



Jubilee
GENERAL INSURANCE



WE ARE THERE FOR YOU
TODAY AND TOMORROW

ANNUAL REPORT
2020





WE ARE THERE FOR YOU

TODAY & TOMORROW

At Jubilee General, we believe in more than the now. We believe in being a part of our customers' past, present and future. And for this reason, we have been providing insurance solutions catering to a diversity of business and individual needs – from property and marine to fleet and engineering insurance; from motor and accident protection to travel and home care insurance.

With Jubilee General, you can be confident that your needs, both for today and tomorrow are covered and everything in between.

AA+
VIS

AA+
PACRA

B+
AM BEST

MAP

Top Position in Insurance Sector (Financial Category) 34th MAP Corporate Excellence Award

ICAP & ICMAP

Third Position among Insurance Companies for Best Corporate Report & Sustainability Award

Lloyd's Register LRQA

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

FPCCI

Outstanding Service in Insurance

Insurance Journal

Corporate Social Responsibility Highest Donation (2013-2015)

SAFA

1st Runner-up Position (Insurance Sector)

THE HIGHEST PROFIT ACHIEVEMENT

At Jubilee General, we believe our success is a reflection of the trust invested in us by our customers and stakeholders, particularly our shareholders. With our profit after tax exceeding Rs. 1.53 billion, we thank everyone profoundly for this confidence. Thank you!

Our journey of growth over the last 68 years has been defined by this trust which drives us to forge ahead towards new achievements.

FINANCIAL HIGHLIGHTS 2020

WRITTEN PREMIUM/
CONTRIBUTION

RUPEES
10,311
MILLION

NET PREMIUM/
CONTRIBUTION
REVENUE

RUPEES
5,547
MILLION

INVESTMENT
INCOME

RUPEES
1,921
MILLION

PROFIT BEFORE
TAX

RUPEES
2,114
MILLION

SHAREHOLDERS'
EQUITY

RUPEES
9,547
MILLION

PROFIT AFTER
TAX

RUPEES
1,533
MILLION

CLAIMS PAID

RUPEES
4,295
MILLION

UNDERWRITING
RESERVES

RUPEES
8,382
MILLION

INVESTMENTS &
PROPERTIES

RUPEES
15,177
MILLION

TOTAL ASSETS

RUPEES
23,295
MILLION

EARNINGS PER
SHARE

RUPEES
7.72

DIVIDEND PER
SHARE

RUPEES
3.50
CASH

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ORGANISATION OVERVIEW &

EXTERNAL ENVIRONMENT

CORPORATE INFORMATION

Chairman of the Board of Directors

R. Zakir Mahmood (Non-Executive Director)

Directors

Akbarali Pesnani (Non-Executive Director)

John Joseph Metcalf (Non-Executive Director)

Amin A. Hashwani (Non-Executive Director)

Amyr Currimbhoy (Independent Director)

Riyaz Ali Towfiq Chinoy (Independent Director)

Murtaza Hashwani (Non-Executive Director)

Abrar Ahmed Mir (Non-Executive Director)

Managing Director and Chief Executive

Hassan Khan (Executive Director)

Chief Financial Officer

Nawaid Jamal

Company Secretary

Abdul Wahid

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,
Plot No. 32-C, Jami Commercial Street 2, D.H.A.,
Phase VII Karachi.
UAN: (92-21):111- 000-322
Tel: (92-21) 35310191-93

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) 34216728 - 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





R. ZAKIR MAHMOOD
CHAIRMAN

(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 and First MicroFinance Bank, Tajikistan. He is also trustee of Aga Khan University Hospital. He has served as director of various other organisations.

Other Directorships include:

- Jubilee Life Insurance Company Limited
- Aga Khan Agency for Microfinance

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

(Chief Executive since January 1, 2020)

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 premier 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.

Other Directorship includes:

- Jubilee Kyrgyzstan Insurance Company - CJSC

ROLE OF THE CHIEF EXECUTIVE

The Chief Executive is responsible for leadership of the Management.

