed appeal before the Commissioner Inland Revenue (Appeals) (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. Subsequently, the Company had filed appeals with Appellate Tribunal Inland Revenue (ATIR) for both the tax years 2009 and 2010. ATIR decided the appeals and accordingly, CIRA had issued the appellate orders in favour of the Company in both the years. Appeal effect for tax year 2009 had been given by ACIR with a tax refund of Rs. 5,903 thousands in prior year whereas an appeal effect with a tax liability of Rs. 330 thousands for the tax year 2010 was issued in the current period.

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 years, 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 thousands has not been recorded in these financial statements.

24.9 In prior years, 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 In prior 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 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 adjudication. Based on tax advisor opinion, the management is confident of a 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 In prior year, the ACIR passed the order under section 122(5) for the 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 had filed an appeal with the CIRA who in its appellate order has deleted the addition made by the ACIR on account of commission payable. During the year the CIRA has confirmed the addition / disallowance made by the ACIR on account of capital gain and property related expenses. The Company has filed an appeal before the ATIR against the order issued by the CIRA. The tax department has also filed an appeal with ATIR against the order of the CIRA on the issue of commission payable which is decided in favour of the Company. Both the appeals are pending at adjudication. Based on the tax advisor's opinion, the management is confident of favourable outcome of both the appeals.

24.12 During the year, the ACIR has passed an order under section 122(5A) for tax year 2018 and made certain disallowances / additions mainly on account of property related expenses, commission payable and super tax, thereby creating a demand of Rs. 11,408 thousands. Subsequently, the Company has filed an appeal with the CIRA. The CIRA has issued the appellate order by deleting the addition made by the ACIR on account commission payable. However, the CIRA has confirmed the disallowance / addition made by the ACIR on account of property related expenses and super tax. The Company has filed an appeal before the ATIR against the order issued by the CIRA. The tax department has also filed an appeal with ATIR against the order issued by CIRA on the issue of commission payable which is decided in favour of the Company. Both the appeals are pending at adjudication. Based on the tax advisor's opinion, the management is confident of favourable outcome of both the appeals.

24.13 During the year, the Sindh Revenue Board vide notifications Nos. SRB 3-4/5/2019 and SRB 3-4/16/2019 dated May 8, 2019 and June 27, 2019 respectively has exempted premium charged on the health insurance policies till June 30, 2020 from the scope of applicability of Sindh Sales Tax on Services (SST) under the Sindh Sales Tax Act, 2011. Due to the aforementioned exemption, contingent liability of the Company as at December 31, 2019 is Rs. Nil (December 31, 2018: Rs. 176,389 thousands).

24.14 Under the Punjab Sales Tax Services Act, 2012, the health insurance service provided in the province of Punjab was exempted from the chargeability of sales tax upto October 30, 2018. The aforesaid exemption had been withdrawn through the Punjab Finance Act, 2018 by amending Second Schedule of the Punjab Sales Tax Services Act, 2012. The insurance industry has taken up the matter with the Punjab Revenue Authority in order to resolve the matter keeping in view the exemption available from the applicability of the sales tax on health insurance in other provinces and in federal territory as well. In view of the fact that the matter is still under the process of review, the Company has not yet billed their customers for health insurance services provided in the province of Punjab for the provincial sales tax for the period from November 1, 2018 to December 31, 2019. The amount not yet billed by the Company would be recoverable from the customers accordingly.

25. CONTINGENCIES AND COMMITMENTS

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

26. NET INSURANCE PREMIUM

	2019	2018
.....(Rupees in '000).....		
Written gross premium	9,375,269	9,161,366
Add: Unearned premium reserves opening	3,533,063	2,947,608
Less: Unearned premium reserves closing	3,556,851	3,533,063
Premium earned	9,351,481	8,575,911
Less: Reinsurance premium ceded	4,021,702	4,193,898
Add: Prepaid reinsurance premium ceded opening	1,669,551	1,128,635
Less: Prepaid reinsurance premium ceded closing	1,618,960	1,669,551
Reinsurance expense	4,072,293	3,652,982
	5,279,188	4,922,929

27. NET INSURANCE CLAIMS

Claims paid	3,489,678	3,996,825
Add: Outstanding claims including IBNR closing	4,240,397	4,362,199
Less: Outstanding claims including IBNR opening	4,362,199	3,431,665
Claims expense	3,367,876	4,927,359
Less: Reinsurance and other recoveries received	617,874	1,193,504
Add: Reinsurance and other recoveries against outstanding claims closing	2,978,912	3,056,794
Less: Reinsurance and other recoveries against outstanding claims opening	3,056,794	2,014,007
Reinsurance and other recoveries revenue	539,992	2,236,291
	2,827,884	2,691,068

27.1 Claims 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	2014 & prior	2015	2016	2017	2018	2019 (including IBNR)	Total
(Rupees in '000)							
Gross estimate of ultimate claims cost:							
- At end of accident	3,763,467	2,707,931	4,489,286	3,462,817	4,937,574	4,270,859	
- One year later	3,702,752	2,856,295	4,503,782	3,694,646	4,370,222	-	
- Two years later	3,330,711	2,816,460	4,403,039	3,635,296	-	-	
- Three years later	3,221,689	2,697,502	4,401,517	-	-	-	
- Four years later	3,158,765	2,686,865	-	-	-	-	
- Five years later	3,080,083	-	-	-	-	-	
Current estimate of cumulative claims	3,080,083	2,686,865	4,401,517	3,635,296	4,370,222	4,270,859	22,444,842
Cumulative payment to date	(2,694,038)	(2,364,210)	(4,038,325)	(3,143,812)	(3,607,467)	(2,356,593)	(18,204,445)
Liability recognised in the statement of financial position	386,045	322,655	363,192	491,484	762,755	1,914,266	4,240,397

27.2 The provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2019 amounted to Rs 269,638 thousands (2018: Rs 185,455 thousands).

28. NET COMMISSION EXPENSE / ACQUISITION COST

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

	2019	2018
Commission paid or payable	664,371	735,944
Add: Deferred commission expense / acquisition cost opening	280,970	269,685
Less: Deferred commission expense / acquisition cost closing	247,849	280,970
Net commission	697,492	724,659
Less: Commission received or recoverable	336,501	289,543
Add: Unearned reinsurance commission opening	102,536	124,063
Less: Unearned reinsurance commission closing	117,594	102,536
Commission from reinsurers	321,443	311,070
	376,049	413,589

29. MANAGEMENT EXPENSES

Employees benefit cost	29.1	1,201,520	1,103,328
Travelling expenses		29,481	32,698
Advertisement and sales promotion		83,372	102,501
Printing and stationery		83,886	63,813
Depreciation	5	67,726	45,822
Amortisation	6	17,149	11,976
Rent, rates and taxes		25,651	34,951
Legal and professional charges - business related		16,338	9,275
Electricity, gas and water		20,830	17,853
Entertainment		15,018	16,287
Vehicle running expenses		3,803	3,480
Office repairs and maintenance		11,561	12,402
Bank charges		1,966	1,277
Postage, telegrams and telephone		20,963	22,202
Annual Supervision fee to the SECP		15,298	15,606
Bad and doubtful debts		10,000	6,000
Annual monitoring fee for vehicle tracking devices		5,808	51,650
Directors' fee and expenses		4,725	3,900
Statutory levies		4,753	4,426
Inspection fee		8,708	10,059
Insurance expense		4,465	4,539
Other expenses		49,908	32,500
	29.2	1,702,929	1,606,545

		2019	2018
29.1	Employee benefit cost		
		Note	.....(Rupees in '000).....
	Salaries, allowance and other benefits	1,140,413	1,051,694
	Charges for post employment benefits	61,107	51,634
		1,201,520	1,103,328
29.1.1	This represents Rs. 31,888 thousands (2018: Rs. 28,543 thousands) being contribution for employee provident fund and Rs. 29,219 thousands (2018: Rs. 23,091 thousands) in respect of defined benefit plan - employee gratuity.		
29.2	This includes costs amounting to Rs. 38,402 thousands (2018: Rs. 36,591 thousands) in respect of accident and health business common back office operations jointly shared with Jubilee Life Insurance Company Limited, a related party.		
30.	INVESTMENT INCOME		
		Note	.....(Rupees in '000).....
	Income from equity securities		
	Available-for-sale		
	Dividend income	21,350	17,080
	- related parties	267,651	284,051
	- others	289,001	301,131
	At fair value through profit or loss		
	Dividend income	28,938	14,252
	- others	317,939	315,383
	Income from debt securities		
	Held to maturity		
	- return on Government securities	25,075	134,822
	- amortisation of discount / (premium)	4,188	(1,554)
		29,263	133,268
	Available-for-sale		
	- return on Government securities	571,883	255,242
	- amortisation of discount	43,155	-
		615,038	255,242
	At fair value through profit or loss		
	- return on Government securities	30,460	-
		674,761	388,510
	Income from term deposits		
	- return on term deposits	4,729	7,289
	Net realised gains / (losses) on investments		
	Available for sale		
	- gain on sale of equity securities	136,735	404,056
	- loss on sale of equity securities	(4,411)	(804)
		132,324	403,252
	At fair value through profit or loss		
	- gain on sale of equity securities	49,719	42,245
	- loss on sale of equity securities	(33,243)	(5,745)
	- loss on sale of Government securities	(458)	-
		16,018	36,500
	Unrealised appreciation / (diminution) on revaluation of investments classified as at fair value through profit or loss	11,487	(90,851)
	Total investment income	1,157,258	1,060,083
	Less: Impairment in value of available-for-sale equity securities	(189,573)	(27,032)
	Less: Investment related expenses	(17,776)	(13,507)
		949,909	1,019,544
30.1	This includes return on term deposits of Rs. 2,483 thousands (2018: Rs. 1,772 thousands) from a related party.		

		2019	2018
31. RENTAL INCOME	Note	.....(Rupees in '000).....	
Rental income		96,300	123,592
Less: expenses of investment property		(44,941)	(35,707)
		51,359	87,885

32. OTHER INCOME			
Return on bank balances	32.1	132,753	80,314
Loss on sale of property and equipment		(4,097)	(2,507)
Return on loans to employees		26	10
Exchange gain		15,216	21,831
Others		1,332	14
		145,230	99,662

32.1 This includes return on bank balances of Rs. 24,792 thousands (2018: Rs. 6,501 thousands) from related parties.

		2019	2018
33. OTHER EXPENSES		.....(Rupees in '000).....	
Legal and professional fee other than business related		935	5,910
Auditors' remuneration	33.1	4,264	4,032
Subscription		3,056	4,704
Donations	33.2	11,983	19,816
Sindh Workers' Welfare Fund		31,986	32,726
Others		1,074	2,829
		53,298	70,017

33.1 Auditors' remuneration

Audit fee		775	661
Interim review fee		300	132
Special certifications and sundry advisory services		1,325	1,655
Tax and other advisory services		1,275	1,200
Out-of-pocket expenses including government levy		589	384
		4,264	4,032

33.2 Donations made include the following in which Directors of the Company had any interest.

Name and address of donee	Interested Director	Interest in donee	2019	2018
.....(Rupees in '000).....				
The Aga Khan Hospital and Medical College Foundation Stadium Road Karachi	Zakir Mahmood	Trustee	1,000	-
Aga Khan Cultural Service - Pakistan Office Serena Business Complex Islamabad	Akbarali Pesnani	Chairman	2,000	-
			3,000	-

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

		2019	2018
34. TAXATION - net		.....(Rupees in '000).....	
Current		534,965	513,838
Prior		-	48,289
Deferred		(34,234)	2,846
		500,731	564,973

34.1 Relationship between tax expense and accounting profit

		2019	2018	2019	2018
		.....(Rupees in '000).....			
		(Effective tax rate) (Percentage)			
Profit before tax				1,725,016	1,631,278
Tax at the applicable rate of 29% (2018: 29%)	29.00	29.00		500,255	473,071
Super tax	-	2.04		-	33,217
Prior year (super tax)	-	2.96		-	48,289
Tax on bonus shares	-	0.00		-	71
Effect of prior year adjustment	-	0.05		-	798
Tax effect of change in tax rate and others	0.03	0.58		476	9,527
	29.03	34.63		500,731	564,973

The Board of Directors of the Company have proposed to distribute sufficient cash dividend for the year ended December 31, 2019 (refer note 45) in order to comply with the requirements of Section 5A of the Income Tax Ordinance, 2001 (Tax on Undistributed Profits). Accordingly, no provision for tax on undistributed profits has been recognised in these financial statements for the year ended December 31, 2019.

		2019	2018
35. EARNINGS PER SHARE		.....(Rupees in '000).....	
Profit after tax for the year		1,224,285	1,066,305
		(Number of shares in '000)	
Weighted average number of shares of Rs.10 each		180,447	180,447
		(Rupees)	
Basic earnings per share		6.78	5.91

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	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees in '000)							
Fees	-	-	4,725	3,900	-	-	4,725	3,900
Managerial remuneration	33,454	29,854	-	-	180,712	150,984	214,166	180,838
Leave encashment	2,840	2,544	-	-	8,939	6,438	11,779	8,982
Bonus	10,284	9,720	-	-	44,526	32,785	54,810	42,505
Charge for defined contribution plan	2,788	2,488	-	-	13,997	11,413	16,785	13,901
Rent and house maintenance	10,036	8,956	-	-	79,641	67,056	89,677	76,012
Utilities	3,345	2,985	-	-	18,071	15,138	21,416	18,123
Medical	137	86	-	-	3,755	1,691	3,892	1,777
Conveyance	2,484	2,276	-	-	49,485	39,306	51,969	41,582
Others	1,113	1,605	-	-	40,536	35,716	41,649	37,321
	66,481	60,514	4,725	3,900	439,662	360,527	510,868	424,941
Number of persons	1	1	8	8	55	46	64	55

37. RELATED PARTY TRANSACTIONS

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

Associated companies

	2019	2018
	(Rupees in '000)	
Insurance premium written (including government levies, administrative surcharge and policy stamps)	761,640	546,808
Insurance premium received / adjusted during the year	716,716	620,801
Commission paid	15,609	18,609
Insurance claims paid	191,125	158,541
Purchases of goods and services	20,463	15,621
Purchase of motor vehicle	1,150	-
Dividend income	21,350	17,080
Dividend received from associates under equity method (note 8)	92,472	91,934
Dividend paid	521,596	521,596
Rental income	51,653	40,719
Disposal of shares / mutual funds	-	42,408
Donations	3,000	-
Others		
Insurance premium written (including government levies, administrative surcharge and policy stamps)	368	545
Insurance premium received / adjusted during the year	376	406
Claims paid	112	98
Dividend paid	15,381	15,381
Contributions to staff retirement benefit plans	94,702	81,532

38. SEGMENT INFORMATION

Segment information is prepared in accordance with the requirements of the Insurance Ordinance, 2000 and the Insurance Rules, 2017 for class wise revenues, results, assets and liabilities.

The class wise revenues, results, assets and liabilities are as follows:

	2019						Total
	Fire and property damage	Marine, aviation and transport	Motor	Liability	Accident and health	Miscellaneous	
Premium receivable (inclusive of federal excise duty, federal insurance fee, administrative surcharge and others)	3,401,578	890,399	1,673,365	651,912	1,778,766	2,139,735	10,535,755
Less: federal excise duty / sales tax	408,916	94,859	200,336	74,902	-	252,077	1,031,090
federal insurance fee	29,120	7,624	14,512	5,664	17,599	17,861	92,380
others	(3,941)	29,088	8,396	112	1,241	2,120	37,016
Written gross premium (inclusive of administrative surcharge)	2,967,483	758,828	1,450,121	571,234	1,759,926	1,867,677	9,375,269
Gross direct premium	2,953,359	739,143	1,409,025	570,390	1,759,926	1,839,509	9,271,352
Facultative inward premium	4,041	-	-	-	-	19,927	23,968
Administrative surcharge	10,083	19,685	41,096	844	-	8,241	79,949
	2,967,483	758,828	1,450,121	571,234	1,759,926	1,867,677	9,375,269
Insurance premium earned	2,912,269	763,419	1,491,825	534,656	1,610,589	2,038,723	9,351,481
Insurance premium ceded to reinsurers (reinsurance expense)	1,778,990	179,613	41,481	515,462	-	1,556,747	4,072,293
Net insurance premium	1,133,279	583,806	1,450,344	19,194	1,610,589	481,976	5,279,188
Commission income from reinsurers	99,428	4,351	600	25,013	-	192,051	321,443
Net underwriting income	1,232,707	588,157	1,450,944	44,207	1,610,589	674,027	5,600,631
Insurance claims expense	522,864	130,631	645,075	219,569	1,495,126	354,611	3,367,876
Insurance claims recovered from reinsurers and other recoveries revenue	155,837	30,886	9,590	216,279	-	127,400	539,992
Net insurance claims	367,027	99,745	635,485	3,290	1,495,126	227,211	2,827,884
Commission expense	249,611	100,605	139,863	8,452	70,799	128,162	697,492
Management expense	365,566	188,321	467,843	6,191	519,534	155,474	1,702,929
Net insurance claims and expenses	982,204	388,671	1,243,191	17,933	2,085,459	510,847	5,228,305
Underwriting results	250,503	199,486	207,753	26,274	(474,870)	163,180	372,326
Net investment income							949,909
Rental income							51,359
Other income							145,230
Other expenses							(53,298)
Share of profit of associates							134,701
Profit from Window Takaful Operations - Operator's Fund							124,789
Profit before tax							1,725,016
Segment assets	1,878,163	168,314	330,673	1,297,794	250,742	2,225,008	6,150,694
Unallocated corporate assets							15,528,949
Unallocated assets of Window Takaful Operation - Operator's Fund							409,281
Total assets	1,878,163	168,314	330,673	1,297,794	250,742	2,225,008	22,088,924
Segment liabilities	3,009,048	507,734	1,256,139	1,414,844	1,446,785	3,087,955	10,722,505
Unallocated corporate liabilities							2,432,440
Unallocated liabilities of Window Takaful Operation - Operator's Fund							221,918
Total liabilities	3,009,048	507,734	1,256,139	1,414,844	1,446,785	3,087,955	13,376,863

	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, administrative surcharge and others)	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
Written gross premium (inclusive of administrative surcharge)	<u>2,795,719</u>	<u>749,794</u>	<u>1,497,768</u>	<u>430,080</u>	<u>1,462,861</u>	<u>2,225,144</u>	<u>9,161,366</u>
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
	<u>2,795,719</u>	<u>749,794</u>	<u>1,497,768</u>	<u>430,080</u>	<u>1,462,861</u>	<u>2,225,144</u>	<u>9,161,366</u>
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 (reinsurance expense)	1,520,647	155,961	45,119	390,195	-	1,541,060	3,652,982
Net insurance premium	<u>871,110</u>	<u>582,255</u>	<u>1,401,187</u>	<u>13,285</u>	<u>1,508,091</u>	<u>547,001</u>	<u>4,922,929</u>
Commission income from reinsurers	112,767	4,118	3,638	20,679	-	169,868	311,070
Net underwriting income	<u>983,877</u>	<u>586,373</u>	<u>1,404,825</u>	<u>33,964</u>	<u>1,508,091</u>	<u>716,869</u>	<u>5,233,999</u>
Insurance claims expense	1,053,340	250,442	554,078	333,398	1,242,353	1,493,748	4,927,359
Insurance claims recovered from reinsurers and other recoveries revenue	497,575	54,710	3,323	331,385	-	1,349,298	2,236,291
Net insurance 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	<u>1,072,764</u>	<u>490,368</u>	<u>1,143,350</u>	<u>14,093</u>	<u>1,801,241</u>	<u>500,456</u>	<u>5,022,272</u>
Underwriting results	<u>(88,887)</u>	<u>96,005</u>	<u>261,475</u>	<u>19,871</u>	<u>(293,150)</u>	<u>216,413</u>	<u>211,727</u>
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 - Operator's Fund							82,411
Profit before tax							<u>1,631,278</u>
Segment assets	<u>1,863,351</u>	<u>277,074</u>	<u>409,805</u>	<u>1,053,210</u>	<u>325,052</u>	<u>2,797,152</u>	<u>6,725,644</u>
Unallocated corporate assets							14,265,371
Unallocated assets of Window Takaful Operation - Operator's Fund							322,137
Total assets	<u>1,863,351</u>	<u>277,074</u>	<u>409,805</u>	<u>1,053,210</u>	<u>325,052</u>	<u>2,797,152</u>	<u>21,313,152</u>
Segment liabilities	<u>2,969,988</u>	<u>709,764</u>	<u>1,367,907</u>	<u>1,141,468</u>	<u>1,267,530</u>	<u>3,620,477</u>	<u>11,077,134</u>
Unallocated corporate liabilities							2,160,755
Unallocated liabilities of Window Takaful Operation - Operator's Fund							167,208
Total liabilities	<u>2,969,988</u>	<u>709,764</u>	<u>1,367,907</u>	<u>1,141,468</u>	<u>1,267,530</u>	<u>3,620,477</u>	<u>13,405,097</u>

39. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
	..... (Rupees in '000)			
As at January 1, 2018	5,234,574	5,300,143	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 loss (excluding net realised gains)	-	-	(90,851)	(90,851)
Interest income	127,736	255,242	-	382,978
Designated at fair value through other comprehensive income upon initial recognition	-	(1,068,109)	-	(1,068,109)
Amortisation of premium	(1,554)	-	-	(1,554)
Impairment losses	-	(27,032)	-	(27,032)
As at December 31, 2018	<u>580,494</u>	<u>9,669,653</u>	<u>508,569</u>	<u>10,758,716</u>
Additions	426,383	19,890,503	4,719,076	25,035,962
Disposals (sales and redemptions)	(650,000)	(18,606,853)	(4,975,591)	(24,232,444)
Fair value net gains (excluding net realised gains)	-	421,806	11,487	433,293
Interest income	10,958	477,462	30,463	518,883
Amortisation of discount	4,188	43,155	-	47,343
Impairment losses	-	(189,573)	-	(189,573)
As at December 31, 2019	<u>372,023</u>	<u>11,706,153</u>	<u>294,004</u>	<u>12,372,180</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 3.5).

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.

a) 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	
	2019	2018
	.....(Rupees in '000).....	
Fire and property damage	69,672,112	88,421,580
Marine, aviation and transport	2,825,059	2,728,694
Motor	80,000	65,000
Liability	160,290,000	122,990,000
Accident and health	12,666,770	8,927,685
Miscellaneous	104,908,496	64,529,000

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.

b) 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 the management's judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. In estimating provision for outstanding claims including IBNR, the Company follows the recommendation of an independent firm of actuaries (note 3.17).

There are several variable factors which affect the amount and timing of recognised 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 recognised 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.

c) Key assumptions

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

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 SECP circular 9 of 2016.

IBNR is determined by using the "Chain Ladder Method" for all classes of business including in-patient 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 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 reserve 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	
	2019	2018
Fire and property damage	34%	33%
Marine, aviation and transport	22%	25%
Motor	41%	41%
Liability	17%	22%
Accident and health	85%	80%
Miscellaneous	38%	30%

d) Sensitivity analysis

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

Average claim costs	Change in assumption	Impact on gross claim liabilities	Impact on net claim liabilities	Impact on profit before tax	Impact on equity
..... (Rupees in '000)					
2019	+ 10%	336,788	282,788	282,788	200,779
2018	+ 10%	492,736	269,295	264,015	187,450

e) Statement of age-wise breakup of unclaimed insurance benefits

Particulars	Total amount	Age-wise breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
..... (Rupees in '000)						
Claims not encashed	125,380	81,037	5,561	9,884	18,192	10,706

f) 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 covered through reinsurance 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 coverage from a number of reinsurers, who are dispersed over several geographical regions.

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

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance assets	2019	2018
..... (Rupees in '000)					
Rating					
A or above including Pakistan Reinsurance Company Limited	17,200	2,914,281	31,634	2,963,115	3,080,951
BBB	-	-	18,729	18,729	19,041
Others	3,265	34,116	1,962	39,343	10,610
	<u>20,465</u>	<u>2,948,397</u>	<u>52,325</u>	<u>3,021,187</u>	<u>3,110,602</u>

40.2 Financial risk management objectives and policies

The Board of Directors of the Company have 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 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 Company manages the market risk exposures by following internal risk management policies.