He will:

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



AKBARALI PESNANI
NON-EXECUTIVE DIRECTOR

(Director since: August 15, 2002)

Mr. Akbarali Pesnani is a Fellow Chartered Accountant (FCA), a Fellow Cost and Management Accountant (FCMA) and an MBA. He is presently Chairman of Aga Khan Culture Services - Pakistan 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
- Air Asia Limited
- Air Safira Limited
- Agha Steel Industries Limited
- Pakistan Cables Limited



JOHN JOSEPH METCALF
NON-EXECUTIVE DIRECTOR

(Director since: February 28, 2007)

Mr. John Joseph Metcalf is a Fellow of the Chartered Insurance Institute of UK and a senior insurance professional with extensive international experience in managing insurance companies. He is responsible for the development of strategy for the insurance business of AKFED, including management oversight as Director on the Board of all AKFED investments in the insurance sector spread in 7 countries in the continents of Africa and Asia.

Other Corporate Directorships include:

- Jubilee Life Insurance Company Limited, Pakistan
- The Jubilee Investments Co. Limited, Uganda
- Jubilee Holdings Limited Kenya
- Jubilee Insurance Company of Kenya, Limited
- Jubilee Kyrgyzstan Insurance Company - CJSC
- 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
- Jubilee General Insurance Company Limited, Kenya
- Jubilee Health Insurance Company Limited, Kenya



AMIN A. HASHWANI

NON-EXECUTIVE DIRECTOR

(Director since: March 24, 2014)

Mr. Amin A. Hashwani belongs to a well-known business family of Pakistan. He is sole proprietor of Micro Grind Minerals and partner in Tech4life Pakistan. 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
- Zappone Systems (Pvt.) Ltd.



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 Directorships include:

- Jubilee Life Insurance Company Limited
- Kyrgyz Investment and Credit Bank (CJSC)



**RIYAZ ALI
TOWFIQ CHINYOY**
INDEPENDENT DIRECTOR

(Director since: June 25, 2020)

Mr. Riyaz Ali Towfiq Chinoy is a qualified Industrial Engineer and has obtained B.Sc. in Industrial Engineering, from Case Western Reserve University, USA. He has extensive experience in large scale industrial manufacturing from production, operations, supply chain, quality management systems and projects. He is the Chairman of Pakistan Institute of Corporate Governance (PICG). He is founding trustee of Citizen Trust Against Crime and trustee in Patron of Expo 2020 Trust. He has served as the Chairman of the Landhi Association of Trade and Industry.

Other Corporate Directorships include:

- Indus Motor Company Limited
- Bulleh Shah Packaging (Private) Limited
- International Industries Limited
- Packages Convertors (Private) Limited
- IIL Australia Pty Limited
- IIL American Inc.
- The Citizens Foundation
- Pakistan Business Council
- Management Association of Pakistan
- Water Foundation



MURTAZA HASHWANI
NON-EXECUTIVE DIRECTOR

(Director since: June 25, 2020)

He is a Business Graduate from Santa Monica, Los Angeles, USA and has attended various courses on Management. He also participated in various workshops/short courses organised by Cornell University-USA. He has extensive experience of managing diversified portfolio of businesses including Hotels, Pharmaceuticals, Oil & Gas besides Information Technology.

Other Corporate Directorships include:

- Bagh-e-Landhi Properties (Private) Limited
- Brillux (Private) Limited
- Hashoo Holdings (Pvt) Limited
- Hashoo Foundation
- Hashoo International (Private) Limited
- Hashwani Hotels Limited
- Hassan Ali & Co. (Pvt) Limited
- Hassan Ali (Grains) (Pvt) Limited
- Murtaza Construction Corporation (Private) Limited
- Net 21 (Private) Limited
- Noor Properties (Pvt) Limited
- Pakistan Services Azad Kashmir Limited
- Pakistan Services Limited
- Pearl Communications (Private) Limited
- Pearl Continental Air (Private) Limited
- Pearl Continental Hotels (Pvt) Limited
- Pearl Tours & Travels (Private) Limited
- Tejari Pakistan (Private) Limited
- Zahdan Lifestyle (Private) Limited
- Zahdan Retail (Private) Limited
- Zahdan Technologies (Private) Limited
- Zaver Chemicals Limited
- Zaver Mining Company (Private) Limited



ABRAR AHMED MIR

NON-EXECUTIVE DIRECTOR

(Director since: June 25, 2020)

Mr. Abrar Ahmed Mir is an engineer and MBA from Illinois Institute of Technology, Chicago, IL, USA. He has extensive experience in ecommerce, fintech and innovative financial products. He is currently working as Chief Innovation & Financial Inclusion Officer at Habib Bank Limited.