40.2.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument 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 the Company's exposure to interest rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

		2019						
Effective rate % per annum	Interest / mark-up bearing financial instruments			Non-interest / mark-up bearing financial instruments			Total	
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total		
Financial assets		(Rupees in '000)						
Investments								
	Equity securities	-	-	-	4,865,054	-	4,865,054	4,865,054
	Debt securities	4,192,537	3,144,993	7,337,530	-	-	7,337,530	7,337,530
	Term deposits	169,596	-	169,596	-	-	-	169,596
	Loans and other receivables	6	-	1,256	173,334	-	173,334	174,590
	Insurance / reinsurance receivables	-	-	-	1,304,973	-	1,304,973	1,304,973
	Reinsurance recoveries against outstanding claims	-	-	-	2,948,397	-	2,948,397	2,948,397
	Salvage recoveries accrued	-	-	-	30,515	-	30,515	30,515
	Cash and bank	10.28 to 13.25	-	1,074,354	74,597	-	74,597	1,148,951
	Total assets of Window Takaful Operations - Operator's Fund	193,740	-	193,740	215,036	-	215,036	408,776
		5,631,483	3,144,993	8,776,476	9,611,906	-	9,611,906	18,388,382
Financial liabilities								
	Outstanding claims including IBNR	-	-	-	(4,240,397)	-	(4,240,397)	(4,240,397)
	Insurance / reinsurance payables	-	-	-	(1,691,022)	-	(1,691,022)	(1,691,022)
	Other creditors and accruals	-	-	-	(762,664)	-	(762,664)	(762,664)
	Deposits and other payables	-	-	-	(1,552,147)	-	(1,552,147)	(1,552,147)
	Total liabilities of Window Takaful Operations - Operator's Fund	-	-	-	(40,067)	-	(40,067)	(40,067)
		-	-	-	(8,286,297)	-	(8,286,297)	(8,286,297)
	Interest risk sensitivity gap	5,631,483	3,144,993	8,776,476	1,325,609	-	1,325,609	10,102,085
	Cumulative interest risk sensitivity gap	5,631,483	8,776,476					

2018									
Effective rate % per annum	Interest / mark-up bearing financial instruments			Non-interest / mark-up bearing financial instruments			Total		
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total			
Financial assets									
(Rupees in '000)									
Investments									
Equity securities	-	-	-	5,105,119	-	5,105,119	5,105,119		
Debt securities	8.75 to 10.30	53,828	5,521,901	-	-	-	5,521,901		
Term deposits			131,696	-	-	-	131,696		
Loans and other receivables	6	-	809	51,103	-	51,103	51,912		
Insurance / reinsurance receivables			-	1,718,328	-	1,718,328	1,718,328		
Reinsurance recoveries against outstanding claims			-	3,029,644	-	3,029,644	3,029,644		
Salvage recoveries accrued			-	27,150	-	27,150	27,150		
Cash and bank	5.95 to 8.75	-	1,479,271	189,768	-	189,768	1,669,039		
Total assets of Window Takaful Operations - Operator's Fund			170,203	37,001	-	37,001	207,204		
			7,250,052	53,828	7,303,880	10,158,113	-	10,158,113	17,461,993
Financial liabilities									
Outstanding claims including IBNR			-	(4,362,199)	-	(4,362,199)	(4,362,199)		
Insurance / reinsurance payables			-	(1,753,164)	-	(1,753,164)	(1,753,164)		
Other creditors and accruals			-	(895,466)	-	(895,466)	(895,466)		
Deposits and other payables			-	(1,572,881)	-	(1,572,881)	(1,572,881)		
Total liabilities of Window Takaful Operations - Operator's Fund			-	(32,671)	-	(32,671)	(32,671)		
			-	(8,616,381)	-	(8,616,381)	(8,616,381)		
Interest risk sensitivity gap			7,250,052	53,828	7,303,880	1,541,732	-	1,541,732	8,845,612
Cumulative interest risk sensitivity gap			7,250,052	7,303,880					

Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, to 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)			
December 31, 2019	100 (100)	62,578 (62,578)	44,430 (44,430)
December 31, 2018	100 (100)	69,499 (69,499)	49,345 (49,345)

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 the 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 a financial instrument 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 Limited (note 8) and term deposits (note 11).

40.2.1.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign 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 market.

The following table summarises the Company's other price risk as at December 31, 2019 and 2018. 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 listed securities would affect it in a similar and opposite manner.

	Fair value	Price change	Effect on fair value
	(Rupees in '000)		(Rupees in '000)
December 31, 2019	4,568,550	+5%	228,428
	(4,568,550)	-5%	(228,428)
December 31, 2018	4,594,050	+5%	229,703
	(4,594,050)	-5%	(229,703)

40.2.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due or can do so on terms that are materially disadvantageous. The Company's 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 Company's reputation.

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

	2019			
	Within one year	Over one year to five years	Over five years	Total
	.....(Rupees in '000).....			
Financial liabilities				
Outstanding claims including IBNR	(4,240,397)	-	-	(4,240,397)
Insurance / reinsurance payables	(1,691,022)	-	-	(1,691,022)
Other creditors and accruals	(762,664)	-	-	(762,664)
Deposits and other payables	(1,552,147)	-	-	(1,552,147)
	<u>(8,246,230)</u>	<u>-</u>	<u>-</u>	<u>(8,246,230)</u>
	2018			
	Within one year	Over one year to five years	Over five years	Total
	.....(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>

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 and 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.

As at December 31, 2019, the Company is exposed to major credit risk on investments in term deposits, insurance / reinsurance receivables, reinsurance recoveries against outstanding claims and bank balances.

Bank balances and investments in term deposits represents low credit risk as they are placed with reputed financial institutions with strong credit ratings. The credit quality of bank balances and investments in term deposits can be assessed with reference to external credit ratings as follows:

Name of Bank	Rating agency	Short term rating	Long term rating	2019	2018
.....(Rupees in '000).....					
Soneri Bank Limited	PACRA	A1+	AA-	312,040	233,826
Standard Chartered Bank (Pakistan) Limited - a related party	PACRA	A1+	AAA	730,014	721,050
Habib Bank Limited - a related party	VIS	A-1+	AAA	57,018	166,903
Bank Alfalah Limited	PACRA	A1+	AA+	7,584	507,999
United Bank Limited	VIS	A-1+	AAA	177,978	138,615
Silk Bank Limited	VIS	A-2	A-	364	364
MCB Islamic Bank Limited	PACRA	A1	A	72	631
MCB Bank Limited	PACRA	A1+	AAA	2,971	1,549
Samba Bank Limited	VIS	A-1	AA	461	105
Mobilink Microfinance Bank Limited	PACRA	A1	A	112	-
The First MicroFinanceBank Limited	VIS	A-1	A+	25,000	25,000
				<u>1,313,614</u>	<u>1,796,042</u>

The management monitors exposure to credit risk in insurance / reinsurance receivables through regular review of credit exposure and prudent estimates related to provision for doubtful receivables (note 13). The age wise analysis of due from insurance contract holders includes amount receivable within one year and above one year of Rs. 1,086,559 thousands (2018: 1,407,285 thousands) and Rs. 145,624 thousands (2018: Rs. 230,085 thousands) net of provision for impairment of receivables from insurance contract holders respectively.

The credit quality of amount due from other insurers / reinsurers and reinsurance recoveries against outstanding claims can be assessed from external ratings disclosed in note 40.1(f).

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 the requirements of Insurance Rules, 2017 issued by the SECP, minimum paid-up capital requirement to be complied with by insurance / takaful companies as at December 31, 2017 and for subsequent years is Rs. 500 million. As at December 31, 2019, the Company's paid-up capital is in excess of the prescribed limit.

42. STATEMENT OF SOLVENCY**Assets**

	2019	2018
.....(Rupees in '000).....		
Property and equipment	191,199	173,500
Intangible assets	51,343	68,492
Investment properties	651,142	656,871
Investments in associates	826,582	769,210
Investments		
Equity securities	4,865,054	5,105,119
Debt securities	7,337,530	5,521,901
Term deposits	169,596	131,696
Loans and other receivables	263,607	147,500
Insurance / reinsurance receivables	1,304,973	1,718,328
Reinsurance recoveries against outstanding claims	2,948,397	3,029,644
Salvage recoveries accrued	30,515	27,150
Deferred commission expense / acquisition cost	247,849	280,970
Prepayments	1,642,905	1,691,595
Cash and bank	1,148,951	1,669,039
Total assets of Window Takaful Operations - Operator's Fund	409,281	322,137
Total assets (A)	22,088,924	21,313,152
In-admissible assets as per following clauses section 32(2) of Insurance Ordinance 2000.		
Property and equipment	186,699	173,500
Intangible assets	51,343	68,492
Investments	745,075	586,230
Term deposits	1,360	1,360
Loans and other receivables	30,184	809
Insurance / reinsurance receivables	799,656	1,187,649
Security deposits against bond insurance	1,550,555	1,571,289
Total assets of Window Takaful Operations - Operator's Fund	7,562	11,910
Total of in-admissible assets	3,372,433	3,601,239
Total admissible assets	18,716,491	17,711,913
Liabilities		
Underwriting Provisions		
Outstanding claims including IBNR	4,240,397	4,362,199
Unearned premium reserves	3,556,851	3,533,063
Unearned reinsurance commission	117,594	102,536
Deferred taxation	296,709	209,388
Premium received in advance	386,996	196,109
Insurance / reinsurance payables	1,691,022	1,753,164
Other creditors and accruals	1,032,602	1,229,204
Deposits and other payables	1,582,179	1,616,174
Taxation - provision less payments	250,595	236,052
Total liabilities of Window Takaful Operations - Operator's Fund	221,918	167,208
Total liabilities	13,376,863	13,405,097
Total net admissible assets	5,339,628	4,306,816
Minimum solvency requirement (higher of following)	1,055,837	984,586
- Method A - U/s 36(3)(a)	150,000	
- Method B - U/s 36(3)(b)	1,055,837	
- Method C - U/s 36(3)(c)	811,618	
Excess in Net Admissible Assets over minimum requirement	4,283,791	3,322,230

42.1 In the absence of any specific guidance, "prepaid reinsurance premium ceded" and "deferred commission expense / acquisition cost" have been treated as admissible assets for the purposes of this statement.

43. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

43.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

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

2019										
At fair value through profit or loss	Available-for-sale	Held-to-maturity	Loans and receivables	Investments in associates	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
Financial assets measured at fair value										
Investments										
- Equity securities	294,004	4,568,550	-	-	-	4,862,554	4,856,793	5,761	-	4,862,554
- Debt securities	-	7,135,103	-	-	-	7,135,103	-	7,135,103	-	7,135,103
Assets of Window Takaful Operations - Operator's Fund	-	71,035	-	-	-	71,035	71,035	-	-	71,035
Financial assets not measured at fair value										
Investments										
- Equity securities*	-	2,500	-	-	-	2,500	-	-	-	-
- Debt securities	-	-	202,427	-	-	202,427	-	196,528	-	196,528
- Term deposits*	-	-	169,596	-	-	169,596	-	-	-	-
Loans and other receivables*	-	-	-	174,590	-	174,590	-	-	-	-
Insurance / reinsurance receivables*	-	-	-	1,304,973	-	1,304,973	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	2,948,397	-	2,948,397	-	-	-	-
Salvage recoveries accrued*	-	-	-	30,515	-	30,515	-	-	-	-
Cash and bank*	-	-	-	1,148,951	-	1,148,951	-	-	-	-
Assets of Window Takaful Operations - Operator's Fund*	-	-	-	337,741	-	337,741	-	-	-	-
Financial liabilities not measured at fair value										
Outstanding claims including IBNR*	-	-	-	-	(4,240,397)	(4,240,397)	-	-	-	-
Insurance / reinsurance payables*	-	-	-	-	(1,691,022)	(1,691,022)	-	-	-	-
Other creditors and accruals*	-	-	-	-	(762,664)	(762,664)	-	-	-	-
Deposits and other payables*	-	-	-	-	(1,552,147)	(1,552,147)	-	-	-	-
Total liabilities of Window Takaful Operations - Operator's Fund*	-	-	-	-	(40,067)	(40,067)	-	-	-	-
294,004	11,777,188	372,023	5,945,167	-	(8,286,297)	10,102,085	4,927,828	7,337,392	-	12,265,220

2018										
At fair value through profit or loss	Available-for-sale	Held-to-maturity	Loans and receivables	Investments in associates	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
.....(Rupees in '000).....										
Financial assets measured at fair value										
Investments										
- 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										
Investments										
- Equity securities*	-	2,500	-	-	-	2,500	-	-	-	-
- Debt securities	-	-	448,798	-	-	448,798	-	439,988	-	439,988
- Term deposits*	-	-	131,696	-	-	131,696	-	-	-	-
Loans and other receivables*	-	-	-	51,912	-	51,912	-	-	-	-
Insurance / reinsurance receivables*	-	-	-	1,718,328	-	1,718,328	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	3,029,644	-	3,029,644	-	-	-	-
Salvage recoveries accrued*	-	-	-	27,150	-	27,150	-	-	-	-
Cash and bank*	-	-	-	1,669,039	-	1,669,039	-	-	-	-
Assets of Window Takaful Operations - Operator's Fund*	-	-	-	171,260	-	171,260	-	-	-	-
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*	-	-	-	-	(895,466)	(895,466)	-	-	-	-
Deposits and other payables*	-	-	-	-	(1,572,881)	(1,572,881)	-	-	-	-
Total liabilities of Window Takaful Operations - Operator's Fund*	-	-	-	-	(32,671)	(32,671)	-	-	-	-
	<u>508,569</u>	<u>9,705,597</u>	<u>580,494</u>	<u>6,667,333</u>	<u>-</u>	<u>(8,616,381)</u>	<u>8,845,612</u>	<u>4,952,868</u>	<u>5,698,786</u>	<u>10,651,654</u>

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

44. CORRESPONDING FIGURES

No significant rearrangements or reclassifications have been made in these financial statements during the current year.