Other Corporate Directorships include:

- The First Microfinance Bank Limited
- 1Link (Private) Limited
- HBL Asset Management Limited

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 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.

DIRECTORS' TRAINING AND ORIENTATION

All the Directors are compliant with necessary eligibility requirement of the 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 Directors and Senior Management of the Company with respect to the Code, other relevant corporate laws, respective regulations and recent changes therein.

In 2020, an online presentation arranged for all the directors including newly elected directors of the Company, providing them a general understanding regarding the affairs of the Company.

SECURITY CLEARANCE OF A FOREIGN DIRECTOR

As at 31st December 2020, Jubilee General Insurance Company's Board of Directors consists of ten (10) individuals including Chief Executive. Except one, all are Pakistani Nationals. The Company had obtained security clearance from the Ministry of Interior Affairs - Government of Pakistan at the time of the appointment of the only Foreign Director on the Board.

SIGNIFICANT CHANGES IN THE BOARD OF DIRECTORS

Election of Directors

Election of Directors was held on June 25, 2020, upon the completion of term by the previous Board of Directors, to elect the Directors for the next term of three years. The new Board comprises of ten (10) members (including the CEO as a deemed Director) with diverse and multi-generational background having core competencies, knowledge, skills and experience relevant to the business of the Company. R. Zakir Mahmood has been appointed as Chairman of the Board. Following Directors retired/elected at the conclusion of elections:

Name of Director	Retired	Elected
Towfiq Chinoy	✓	
Sadruddin Hashwani	✓	
Farhan Talib	✓	
Tahir Ahmed	✓	
R. Zakir Mahmood		✓
Akbarali Pesnani		✓
John Joseph Metcalf		✓
Amin A Hashwani		✓
Amyr Currimbhoy		✓
Riyaz Ali Towfiq Chinoy		✓
Murtaza Hashwani		✓
Abrar Ahmed Mir		✓
Saba Kamal		✓

Casual Vacancy on the Board

Subsequent to the year end, the Independent director of the Company, Ms. Saba Kamal has resigned from the directorship, therefore, a casual vacancy has arisen on the Board w.e.f. February 9, 2021.