45. SUBSEQUENT EVENT - NON ADJUSTING

The Board of Directors in its meeting held on February 04, 2020 have proposed a final cash dividend in respect of the year ended December 31, 2019 of Rs. 3.00 per share (30%) [December 31, 2018: Rs 4 per share (40%)] and bonus shares @ 10% (December 31, 2018 : Nil). In addition, the Board of Directors have approved the transfer of Rs. 200,000 thousands (December 31, 2018: Rs. 200,000 thousands) to special reserve and Rs. 150,000 thousands (December 31, 2018: 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.

	2019	2018
.....(Number).....		

46. NUMBER OF EMPLOYEES

As at December 31	742	734
Average number of employees during the year	738	737

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 February 04, 2020.

48. GENERAL

Figures in these financial statements have been rounded off to the nearest thousand of rupees.



Towfiq H. Chinoy
Chairman



Hassan Khan
Chief Executive



Aryn Currimbhoy
Director



Akbarali Pesnani
Director



Nawaid Jamal
Chief Financial Officer

WINDOW TAKAFUL OPERATIONS FINANCIAL

Statements

INDEPENDENT AUDITOR'S 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 Operator), which comprise the statement of financial position as at December 31, 2019, 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 Operator's affairs as at December 31, 2019 and of the profit, total comprehensive income, 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Operator in accordance with the International Ethics Standards Board for 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 Auditor's Report Thereon

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

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

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

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5, Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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

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

Auditor's Responsibilities for the Audit of the Financial 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 Operator's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Operator's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Operator to cease to continue as a going concern.

- 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

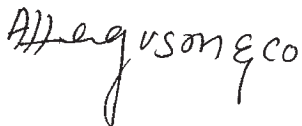
Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Operator 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 Operator's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Operator for the year ended December 31, 2018 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated February 05, 2019.

The engagement partner on the audit resulting in this independent auditor's report is Noman Abbas Sheikh.



A. F. Ferguson & Co.

Chartered Accountants

Engagement Partner: Noman Abbas Sheikh

Dated: February 10, 2020

Karachi

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019		2018	
		Operator's Fund	Participants' Fund	Aggregate	
..... (Rupees in '000)					
Assets					
Property and equipment	5	4,992	-	4,992	7,395
Intangible assets	6	2,065	-	2,065	3,052
Investments					
Equity securities	7	71,035	86,801	157,836	48,564
Loans and other receivables	8	1,173	3,870	5,043	5,204
Takaful / re-takaful receivables	9	-	208,768	208,768	96,704
Wakala and mudarib fee receivable		75,488	-	75,488	64,210
Re-takaful recoveries against outstanding claims		-	14,774	14,774	10,344
Salvage recoveries accrued		-	5,500	5,500	5,970
Deferred commission expense / acquisition cost	20	59,116	-	59,116	37,387
Deferred taxation		505	-	505	1,464
Prepayments	11	1,167	74,947	76,114	51,101
Cash and bank	12	193,740	457,937	651,677	660,715
Total Assets		409,281	852,597	1,261,878	992,110



Towfiq H. Chinoy
Chairman



Hassan Khan
Chief Executive

Note	2019			2018
	Operator's Fund	Participants' Fund	Aggregate	Aggregate
..... (Rupees in '000)				
Funds and Liabilities				
Funds attributable to:				
Operator's Fund				
Statutory fund	100,000	-	100,000	100,000
Reserves	(1,237)	-	(1,237)	(3,583)
Accumulated profit	88,600	-	88,600	58,512
	187,363	-	187,363	154,929
Waqf / Participants' Takaful Fund				
Cede money	-	500	500	500
Reserves	-	(671)	(671)	(1,790)
Accumulated surplus	-	128,910	128,910	135,856
	-	128,739	128,739	134,566
Total Funds	187,363	128,739	316,102	289,495
Liabilities				
Underwriting Provisions				
Outstanding claims including IBNR	17	-	180,708	114,527
Unearned contribution reserves	16	-	300,681	257,432
Unearned re-takaful rebate	18	-	4,983	1,397
Unearned wakala fee	19	152,118	-	113,999
Contribution received in advance		-	17,126	11,169
Wakala and mudarib fee payable		-	75,488	64,210
Takaful / re-takaful payables	13	-	130,171	77,322
Other creditors and accruals	14	42,348	14,701	42,075
Taxation - provision less payments	10	27,452	-	20,484
Total Liabilities		221,918	723,858	945,776
Total Funds and Liabilities		409,281	852,597	1,261,878
Contingencies and Commitments	15			992,110

The annexed notes 1 to 39 form an integral part of these financial statements.



Amyn Currimbhoy
Director



Akbarali Pesnani
Director



Nawaid Jamal
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2019

		2019	2018
	Note	.....(Rupees in '000).....	
Participants' Takaful Fund - revenue account			
Net contribution	16	550,573	474,514
Net claims	17	(598,848)	(391,308)
Re-takaful rebate earned	18	5,255	1,451
Direct expenses	22	(2,045)	(1,825)
		(595,638)	(391,682)
(Deficit) / surplus before investment income / (loss)		(45,065)	82,832
Investment income / (loss)	23	4,445	(832)
Profit on bank balances		43,435	21,218
Other expenses	26	(9,761)	(4,093)
(Deficit) / surplus for the year		(6,946)	99,125
Operator's Fund - revenue account			
Wakala fee income	19	310,533	239,693
Commission expense and other acquisition cost	20	(108,376)	(81,717)
Management expenses	21	(98,238)	(83,749)
		(206,614)	(165,466)
Investment income / (loss)	24	103,919	74,227
Other income	25	305	(161)
Other expenses	27	24,468	11,571
		(3,903)	(3,226)
Profit before tax		124,789	82,411
Taxation	28	(36,189)	(23,899)
Profit after tax		88,600	58,512

The annexed notes 1 to 39 form an integral part of these financial statements.


Towfiq H. Chinoy
Chairman

Hassan Khan
Chief Executive

Aryn Currimbhoy
Director

Akbarali Pesnani
Director

Nawaid Jamal
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	.....(Rupees in '000).....	
Participants' Takaful Fund		
(Deficit) / surplus for the year	(6,946)	99,125
Other comprehensive income for the year		
Items that may be reclassified to the profit and loss account in subsequent years		
- Net unrealised gain / (loss) on revaluation of available-for-sale investments	934	(1,790)
- Reclassification adjustment for net loss on sale of available-for-sale investments included in the profit and loss account	185	-
Other comprehensive income / (loss) for the year	1,119	(1,790)
Total comprehensive (loss) / income for the year	<u>(5,827)</u>	<u>97,335</u>
Operator's Fund		
Profit after tax	88,600	58,512
Other comprehensive income for the year		
Items that may be reclassified to the profit and loss account in subsequent years		
- Net unrealised gain / (loss) on revaluation of available-for-sale investments - net of tax	2,312	(1,767)
- Reclassification adjustment for net loss on sale of available-for-sale investments included in the profit and loss account - net of tax	34	179
Other comprehensive income / (loss) for the year	2,346	(1,588)
Total comprehensive income for the year	<u>90,946</u>	<u>56,924</u>

The annexed notes 1 to 39 form an integral part of these financial statements.


Towfiq H. Chinoy
Chairman


Hassan Khan
Chief Executive


Aryn Currimbhoy
Director


Akbarali Pesnani
Director


Nawaid Jamal
Chief Financial Officer

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2019			2018
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
..... (Rupees in '000)				
Operating cash flows				
(a) Takaful activities				
Takaful contribution received	-	1,052,114	1,052,114	917,283
Re-takaful contributions paid	-	(132,183)	(132,183)	(87,847)
Wakala fee received / (paid)	338,877	(338,877)	-	-
Claims paid	-	(651,933)	(651,933)	(377,297)
Re-takaful and other recoveries received	-	59,745	59,745	(997)
Commission paid	(118,913)	-	(118,913)	(85,828)
Re-takaful rebate received	-	8,841	8,841	2,227
Management / direct expenses paid	(96,523)	(6,242)	(102,765)	(80,627)
Net cash flows generated from / (used in) takaful activities	123,441	(8,535)	114,906	286,914
(b) Other operating activities				
Income tax paid	(5,322)	-	(5,322)	(3,415)
Other expenses paid	(3,758)	(116)	(3,874)	(2,851)
Other operating payments	(25,244)	(123,026)	(148,270)	(122,210)
Other operating receipts	913	131,283	132,196	109,678
Net cash flows (used in) / generated from other operating activities	(33,411)	8,141	(25,270)	(18,798)
Total cash flows generated from / (used in) all operating activities	90,030	(394)	89,636	268,116
Investment activities				
Profit / return received	15,003	44,479	59,482	28,092
Dividend received	4,563	4,272	8,835	2,489
Payment for investments	(44,600)	(95,432)	(140,032)	(38,515)
Proceeds from investments	8,980	22,573	31,553	12,639
Mudarib fee received / (paid)	8,073	(8,073)	-	-
Fixed capital expenditure	-	-	-	(1,422)
Total cash flows (used in) / generated from investing activities	(7,981)	(32,181)	(40,162)	3,283
Financing activities - Profit paid to the Operator	(58,512)	-	(58,512)	(42,938)
Net cash flows generated from / (used in) all activities	23,537	(32,575)	(9,038)	228,461
Cash and cash equivalents at the beginning of the year	170,203	490,512	660,715	432,254
Cash and cash equivalents at the end of the year	193,740	457,937	651,677	660,715
Reconciliation to the Profit and Loss Account				
Operating cash flows	90,030	(394)	89,636	268,116
Depreciation / amortisation expense	(3,390)	-	(3,390)	(3,218)
Profit / return received	15,003	44,479	59,482	28,092
Profit on disposal of investments	884	1,985	2,869	1,662
Dividend income received	4,563	4,272	8,835	2,489
Mudarib fee received / (paid)	8,073	(8,073)	-	-
Impairment in value of available for sale securities	(4,717)	(1,782)	(6,499)	(5,588)
Increase in assets other than cash	32,864	109,277	142,141	45,448
Increase in liabilities other than borrowings	(54,710)	(156,710)	(211,420)	(179,364)
Net profit / (deficit) / surplus for the year	88,600	(6,946)	81,654	157,637

The annexed notes 1 to 39 form an integral part of these financial statements.


Towfiq H. Chinoy
Chairman


Hassan Khan
Chief Executive


Aryn Currimbhoy
Director


Akbarali Pesnani
Director


Nawaid Jamal
Chief Financial Officer

STATEMENT OF CHANGES IN FUND

For the year ended 31 December 2019

	Operator's Fund			Total
	Statutory Fund	Revenue reserve	Accumulated profit	
		Available for sale investment revaluation reserve		
	..... (Rupees in '000)			
Balance as at January 1, 2018	100,000	(1,995)	42,938	140,943
Total comprehensive income for the year ended December 31, 2018				
Profit after tax	-	-	58,512	58,512
Other comprehensive income				
Net unrealised loss on revaluation of available-for-sale investments - net of 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 December 31, 2018	100,000	(3,583)	58,512	154,929
Total comprehensive income for the year ended December 31, 2019				
Profit after tax	-	-	88,600	88,600
Other comprehensive income				
Net unrealised gain on revaluation of available-for-sale investments - net of tax	-	2,346	-	2,346
	-	2,346	88,600	90,946
Transactions with Operator recorded directly in the Fund				
Transfer of profit to the Operator	-	-	(58,512)	(58,512)
Balance as at December 31, 2019	100,000	(1,237)	88,600	187,363

The annexed notes 1 to 39 form an integral part of these financial statements.