VISION

Enabling people to overcome uncertainty

MISSION

To provide solutions that protect the future of our customers

CORE VALUES

Teamwork | Integrity
Excellence | Passion

STRATEGIC OBJECTIVE

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



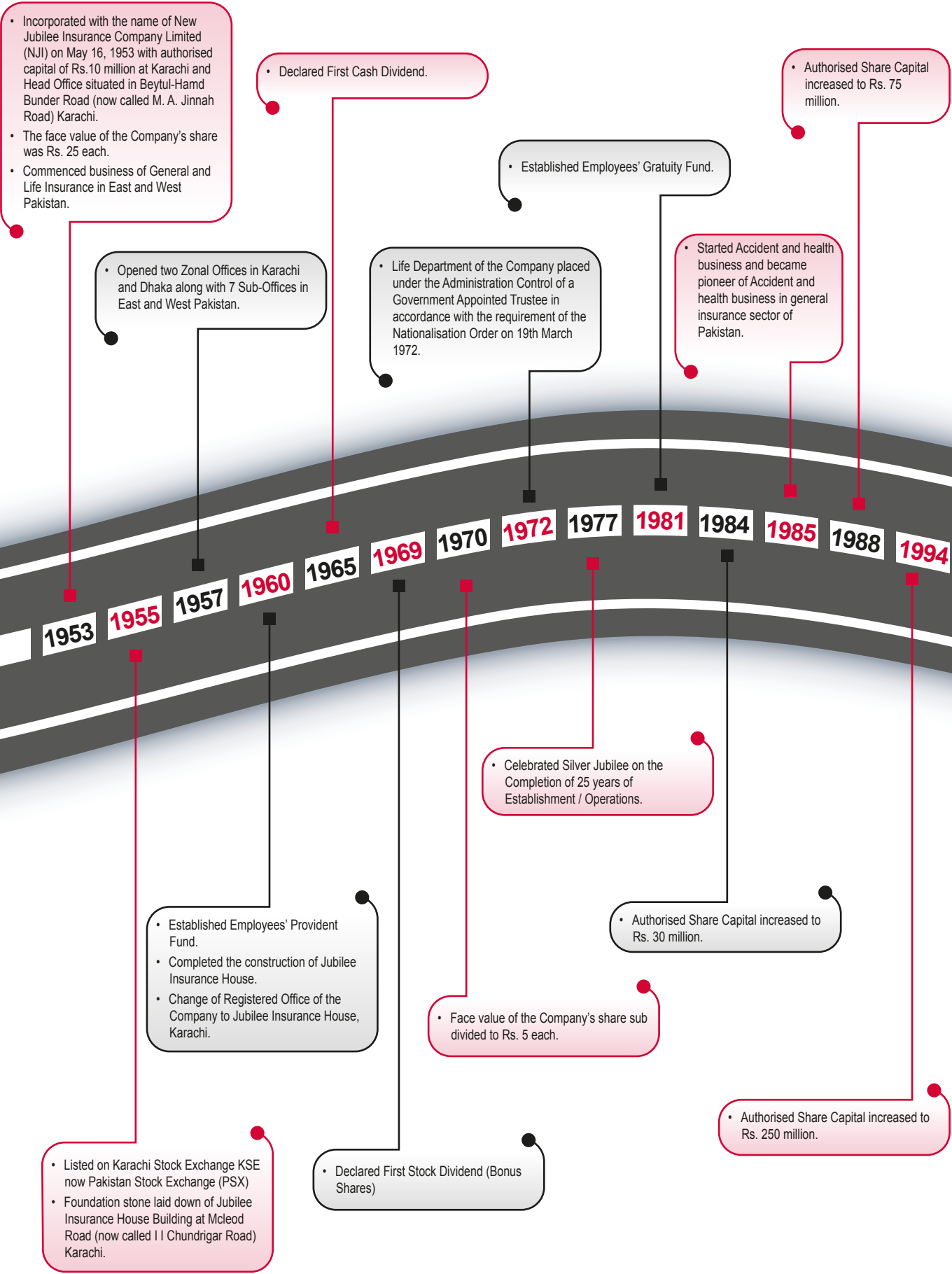


COMPANY

OVERVIEW



OUR JOURNEY



- Authorised Share Capital increased to Rs 500 million.
- Gross premium increased to Rs. 1 billion first time in the history of the Company.

- Change of Name from New Jubilee Insurance Company Limited to Jubilee General Insurance Company Limited.
- Gross premium crossed Rs. 5 billion first time in the history of the Company.

- Achieved third position in Best Corporate Report Award from ICAP/ICMAP on the Annual Report 2019.
- Achieved 1st Runner-up Award on Best Presented Annual Report from SAFA on the Annual Report 2019
- Received Trophy as FPCCI achievement Award on its Motor third party liability web access facility.
- Combined Profit before tax of the Company increased to Rs. 2 billion first time in the history of the Company.
- Combined Profit after tax of the Company surpassed Rs. 1.5 billion first time in the history of the Company.

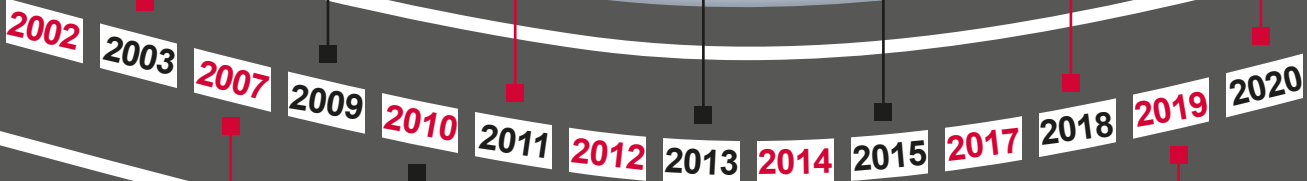
- Celebrated Golden Jubilee on the completion of 50 years of Establishment / Operations.
- Company took over the Insurance Business of all the Branches in Pakistan of Commercial Union on 1st January 2003 after agreement with CGU International plc UK.
- Authorised Share Capital increased to Rs. 1 billion.