Towfiq H. Chinoy
Chairman


Hassan Khan
Chief Executive


Aryn Currimbhoy
Director


Akbarali Pesnani
Director


Nawaid Jamal
Chief Financial Officer

STATEMENT OF CHANGES IN FUND

For the year ended 31 December 2019

	Participants' Takaful Fund			Total
	Cede Money	Revenue reserve		
		Available for sale investment revaluation reserve	Accumulated surplus	
..... (Rupees in '000)				
Balance as at January 1, 2018	500	-	36,731	37,231
Total comprehensive income for the year ended December 31, 2018				
Surplus for the year	-	-	99,125	99,125
Other comprehensive income				
Net unrealised loss on revaluation of available-for-sale investments	-	(1,790)	-	(1,790)
	-	(1,790)	99,125	97,335
Balance as at December 31, 2018	500	(1,790)	135,856	134,566
Total comprehensive income for the year ended December 31, 2019				
Deficit for the year	-	-	(6,946)	(6,946)
Other comprehensive income				
Net unrealised gain on revaluation of available-for-sale investments	-	1,119	-	1,119
	-	1,119	(6,946)	(5,827)
Balance as at December 31, 2019	500	(671)	128,910	128,739

The annexed notes 1 to 39 form an integral part of these financial statements.


Towfiq H. Chinoy
Chairman


Hassan Khan
Chief Executive


Aryn Currimbhoy
Director


Akbarali Pesnani
Director


Nawaid Jamal
Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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 the Companies Act, 2017) on May 16, 1953. The Operator is listed on Pakistan Stock Exchange Limited 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 March 10, 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations ("the Operations") by the 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' Takaful Fund ("PTF") by executing the Waqf deed dated April 30, 2015 and by depositing a cede money of Rs. 500 thousands. The ceded money is required to be invested in shariah compliant investments and any profit thereon can be utilised 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 May 7, 2015.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

These financial statements have been prepared in accordance with the 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 the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, 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 the Takaful Rules, 2012, shall prevail.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Operator operates. The financial statements are presented in Pakistani Rupees, which is the Operator's functional and presentational currency.

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

2.4.1 IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019) 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 has also carried forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 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 the effective date to remove from the profit and loss account 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 IFRS 9 until December 31, 2021.

For the companies adopting the temporary exemption, the IFRS 4 requires certain disclosures which have been disclosed as follows:

2.4.1.1 Temporary exemption from application of IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given in note 2.4.1.2 below.

2.4.1.2 Fair value of financial assets as at December 31, 2019 and changes in the fair values during year ended December 31, 2019

	As at December 31, 2019	As at December 31, 2018	Change during the year ended December 31, 2019
	..... (Rupees in '000)		
Financial assets that do not meet the SPPI criteria			
Equity securities - available-for-sale - OPF	71,035	72,219	(1,184)
Equity securities - available-for-sale - PTF	86,801	87,580	(779)

2.4.2 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Operator's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or do not have any significant effect on the Operator's operations and therefore, have not been stated in these financial statements.

2.5 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 the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2020:

Standards, amendments or interpretations	Effective date (period beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2020
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2020

The management is in the process of assessing the impacts of above amendments on the financial statements of the Operator.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Operator's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or will not have any significant effect on the Operator's operations and are therefore not stated in these 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.

3.1 Property and Equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged using the straight line method in accordance with the rates specified in note 5 to these financial statements and after taking into account residual values, if significant.

Depreciation on additions is charged from the month the assets are available for use, while no depreciation is charged in the month of disposal.

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 Operator and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. 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 are reviewed, and adjusted if appropriate, at each reporting date.

3.2 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 Operator 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.

Intangible having indefinite useful life

These are stated at cost less impairment losses, if any.

Intangible having definite useful life

- a) These are stated at cost less accumulated amortisation and accumulated impairment losses, 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 in the month the asset is disposed of.

3.3 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 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 PTF 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 takaful covered 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 contracts mainly compensate hospitalisation and outpatient medical coverage to the participant. These contracts are generally one year contracts.

e) Miscellaneous

All other 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, normal 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.

3.4 Deferred commission expense / acquisition cost

Commission expense / acquisition cost incurred in obtaining and recording policies is deferred and recognised in OPF as an expense in accordance with the pattern of recognition of contribution revenue.

3.5 Provision for unearned contribution

Provision for unearned contribution is calculated by applying twenty fourths' method, except Accident and Health Takaful for which unearned contribution is calculated by applying 365 days method.

3.6 Contribution deficiency reserve

The Operations is required as per the Insurance 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.

3.7 Re-takaful contracts held

These are contracts entered into by the Operator 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 recognised as a prepayment in PTF. The deferred portion of re-takaful contribution ceded is calculated by using twenty fourths' method.

3.8 Receivables and payables related to takaful contracts

Receivables including contribution due but unpaid relating to takaful 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 losses, 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 Operator reduces the carrying amount of that contribution receivable and recognises the provision in the profit and loss account.

3.9 Segment reporting

An operating segment is a component of the Operator 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 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 Operator 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 3.3.

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.

3.10 Cash and cash equivalents

Cash and cash equivalents for the purposes of statement of cash flows includes policy, revenue stamps and bond papers and cash at bank.

3.11 Revenue recognition

a) Contribution

Contribution including administrative surcharge under a takaful contract is recognised as written from the date of issuance of policy / cover note (i.e. the date of attachment of risk).

Contribution income net of wakala fee is determined after taking into account the unearned portion of contribution income. The unearned portion of contribution income is recognised as a liability in PTF (refer note 3.5).

Re-takaful contribution ceded is recognised as an 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

- Unrealised gain or loss on revaluation of investments classified as available-for-sale is included in the statement of comprehensive income in the period to which it relates.
- Gain or loss on sale of investments is accounted for in the profit and loss account in the period to which it relates.
- Dividend income is recognised when the Operators' right to receive the dividend is established.
- Profit on bank balances and term deposit is recognised on a time proportion basis taking into account the effective yield.

3.12 Investments**3.12.1 Classification and recognition**

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

- 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.

3.12.2 Measurement**3.12.2.1 At fair value through profit or loss**

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking.

Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in the profit and loss account for the period to which it relates.

3.12.2.2 Held to maturity

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

Subsequently, these are measured at amortised cost using the effective yield less provision for impairment losses, if any.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortised over the term of investment using the effective yield.

3.12.2.3 Available for sale

Investments which are not eligible to be classified as "at fair value through profit or loss" or "held to maturity" 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 the statement of comprehensive income.

3.12.3 Fair value measurements

The fair value of investments in listed equity securities is determined by reference to the stock exchange's quoted market prices at the close of period end.

3.12.4 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.

3.13 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position 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.

3.14 Provisions

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

3.15 Provisions for outstanding claims including Incurred But Not Reported (IBNR)

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

Outstanding claims

This represents 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 Operator's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

Re-takaful 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

This represents 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 the end of reporting year, or if reported, complete details are not available to the Operator, so as to ascertain the amount of loss for that claim as claims outstanding.

The Operator is required, as per the SECP circular no. 9 of 2016 dated March 9, 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 the prescribed method which is "Chain Ladder Method" or any other alternate method as allowed under the provisions of the Guidelines.

The actuarial valuation as at December 31, 2019 has been carried out by an independent firm of actuaries for determination of IBNR for each class of business.

3.16 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Operator's profit and loss account, except to the extent that it relates to items recognised directly in equity or in the statement of comprehensive income, in which case it is recognised in equity or in the statement of comprehensive income respectively.

Current tax

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

Deferred tax

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

3.17 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.

3.18 Impairment of assets

The management assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

In the case of equity securities classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an objective evidence of impairment. In case of impairment of available-for-sale equity securities, the cumulative loss previously recognised in the statement of comprehensive income is removed therefrom and included in the profit and loss account. Impairment losses recognised in the profit and loss account on equity securities are only reversed when the equity securities are derecognised.

3.19 Management expenses

Management expenses 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.

3.20 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Operator becomes a party to the contractual provisions of the instrument and are derecognised when the Operator loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. 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 the profit and loss account in the period in which financial instrument is derecognised.

3.21 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.

3.22 Provision for unearned wakala fee

The Operator manages the general takaful operations for the participants and charges wakala fee to PTF on gross contributions recognised 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%
Motor Ijara	40.00%
Health	25.00%
Health Bancatakaful*	72.00%
Miscellaneous	27.50%

* The bancatakaful health and motor ijara policies are issued to financial institutions, the rates of which have been approved with the advice of shariah advisor.

Wakala fee is recognised as income in the Operator's Fund on the same basis on which the related contribution revenue is recognised. Unearned portion of wakala fee is recognised as a liability of the Operator's Fund.

3.23 Mudarib's fee

The Operator manages the participants' investment as Mudarib and charges 20 percent of the investment income and profit on bank balances earned by the PTF as Mudarib's fee. It is recognised on the same basis on which related revenue is recognised.

3.24 Qard-e-Hasna

Qard-e-Hasna is provided by the OPF to PTF in case of deficit or to fulfill cash flow requirements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

4.1 Use of estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- a) provision for unearned contribution (notes 3.5 and 16);
- b) provision for receivables and payables related to takaful contracts (notes 3.8 and 9);
- c) provision for outstanding claims including IBNR (notes 3.15 and 17);
- d) contribution deficiency reserve (note 3.6);
- e) provision for unearned wakala fee (notes 3.22 and 19);
- f) classification and impairment of investments (notes 3.12, 3.18 and 7);
- g) residual values and useful lives of property and equipment and intangible assets (notes 3.1, 3.2, 5 and 6);
- h) allocation of management expenses (notes 3.19 and 21); and
- i) taxation (notes 3.16 and 28).

5. PROPERTY AND EQUIPMENT - OPF

	2019									
	Cost				Depreciation				Written down value as at 31 December 2019	Depreciation rate %
	As at 01 January 2019	Addition	Disposal / adjustment	As at 31 December 2019	As at 01 January 2019	Charge for the year	Disposal / adjustment	As at 31 December 2019		
	(Rupees in '000)									
Furniture and fixtures	9,208	-	-	9,208	4,943	1,381	-	6,324	2,884	17%
Office equipment	6,111	-	-	6,111	3,261	917	-	4,178	1,933	17% - 25%
Computer equipment	816	-	-	816	536	105	-	641	175	25%
	16,135	-	-	16,135	8,740	2,403	-	11,143	4,992	

	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	

6. INTANGIBLE ASSETS - OPF

	2019									
	Cost				Amortisation				Written down value as at 31 December 2019	Amortisation period
	As at 01 January 2019	Addition	Disposal / adjustment	As at 31 December 2019	As at 01 January 2019	Charge for the year	Disposal / adjustment	As at 31 December 2019		
	(Rupees in '000)									
Computer software	4,933	-	-	4,933	1,881	987	-	2,868	2,065	5 years

	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		
Computer software	3,633	1,300	-	4,933	1,132	749	-	1,881	3,052	5 years

7. INVESTMENT IN EQUITY SECURITIES - available-for-sale

Note	2019			2018			
	Cost	Impairment / provision for the year	Carrying value	Cost	Impairment / provision for the year	Carrying value	
	(Rupees in '000)						
OPF							
Listed equity shares	7.1	72,777	4,717	71,035	40,991	4,248	35,944
PTF							
Listed equity shares	7.2	87,474	1,782	86,801	14,410	1,340	12,620

7.1 Available-for-sale securities - OPF

2019 Number of shares	2018	Face value per share (Rupees)	Name of Investee Company	2019		2018	
				Cost	Carrying value	Cost	Carrying value
(Rupees in '000)							
Ordinary Shares							
Textile Composite							
35,000	10,000	10	Nishat Mills Limited	4,798	3,715	1,467	1,265
Cement							
50,000	50,000	10	Fauji Cement Company Limited	1,251	778	1,250	1,046
75,000	30,000	10	Pioneer Cement Limited	1,435	2,287	1,438	1,257
55,000	10,000	10	Maple Leaf Cement Factory Limited	807	1,273	407	407
22,500	9,500	10	Lucky Cement Limited	10,052	9,639	4,374	4,129
Pharmaceuticals							
15,000	-	10	The Searle Company Limited	2,687	2,831	-	-
Refinery							
4,000	800	10	National Refinery Limited	454	564	229	229
Power Generation & Distribution							
46,000	10,000	10	Hub Power Company Limited	3,255	4,294	858	858
Oil & Gas Marketing Companies							
60,000	50,000	10	Sui Northern Gas Pipelines Limited	5,848	4,570	5,146	3,854
Oil & Gas Exploration Companies							
30,000	-	10	Oil & Gas Development Company Limited	4,335	4,270	-	-
19,000	4,000	10	Pakistan Oilfields Limited	8,674	8,488	2,106	1,699
50,000	11,500	10	Pakistan Petroleum Limited	6,951	6,857	1,641	1,721
Engineering							
60,500	60,500	10	Mughal Iron & Steel Industries Limited	3,457	2,479	3,457	2,447
40,100	40,100	10	Amreli Steels Limited	875	1,448	1,920	1,920
Fertilizer							
10,000	5,000	10	Engro Corporation Limited	2,915	3,453	1,639	1,455
100,000	100,000	10	Engro Fertilizer Limited	6,799	7,343	6,799	6,905
Technology & Communication							
575,000	575,000	10	Pakistan Telecommunication Company Limited	6,933	5,382	6,933	5,526
Food & Personal Care Products							
20,000	20,000	10	Al Shaheer Corporation Limited	580	283	580	479
Cable & Electrical Goods							
40,000	30,000	10	Pak Elektron Limited	671	1,081	747	747
				72,777	71,035	40,991	35,944