- Authorised Share Capital increased to Rs. 2.5 billion.

- Profit before Tax of the Company surpassed Rs. 1 billion.

- Achieved 1st position in Best Corporate Report Award from ICAP/ICMAP on the Annual Report 2017.
- Received Gold Medal from FPCCI on its Motor Insurance Claims Android Application.
- Achieved top position under Financial Category in the 33rd MAP Corporate Excellence Award.
- Certification of Approval for the period of 3 years (2018 to 2020) from Lloyd's Register Quality Assurance (LRQA) for acknowledgment of the standardisation of management processes procedures and compliance
- Gross premium of the Company increased to Rs. 10 billion first time in the history of the Company.

- Company opened branch in Karachi Export Processing Zone (KEPZ)



- Authorised Share Capital increased to Rs. 2 billion
- Face value of the Company's share consolidated to Rs. 10 each.

- Achieved 1st position in Best Corporate Report Award from ICAP/ICMAP on the Annual Report 2009

- Acquired 19.5% holding into Jubilee Kyrgyzstan Insurance Company Ltd – A closed Joint Stock Company in the Kyrgyz Republic.

- Achieved 1st position in Best Corporate Report Award from ICAP/ICMAP on the Annual Report 2016.
- Received Gold Medal from FPCCI on the Motor Underwriting Android Application.
- Achieved top position under Financial Category in the 32nd MAP Corporate Excellence Award.
- Combined underwriting profit of the Company surpassed Rs. 500 million first time in the history of the Company.

- Completed hat-trick of achieving 1st position in Best Corporate Report Award from ICAP/ICMAP.
- The Company became first insurer in Pakistan to be accorded Financial Strength Rating of "B++" (Good) and issuer rating "BBB" by AM Best-an International Rating Agency.

- Received Gold Medal from FPCCI on its Marine Cover Note Issuance Web Access & Android Application.
- Achieved top position in insurance sector in the 34th MAP Corporate Excellence Award.
- Completed second hat-trick of achieving 1st position in Best Corporate Report Award from ICAP/ICMAP.

COMPANY OVERVIEW

Jubilee General Insurance Company Limited has entered its sixty eighth 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 AM Best, which is the highest rating to be assigned by an International Rating Agency to any financial institution in Pakistan. According to AM 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. AM Best is the world’s oldest and most authoritative insurance rating and information source.

Over the last 15 years, Jubilee General has grown 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 of 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)

- Personal Accidents (SelfCare)*
- SelfCare Plus
- Home Insurance/Takaful (HomeCare)*
- ShopCare
- ShopCare Plus
- EducationCare
- AllCare
- International Travel (ViaCare)*
- Domestic Travel (ViaCare)*
- Hajj & Umrah (ViaCare) *
- Ziarat (ViaCare)
- Student Travel (ViaCare)*
- HomeTrip (For Pakistani expatriates) (ViaCare) *
- 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