7.2 Available-for-sale securities - PTF

2019 Number of shares	2018 Number of shares	Face value per share (Rupees)	Name of Investee Company	2019		2018	
				Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)							
			Textile Composite				
65,000	-	10	Nishat Mills Limited	8,446	6,899	-	-
			Cement				
30,000	-	10	D.G. Khan Cement Company Limited	2,582	2,228	-	-
35,000	7,000	10	Lucky Cement Limited	14,402	14,994	3,222	3,042
90,000	10,000	10	Maple Leaf Cement Factory Limited	2,083	2,083	494	407
90,000	-	10	Pioneer Cement Limited	2,867	2,744	-	-
			Power Generation & Distribution				
46,000	-	10	Hub Power Company Limited	3,654	4,294	-	-
			Technology & Communication				
525,000	525,000	10	Pakistan Telecommunication Company Limited	6,281	4,914	6,281	5,045
			Pharmaceuticals				
20,000	-	10	The Searle Company Limited	3,581	3,775	-	-
			Fertilizer				
15,000	-	10	Engro Corporation Limited	4,282	5,179	-	-
30,000	-	10	Engro Fertilizer Limited	2,209	2,203	-	-
			Food & Personal Care Products				
30,000	20,000	10	Al Shaheer Corporation Limited	763	424	581	479
			Oil & Gas Marketing Companies				
15,000	20,000	10	Sui Northern Gas Pipelines Limited	924	1,143	1,541	1,541
			Oil and Gas Exploration Companies				
75,000	-	10	Oil & Gas Development Company Limited	10,713	10,674	-	-
20,000	-	10	Pakistan Oilfields Limited	8,689	8,934	-	-
90,000	-	10	Pakistan Petroleum Limited	12,736	12,343	-	-
2,000	1,100	10	Mari Petroleum Company Limited	2,420	2,620	1,544	1,359
			Cable & Electrical Goods				
50,000	30,000	10	Pak Elektron Limited	842	1,350	747	747
				87,474	86,801	14,410	12,620

8. LOANS AND OTHER RECEIVABLES - Considered good

	2019			2018
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
..... (Rupees in '000)				
Accrued investment income	-	697	697	2,394
Advance to suppliers	506	-	506	21
Sales tax recoverable	100	1,926	2,026	1,387
Medical claims recoverable	-	727	727	453
Other receivables	567	520	1,087	949
	1,173	3,870	5,043	5,204

9. TAKAFUL / RE-TAKAFUL RECEIVABLES - PTF - Unsecured and considered good		2019	2018
	Note	.....(Rupees in '000).....	
Due from takaful contract holders	9.1	147,530	91,027
Due from other takaful / re-takaful operators	9.2	61,238	5,677
		208,768	96,704

9.1 This includes Rs. 2 thousands (2018 : Rs. 342 thousands) receivable from a related party.

9.2 This includes Rs. 740 thousands (2018 : Rs. 2,094 thousands) receivable from a related party.

10. TAXATION - PROVISION LESS PAYMENTS - OPF		2019	2018
		.....(Rupees in '000).....	
Provision for taxation	10.1	36,189	23,899
Less: Taxes paid / deducted at source		(8,737)	(3,415)
		27,452	20,484

10.1 During the year, Rs. 20,484 thousands (2018: Rs 15,763 thousands) representing provision for taxation net of advance tax has been transferred to the Operator for the purpose of annual tax return of the Operator.

11. PREPAYMENTS		2019	2018
		.....(Rupees in '000).....	
OPF			
Prepaid miscellaneous expenses		1,167	1,000
PTF			
Prepaid re-takaful contribution ceded		74,947	50,101

12. CASH AND BANK		2019			2018
	Note	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
Cash and cash equivalent		..... (Rupees in '000)			
Policy, revenue stamps and bond papers		5	188	193	232
Cash at bank					
Current accounts		-	7,000	7,000	17,375
Savings accounts	12.1	193,735	450,749	644,484	643,108
	12.2 & 12.3	193,735	457,749	651,484	660,483
		193,740	457,937	651,677	660,715

12.1 Savings accounts carry profit rates ranging from 5.61% to 11.50% (2018: 2.68% to 8.50%) per annum.

12.2 Cash at bank of OPF include Rs. 131,573 thousands (2018: Rs. 119,087 thousands) held with a related party. Savings accounts with related party carries profit rate of 11% (2018: 8.95%) per annum.

12.3 Cash at bank of PTF includes Rs. 158,648 thousands (2018: Rs. 57,171 thousands) held with related parties. Savings accounts with related parties carries profit rate of 5.61% and 11% (2018: 8.95%) per annum.

13. TAKAFUL / RE-TAKAFUL PAYABLES - PTF	2019	2018
	.....(Rupees in '000).....	
Due to takaful contract holders	5,107	3,783
Due to other takaful / re-takaful operators	125,064	73,539
	<u>130,171</u>	<u>77,322</u>

14. OTHER CREDITORS AND ACCRUALS

	2019			2018
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
	..... (Rupees in '000)			
Agents commission payable	39,878	-	39,878	28,686
Federal excise duty / sales tax	-	8,147	8,147	6,397
Federal insurance fee	-	718	718	507
Accrued expenses	2,281	2,137	4,418	3,853
Other tax payables	-	815	815	799
Miscellaneous	189	2,884	3,073	1,833
	<u>42,348</u>	<u>14,701</u>	<u>57,049</u>	<u>42,075</u>

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 During the year, the Sindh Revenue Board vide notifications Nos. SRB 3-4/5/2019 and SRB 3-4/16/2019 dated May 8, 2019 and June 27, 2019 respectively has exempted premium charged on the health insurance policies till June 30, 2020 from the scope of applicability of Sindh Sales Tax on Services (SST) under the Sindh Sales Tax Act, 2011. Due to the aforementioned exemption, contingent liabilities of the Company as at December 31, 2019 is Rs. Nil (December 31, 2018: Rs. 29.9 million).

15.1.2 There were no contingencies and commitments outstanding as at December 31, 2019 and December 31, 2018 other than those disclosed above.

16. NET CONTRIBUTION - PTF	2019	2018
	.....(Rupees in '000).....	
Written gross contribution	1,101,336	907,162
Less: Wakala fee	348,652	268,293
Written net contribution	752,684	638,869
Add: Unearned contribution reserves opening	257,432	200,250
Less: Unearned contribution reserves closing	300,681	257,432
Contribution earned	709,435	581,687
Less:		
Re-takaful contribution ceded	183,708	118,350
Add: Prepaid re-takaful contribution ceded opening	50,101	38,924
Less: Prepaid re-takaful contribution ceded closing	74,947	50,101
Re-takaful expense	158,862	107,173
	<u>550,573</u>	<u>474,514</u>

	2019	2018
17. NET CLAIMS - PTF	.....(Rupees in '000).....	
Claim paid	651,933	377,297
Add: Outstanding claims including IBNR closing	180,708	114,527
Less: Outstanding claims including IBNR opening	114,527	94,875
Claims expense	718,114	396,949
Less:		
Re-takaful and other recoveries received	115,306	2,347
Add: Re-takaful and other recoveries against outstanding claims closing	20,274	16,314
Less: Re-takaful and other recoveries against outstanding claims opening	16,314	13,020
Re-takaful and other recoveries revenue	119,266	5,641
	598,848	391,308

17.1 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	2016	2017	2018	2019 (including IBNR)	Total
	.....(Rupees in '000).....				
Gross estimate of ultimate claims cost:					
- At end of accident year	127,598	281,984	411,127	663,955	
- One year later	137,541	287,063	468,314	-	
- Two years later	136,750	284,153	-	-	
- Three years later	136,603	-	-	-	
Current estimate of cumulative claims	136,603	284,153	468,314	663,955	1,553,025
Cumulative payment to date	(136,592)	(280,856)	(457,999)	(496,870)	(1,372,317)
Liability recognised in the statement of financial position	11	3,297	10,315	167,085	180,708

17.2 The provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2019 amounted to Rs 45,396 thousands (2018: Rs 23,497 thousands).

	2019	2018
18. RE-TAKAFUL REBATE EARNED - PTF	.....(Rupees in '000).....	
Re-takaful rebate received or receivable	8,841	2,227
Add: Unearned re-takaful rebate - opening	1,397	621
Less: Unearned re-takaful rebate - closing	4,983	1,397
	5,255	1,451
19. WAKALA FEE INCOME - OPF		
Gross wakala fee	348,652	268,293
Add: Unearned wakala fee - opening	113,999	85,399
Less: Unearned wakala fee - closing	152,118	113,999
	310,533	239,693

		2019	2018
20.	COMMISSION EXPENSE AND OTHER ACQUISITION COST - OPF	.....(Rupees in '000).....	
	Commission expense and other acquisition cost paid or payable	130,105	91,019
	Add: Deferred commission expense / acquisition cost - opening	37,387	28,085
	Less: Deferred commission expense / acquisition cost - closing	59,116	37,387
		108,376	81,717
21.	MANAGEMENT EXPENSES - OPF		
	Employee benefit cost	70,216	53,123
	Travelling expenses	244	38
	Advertisement and sales promotion	9,307	15,745
	Printing and stationery	5,982	5,928
	Depreciation	2,403	2,653
	Amortisation	987	805
	Rent, rates and taxes	2,143	2,094
	Electricity, gas and water	1,257	1,397
	Entertainment	237	240
	Office repairs and maintenance	189	145
	Bank charges	57	98
	Postage, telegrams and telephone	545	362
	Annual supervision fee to the SECP	1,285	804
	Miscellaneous	3,386	317
		98,238	83,749
21.1	Employee benefit cost		
	Salaries, allowance and other benefits	67,165	51,207
	Charges for post employment benefit	3,051	1,916
		70,216	53,123
21.1.1	This includes Rs. 13,168 thousands (2018: Rs. 12,062 thousands) in respect of remuneration of key management personnel and allocation of personnel expenses amounting to Rs. 27,876 thousands (2018: Rs. 16,828 thousands) by the Operator.		
21.1.2	This represents Rs. 1,078 thousands (2018: Rs. 860 thousands) being contribution for employee provident fund and allocation of Rs. 1,973 thousands (2018: Rs. 1,056 thousands) by the Operator in respect of defined benefit plan - employee gratuity.		
21.2	This includes rent amounting to Rs. 2,143 thousands (2018: Rs. 1,949 thousands) paid to the Operator.		
22.	DIRECT EXPENSES - PTF	2019	2018
		.....(Rupees in '000).....	
	Inspection fee	543	677
	Co-takaful service charges	360	172
	Others	1,142	976
		2,045	1,825

		2019	2018
23. INVESTMENT INCOME / (LOSS) - PTF	Note	.....(Rupees in '000).....	
Income from equity securities Available-for-sale			
Dividend income		4,272	464
Income from term deposits			
Profit on term deposits		-	44
Realised gains on investments Available-for-sale			
Realised gain on sale of equity securities		1,985	-
Total investment income		6,257	508
less: Impairment in value of available-for-sale equity securities		(1,782)	(1,340)
less: Investment related expenses		(30)	-
		4,445	(832)
24. INVESTMENT INCOME / (LOSS) - OPF			
Income from equity securities Available-for-sale			
Dividend income		4,163	2,425
Net realised gains / (losses) on investments Available for sale			
Realised gain on sale of equity securities		884	2,320
Realised loss on sale of equity securities		-	(658)
		884	1,662
Total investment income		5,047	4,087
less: Impairment in value of available-for-sale equity securities		(4,717)	(4,248)
less: Investment related expenses		(25)	-
		305	(161)
25. OTHER INCOME - OPF			
Profit on bank balances	25.1	14,805	7,480
Mudarib's share of PTF investment income and profit on bank balances		9,576	4,077
Others		87	14
		24,468	11,571
25.1	This includes Rs. 11,299 thousands (2018: Rs. 6,573 thousands) profit on bank balances held with a related party.		
26. OTHER EXPENSES - PTF		2019	2018
		.....(Rupees in '000).....	
Mudarib's share of PTF investment income and profit on bank balances		9,576	4,077
Non-shariah compliant income		116	7
Others		69	9
		9,761	4,093

		2019	2018
27. OTHER EXPENSES - OPF	Note	.....(Rupees in '000).....	
Shariah advisory fee		2,480	2,254
Subscription charges		19	18
Auditors' remuneration	27.1	1,303	939
Non-shariah compliant income		76	15
Others		25	-
		3,903	3,226

27.1 AUDITORS' REMUNERATION

Audit fee	500	287
Interim review fee	200	86
Shariah compliance audit	500	287
Special reports and certificates for various government agencies and sundry advisory services	-	150
Out of pocket expenses including government levy	103	129
	1,303	939

28. TAXATION

The current tax charge for the year is Rs. 36,189 thousands at the tax rate of 29 percent (2018: Rs. 23,899 thousands at the tax rate of 29 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 available-for-sale investments has been stated separately.

29. REMUNERATION OF HEAD OF WINDOW TAKAFUL OPERATIONS

	2019	2018
	.....(Rupees in '000).....	
Managerial remuneration	6,205	5,600
Leave encashment	-	361
Bonus	1,400	1,061
Contribution to defined contribution plan	517	467
Rent and house maintenance	2,792	2,520
Utilities	620	560
Medical	82	31
Conveyance	1,049	961
Others	503	501
	13,168	12,062

30. RELATED PARTY TRANSACTIONS

Related parties comprise of 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 these financial statements, are as follows:

		2019	2018
	Note	.....(Rupees in '000).....	
Associated companies / undertakings			
Contribution due but unpaid		2	342
Takaful contribution received / adjusted during the year		340	-
Rent	30.1	2,143	1,949
Reimbursement of expenses	30.2	34,125	22,407
Sale proceeds against salvage vehicle sold	30.3	1,150	-
Profit on bank balances		10,215	2,579
Others			
Takaful contribution received / adjusted during the year		-	3
Contributions to staff retirement benefit plans		3,051	1,916

30.1 This represents rent paid to the Operator.

30.2 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.

30.3 This represents a salvage vehicle sold to the Operator having carrying value of Rs 1,150 thousands (2018: Rs Nil).

31. SEGMENT INFORMATION

Segment information is prepared in accordance with the requirements of the Insurance Ordinance, 2000 and the Insurance Rules, 2017 for classwise revenues, results, assets and liabilities.

The classwise revenues and results are as follows:

	2019					Total
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	
Contribution received / receivable (inclusive of federal excise duty / sales tax, federal takaful fee, administrative surcharge and others)	204,604	95,322	578,235	275,627	78,757	1,232,545
Less: Federal excise duty / sales tax	24,584	9,313	69,626	-	9,128	112,651
Federal takaful fee	1,774	809	5,013	2,727	688	11,011
Others	230	4,279	2,806	167	65	7,547
	178,016	80,921	500,790	272,733	68,876	1,101,336
Written gross contribution (inclusive of administrative surcharge)	176,108	78,202	485,536	272,733	68,285	1,080,864
Gross direct contribution	1,908	2,719	15,254	-	591	20,472
	178,016	80,921	500,790	272,733	68,876	1,101,336
Less: gross wakala fee	59,635	28,322	149,881	91,873	18,941	348,652
	118,381	52,599	350,909	180,860	49,935	752,684
Participants' Takaful Fund - revenue account						
Contribution earned	94,038	50,444	346,821	171,267	46,864	709,434
Re-takaful expense	(79,971)	(27,755)	(21,006)	-	(30,129)	(158,861)
Net takaful contribution	14,067	22,689	325,815	171,267	16,735	550,573
Re-takaful rebate earned	2,644	251	21	-	2,339	5,255
Net takaful contribution	16,711	22,940	325,836	171,267	19,074	555,828

	2019					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	(Rupees in '000)					
Claims expense	(172,483)	(62,904)	(219,240)	(246,751)	(16,736)	(718,114)
Re-takaful and other recoveries revenue	111,935	2,794	2,188	-	2,349	119,266
Net takaful claims	(60,548)	(60,110)	(217,052)	(246,751)	(14,387)	(598,848)
Direct expenses	-	-	(2,045)	-	-	(2,045)
(Deficit) / surplus before investment income	(43,837)	(37,170)	106,739	(75,484)	4,687	(45,065)
Investment income						4,445
Profit on bank balances						43,435
Other expenses						(9,761)
Deficit for the year						(6,946)
Operator's Fund - revenue account						
Wakala fee income	47,203	27,098	143,838	74,643	17,751	310,533
Commission expense and other acquisition cost	(21,285)	(13,113)	(44,119)	(24,570)	(5,289)	(108,376)
Management expenses	(14,933)	(8,573)	(45,504)	(23,614)	(5,614)	(98,238)
	10,985	5,412	54,215	26,459	6,848	103,919
Investment income						305
Other income						24,468
Other expenses						(3,903)
Profit before tax						124,789

	2018					
	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, administrative surcharge and others)	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
	113,654	70,013	467,004	208,943	47,548	907,162
Written gross contribution (inclusive of administrative surcharge)						
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
	113,654	70,013	467,004	208,943	47,548	907,162
Less: gross wakala fee	38,074	24,504	135,431	57,207	13,077	268,293
	75,580	45,509	331,573	151,736	34,471	638,869
Participants' Takaful Fund - revenue account						
Contribution earned	67,339	44,701	305,347	132,648	31,652	581,687
Re-takaful expense	(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 earned	920	-	11	-	520	1,451
Net Takaful Contribution	23,123	17,865	289,627	132,648	12,702	475,965

2018					
Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
(Rupees in '000)					
Claims expense	(26,565)	(191,505)	(168,509)	(4,730)	(396,949)
Re-takaful and other recoveries revenue	-	2,317	-	3,324	5,641
Net takaful claims	(26,565)	(189,188)	(168,509)	(1,406)	(391,308)
Direct expenses	-	(1,825)	-	-	(1,825)
(Deficit) / surplus before investment income	(3,442)	98,614	(35,861)	11,296	82,832
Investment loss					(832)
Profit on bank balances					21,218
Other expenses					(4,093)
Surplus for the year					99,125
Operator's Fund - revenue account					
Wakala fee income	33,882	124,133	45,640	11,993	239,693
Commission expense and other acquisition cost	(15,716)	(38,776)	(10,969)	(4,405)	(81,717)
Management expenses	(11,839)	(43,372)	(15,947)	(4,190)	(83,749)
	<u>6,327</u>	<u>41,985</u>	<u>18,724</u>	<u>3,398</u>	<u>74,227</u>
Investment loss					(161)
Other income					11,571
Other expenses					(3,226)
Profit before tax					82,411

The classwise assets and liabilities are as follows:

2019					
Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
(Rupees in '000)					
Segment assets	77,045	106,555	43,464	27,470	272,975
Unallocated assets					
Participants' Takaful Fund					547,881
Operator's Fund					409,281
Total assets					1,230,137
Segment liabilities	120,905	317,500	153,783	49,862	692,117
Unallocated liabilities - Operator's Fund					221,918
Total liabilities					914,035

2018					
Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
(Rupees in '000)					
Segment assets	37,916	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	293,244	114,905	41,218	535,407
Unallocated liabilities - Operator's Fund					167,208
Total liabilities					702,615

32. MOVEMENT IN INVESTMENTS - OTF

	Held to Maturity	Available for sale	Total
	..... (Rupees in '000)		
Balance as at January 1, 2018	-	30,601	30,601
Additions	-	22,765	22,765
Disposals	-	(10,976)	(10,976)
Fair value net loss (excluding net realised gains as at December 31, 2018)	-	(2,198)	(2,198)
Impairment losses	-	(4,248)	(4,248)
Balance as at January 1, 2019	-	35,944	35,944
Additions	-	44,600	44,600
Disposals	-	(8,096)	(8,096)
Fair value net gains (excluding net realised gains as at December 31, 2019)	-	3,304	3,304
Impairment losses	-	(4,717)	(4,717)
Balance as at December 31, 2019	-	71,035	71,035

33. MOVEMENT IN INVESTMENTS - PTF

	Held to Maturity	Available for sale	Total
	..... (Rupees in '000)		
Balance as at January 1, 2018	20,000	-	20,000
Additions	-	15,750	15,750
Disposals	(20,000)	-	(20,000)
Fair value net loss (excluding net realised gains as at December 31, 2018)	-	(1,790)	(1,790)
Impairment losses	-	(1,340)	(1,340)
Balance as at January 1, 2019	-	12,620	12,620
Additions	-	95,432	95,432
Disposals	-	(20,588)	(20,588)
Fair value net gains (excluding net realised gains as at December 31, 2019)	-	1,119	1,119
Impairment losses	-	(1,782)	(1,782)
Balance as at December 31, 2019	-	86,801	86,801

34. MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK**34.1 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 3.3).

The Operator 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.

The Operator’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 re-takaful is arranged to mitigate the effect of the potential loss from individual to large or catastrophic insured events. Further, the Operator adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the takaful risk.

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 classwise major risk exposure is as follows:

Class	Maximum gross risk exposure	
	2019	2018
.....(Rupees in '000).....		
Fire and property damage	9,908,057	4,673,839
Marine, aviation and transport	691,159	2,170,942
Motor	35,000	31,000
Accident and health	2,196,184	1,974,505
Miscellaneous	5,168,000	3,400,000

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 the 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 Operator. The estimation of the amount is based on the Operator's judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. In estimating provision for outstanding claims including IBNR, the Operator follows the recommendation of an independent firm of actuaries (note 3.15).

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Operator takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognised 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.

c) Key assumptions

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

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 SECP circular 9 of 2016.

IBNR is determined by using the "Chain Ladder Method" for all classes of business including in-patient 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 reserve in relation to accident and health takaful is calculated in accordance with the advice of the actuary (refer note 3.6).

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	
	2019	2018
Fire and property damage	34%	25%
Marine, aviation and transport	69%	42%
Motor	48%	47%
Accident and health	95%	90%
Miscellaneous	37%	34%

d) 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, surplus / deficit and equity is as follows:

Average claim costs	Change in assumption	Impact on gross claim liabilities	Impact on net claim liabilities	Impact on surplus/ deficit	Impact on fund
..... (Rupees in '000)					
2019	+ 10%	71,811	59,885	59,885	59,885
2018	+ 10%	39,695	39,131	39,131	39,131

e) Statement of age-wise breakup of unclaimed takaful benefits

Total amount	Age-wise breakup				
	1 to 6 months	7 to 12 months	13 to 24 months	Beyond 24 months	
..... (Rupees in '000)					
Claims not encashed	50,105	47,372	901	937	895

f) 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 Operator obtain re-takaful coverage from a number of re-takaful operators, who are dispersed over several geographical regions.

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

	Amount due from other takaful / re-takaful holders	Re-takaful recoveries against outstanding claims	2019	2018
	(Rupees in '000)			
Rating				
A or above including Pakistan Reinsurance Company Limited	61,238	13,256	74,494	15,312
BBB	-	1,518	1,518	709
	<u>61,238</u>	<u>14,774</u>	<u>76,012</u>	<u>16,021</u>

34.2 Financial risk management objectives and policies

The Operator has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk

34.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of profit rate risk, foreign currency risk and other price risk. The Operator manages the market risk exposures by following internal risk management policies.

34.2.1.1 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. The Operator has deposits that are subject to profit rate risk.

The information about the exposure to profit rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

	2019							
	Effective rate % per annum	Profit bearing financial instruments			Non-profit bearing financial instruments			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	(Rupees in '000)							
Financial assets								
Investments in equity securities	-	-	-	157,836	-	157,836	157,836	
Loans and receivables	-	-	-	2,511	-	2,511	2,511	
Takaful / re-takaful receivables	-	-	-	208,768	-	208,768	208,768	
Wakala and mudarib fee receivable	-	-	-	75,488	-	75,488	75,488	
Re-takaful recoveries against outstanding claims	-	-	-	14,774	-	14,774	14,774	
Salvage recoveries accrued	-	-	-	5,500	-	5,500	5,500	
Cash and bank	6.01% to 11.50%	644,484	-	644,484	7,193	-	7,193	
		<u>644,484</u>	-	<u>644,484</u>	<u>472,070</u>	-	<u>472,070</u>	
							<u>1,116,554</u>	
Financial liabilities								
Outstanding claims including IBNR	-	-	-	(180,708)	-	(180,708)	(180,708)	
Wakala and mudarib fee payable	-	-	-	(75,488)	-	(75,488)	(75,488)	
Takaful / re-takaful payables	-	-	-	(130,171)	-	(130,171)	(130,171)	
Other creditors and accruals	-	-	-	(47,369)	-	(47,369)	(47,369)	
				<u>(433,736)</u>	-	<u>(433,736)</u>	<u>(433,736)</u>	
Interest risk sensitivity gap		<u>644,484</u>	-	<u>644,484</u>	<u>38,334</u>	-	<u>38,334</u>	
Cumulative interest risk sensitivity gap		<u>644,484</u>	<u>644,484</u>					

2018							
Effective rate % per annum	Profit bearing financial instruments			Non-profit bearing financial instruments			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
(Rupees in '000)							
Financial assets							
Investments in equity securities	-	-	-	48,564	-	48,564	48,564
Loans and receivables	-	-	-	3,796	-	3,796	3,796
Takaful / re-takaful receivables	-	-	-	96,704	-	96,704	96,704
Wakala and mudarib fee receivable	-	-	-	64,210	-	64,210	64,210
Re-takaful recoveries against outstanding claims	-	-	-	10,344	-	10,344	10,344
Salvage recoveries accrued	-	-	-	5,970	-	5,970	5,970
Cash and bank	2.68% to 8.50%	643,108	643,108	17,607	-	17,607	660,715
		643,108	643,108	247,195	-	247,195	890,303
Financial liabilities							
Outstanding claims including IBNR	-	-	-	(114,527)	-	(114,527)	(114,527)
Wakala and mudarib fee payable	-	-	-	(64,210)	-	(64,210)	(64,210)
Takaful / re-takaful payables	-	-	-	(77,322)	-	(77,322)	(77,322)
Other creditors and accruals	-	-	-	(34,372)	-	(34,372)	(34,372)
				(290,431)	-	(290,431)	(290,431)
Interest risk sensitivity gap							
		643,108	643,108	(43,236)	-	(43,236)	599,872
Cumulative interest risk sensitivity gap		643,108	643,108				

Cash flow sensitivity analysis for variable rate instruments

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

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on funds
(Rupees in '000)			
December 31, 2019	100 (100)	1,820 (1,820)	1,292 (1,292)
December 31, 2018	100 (100)	1,594 (1,594)	1,132 (1,132)

Fair value sensitivity analysis for fixed rate instruments

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

34.2.1.2 Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument 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.

34.2.1.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or foreign 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 Operator's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Operator limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity market.

The following table summarises the Operator's other price risk as at December 31, 2019 and 2018. 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 listed equity securities would affect it in a similar and opposite manner.

	Fair value	Price change	Effect on fair value
	(Rupees in '000)		(Rupees in '000)
December 31, 2019	71,035 (71,035)	+5% -5%	3,552 (3,552)
December 31, 2018	35,944 (35,944)	+5% -5%	1,797 (1,797)

34.2.2 Liquidity risk

Liquidity risk is the risk that the Operator will not be able to meet its financial obligations as they fall due or can do so on terms that are materially disadvantageous. The Operator's 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 Operator's reputation.

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

	2019			
	Within one year	Over one year to five years	Over five years	Total
	(Rupees in '000)			
Financial liabilities				
Outstanding claims including IBNR	180,708	-	-	180,708
Wakala and mudarib fee payable	75,488	-	-	75,488
Takaful / re-takaful payables	130,171	-	-	130,171
Other creditors and accruals	47,369	-	-	47,369
	433,736	-	-	433,736

	2018			
	Within one year	Over one year to five years	Over five years	Total
	(Rupees in '000)			
Financial liabilities				
Outstanding claims including IBNR	114,527	-	-	114,527
Wakala and mudarib fee payable	64,210	-	-	64,210
Takaful / re-takaful payables	77,322	-	-	77,322
Other creditors and accruals	34,372	-	-	34,372
	290,431	-	-	290,431

34.2.3 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 Operator attempts to control credit risk by monitoring credit exposures and undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

34.2.3.1 Concentration of credit risk and credit exposure of 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 Operator manages concentration of credit risk through diversification of activities among individuals, groups and industry segment.

As at December 31, 2019, the Operator is exposed to major credit risk on takaful / re-takaful receivables, re-takaful recoveries against outstanding claims and bank balances.

Bank balances 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:

Name of Bank	Rating agency	Long term rating	Short term rating	2019	2018
..... (Rupees in '000).....					
Standard Chartered Bank (Pakistan) Limited - a related party	PACRA	AAA	A1+	36,891	20,742
Habib Bank Limited - a related party	VIS	AAA	A-1+	253,330	176,258
Soneri Bank Limited	PACRA	AA-	A1+	108,590	130,372
Faysal Bank Limited	VIS	AA	A-1+	4,648	955
Bank Alfalah Limited	PACRA	AA+	A1+	9,963	33,613
Dubai Islamic Bank Pakistan Limited	VIS	AA	A-1+	86,881	65,756
BankIslami Pakistan Limited	PACRA	A+	A1	149,832	232,787
MCB Islamic Bank Limited	PACRA	A	A1	1,349	-
				651,484	660,483

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 takaful due from contract holders within one year and above one year is Rs. 147,530 thousands (2018: 91,027 thousands) and Nil (2018: Nil) net off provision for doubtful balances respectively.

The credit quality of amount due from other takaful / re-takaful operators and re-takaful recoveries against outstanding claims can be assessed from external ratings disclosed in note 34.1(f).

35. STATEMENT OF SOLVENCY - PTF

Assets

Investments

	Note	2019	2018
.....(Rupees in '000).....			
Equity securities		86,801	12,620
Loans and other receivables		3,870	3,722
Takaful / Re-takaful receivables		208,768	96,704
Re-takaful Recoveries against outstanding claims		14,774	10,344
Salvage recoveries accrued		5,500	5,970
Prepayments	35.1	74,947	50,101
Cash and bank		457,937	490,512
Total assets		852,597	669,973

	2019	2018
In-admissible assets as per following clauses section 32(2) of the Insurance Ordinance, 2000.	.....(Rupees in '000).....	
Takaful / re-takaful receivables	48,193	44,224
Total of in-admissible assets	48,193	44,224
Total of admissible assets	804,404	625,749
Liabilities		
Underwriting Provisions		
Outstanding claims including IBNR	180,708	114,527
Unearned contribution reserves	300,681	257,432
Unearned re-takaful rebate	4,983	1,397
Contribution received in advance	17,126	11,169
Wakala and mudarib fee payable	75,488	64,210
Takaful / re-takaful payables	130,171	77,322
Other creditors and accruals	14,701	9,350
Total Liabilities	723,858	535,407
Total net admissible assets	80,546	90,342

35.1 In the absence of any specific guidance, "prepaid re-takaful contribution ceded" has been treated as admissible asset for the purposes of this statement.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Operator is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

36.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Operator to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

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

	2019							
	Carrying amount			Fair value				
	Available-for-sale	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	157,836	-	-	157,836	157,836	-	-	157,836
Financial assets not measured at fair value								
Loans and receivables*	-	2,511	-	2,511	-	-	-	-
Takaful / re-takaful receivables*	-	208,768	-	208,768	-	-	-	-
Wakala and mudarib fee receivable*	-	75,488	-	75,488	-	-	-	-
Re-takaful recoveries against outstanding claims*	-	14,774	-	14,774	-	-	-	-
Salvage recoveries accrued*	-	5,500	-	5,500	-	-	-	-
Cash and bank*	-	651,677	-	651,677	-	-	-	-
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*	-	-	(180,708)	(180,708)	-	-	-	-
Wakala and mudarib fee payable*	-	-	(75,488)	(75,488)	-	-	-	-
Takaful / re-takaful payables*	-	-	(130,171)	(130,171)	-	-	-	-
Other creditors and accruals*	-	-	(47,369)	(47,369)	-	-	-	-
	157,836	958,718	(433,736)	682,818	157,836	-	-	157,836
	2018							
	Carrying amount			Fair value				
	Available-for-sale	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								
Loans and receivables*	-	3,796	-	3,796	-	-	-	-
Takaful / re-takaful receivables*	-	96,704	-	96,704	-	-	-	-
Wakala and mudarib fee receivable*	-	64,210	-	64,210	-	-	-	-
Re-takaful recoveries against outstanding claims*	-	10,344	-	10,344	-	-	-	-
Salvage recoveries accrued*	-	5,970	-	5,970	-	-	-	-
Cash and bank*	-	660,715	-	660,715	-	-	-	-
Financial liabilities not measured at fair value								
Outstanding claims including IBNR*	-	-	(114,527)	(114,527)	-	-	-	-
Wakala and mudarib fee payable*	-	-	(64,210)	(64,210)	-	-	-	-
Takaful / re-takaful payables*	-	-	(77,322)	(77,322)	-	-	-	-
Other creditors and accruals*	-	-	(34,372)	(34,372)	-	-	-	-
	48,564	841,739	(290,431)	599,872	48,564	-	-	48,564

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

37. CORRESPONDING FIGURES

No significant rearrangements or reclassifications have been made in these financial statements during the current year.

38. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on February 4, 2020.

39. GENERAL

Figures in these financial statements have been rounded off to the nearest thousand of rupees.



Towfiq H. Chinoy
Chairman



Hassan Khan
Chief Executive



Amyn Currimbhoy
Director



Akbarali Pesnani
Director










Nawaid Jamal
Chief Financial Officer










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Jama Punji is an Investor
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*Mobile apps are also available for download for android and ios devices

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 by rating agency.
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.
Financial Action Task Force (FATF)	It is an intergovernmental organisation founded in 1989 on the initiative of the G7 to develop policies to combat money laundering.
Financial Capital	It is any economic resource measured in terms of money used by entrepreneurs and businesses to buy what they need to make their products or to provide their services.
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.
Intellectual Capital	It refers to creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce.
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.
Large-Scale Manufacturing (LSM)	It refers to the production of a commodity on a large scale or huge quantity with a large sized firm.
Logistical management	It is used to meet customer demands through the planning, control and implementation of the effective movement and storage of related information, goods and services from origin to destination.
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
Micro-insurance	It is an insurance arrangement to protect low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved.
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-Banking Financial Institution (NBFIs)	Entities that are engaged in specialised financial services other than commercial banking services in Pakistan. These are also known as Non-Banking Finance Companies (NBFCs).
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'
Peril	It is an event that could cause damage to property, items, or belongings insured.
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.

Secondary Perils	These are defined as small-to-mid-sized events or the secondary effects of a main peril.
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.
Twin Deficit	It occurs when a nation has both a current account deficit and a budget deficit. It is also known as double- deficit.
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.

BRANCH

Network

THE NEXUS OF EXCELLENCE



BRANCH NETWORK

HEAD OFFICE

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BRANCH NETWORK

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MULTAN ZONE

MULTAN

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MAIN BRANCH, (SALES UNIT-I)

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Fax: (9242) 36283660

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Fax: (9242) 36283292

Sales Unit - III

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MALL MANSIONS

(Sales Unit-IV)

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Email: info.mall@jubileegeneral.com.pk

Tel: (9242) 36310125-8

Fax: (9242) 36310129

SALES UNIT - V

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BRANCH NETWORK

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Fax: (9291) 5274698

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 March 31, 2020 at 09:30 a.m.
and at any adjournment thereof.

Signed this _____ day of _____ 2020.

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۔ بمطابق شیئر رجسٹر فوئیو نمبر _____ اور / یا سی ڈی سی پارٹنرسپینٹ (شرکت)
آئی ڈی نمبر _____ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر _____
محترمہ محترمہ _____ ساکن _____ یا ان کی غیر حاضری کی صورت میں
محترمہ محترمہ _____ ساکن _____ جو کہ خود بھی جوہلی جنرل انشورنس کمپنی لمیٹڈ کا رکن ہے۔

۳۱ مارچ، ۲۰۲۰ء صبح ۹:۳۰ بجے منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء میں اپنا مرہارا بطور مختار (پراکسی)
مقرر کرتا ہوں / کرتے ہیں۔

آج بروز _____ بتاریخ _____ ۲۰۲۰ء 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 اسٹیٹ

دستخط



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Website: www.jubileegeneral.com.pk

Jubilee General Insurance
Company Limited
2nd Floor, Jubilee Insurance House,
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