MANAGEMENT TEAM



HASSAN KHAN
MANAGING DIRECTOR &
CHIEF EXECUTIVE



AZFAR ARSHAD
CHIEF OPERATING OFFICER



NAWAID JAMAL
CHIEF FINANCIAL OFFICER



ANITA LALANI
HEAD OF HUMAN RESOURCE



MOHAMMAD SAFDAR
HEAD OF REINSURANCE



KARIM MERCHANT
HEAD OF ENGG PROJECTS,
BONDS & RISK MANAGEMENT



MUHAMMAD NADEEM IRSHAD
HEAD OF ACCIDENT & HEALTH



MUHAMMAD UZAIR MIRZA
HEAD OF FINANCIAL LINES &
BANCASSURANCE



SYED IMRAN RABBANI
HEAD OF CLAIMS



SYED SOHAIL AHMED
HEAD OF WINDOW TAKAFUL
OPERATIONS



SYED ATHER ABBAS
HEAD OF CORPORATE SERVICES



IMRAN MUGHAL
CHIEF RISK OFFICER



WAQAS UR REHMAN
CHIEF INVESTMENT OFFICER



MUHAMMAD AZFAR SABIH
CHIEF INFORMATION OFFICER



ABDUL WAHID
COMPANY SECRETARY



SAFAR ALI
HEAD OF INTERNAL AUDIT

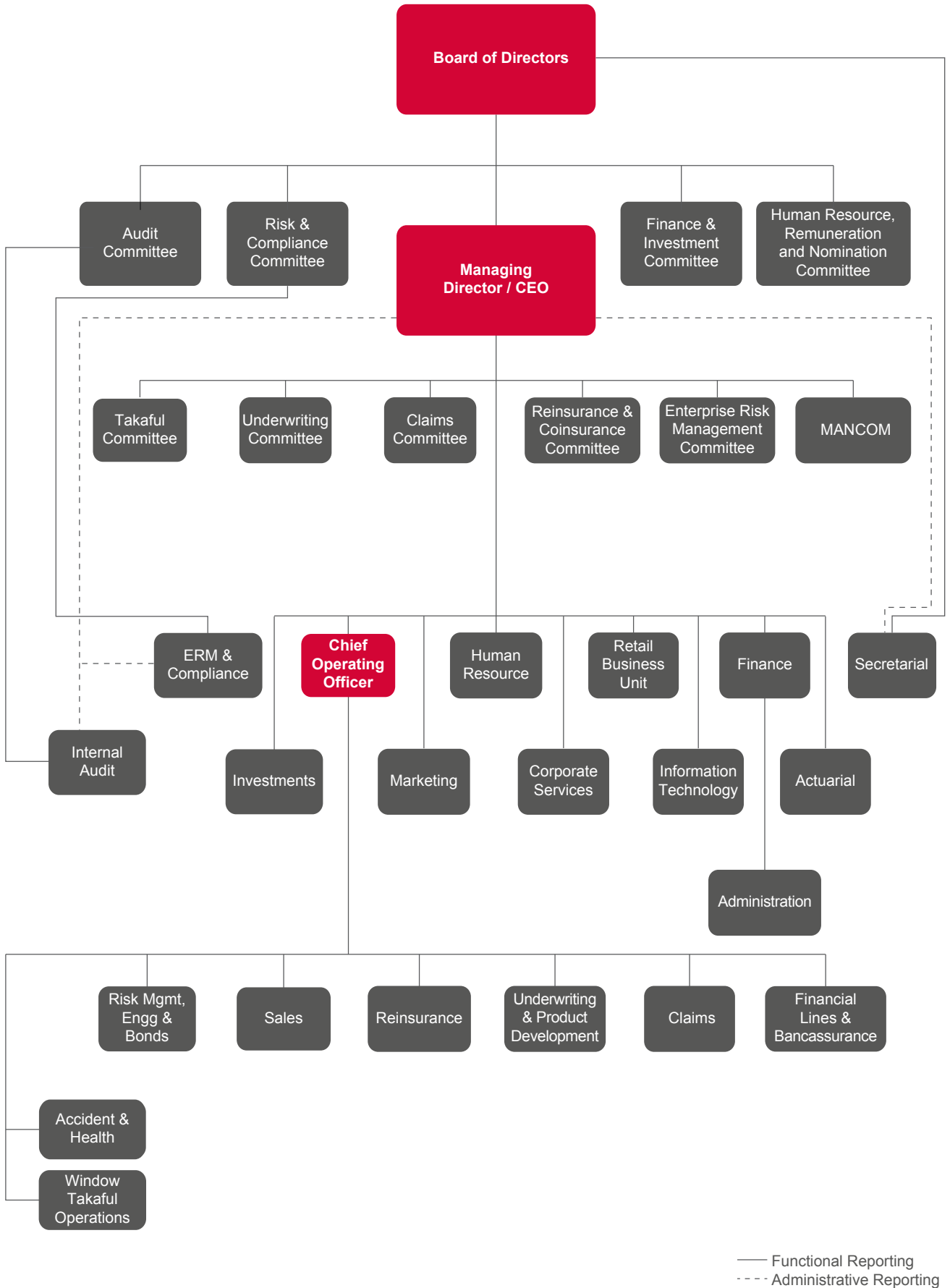


MAJOR KHALID QADEER (R)
HEAD OF ADMINISTRATION

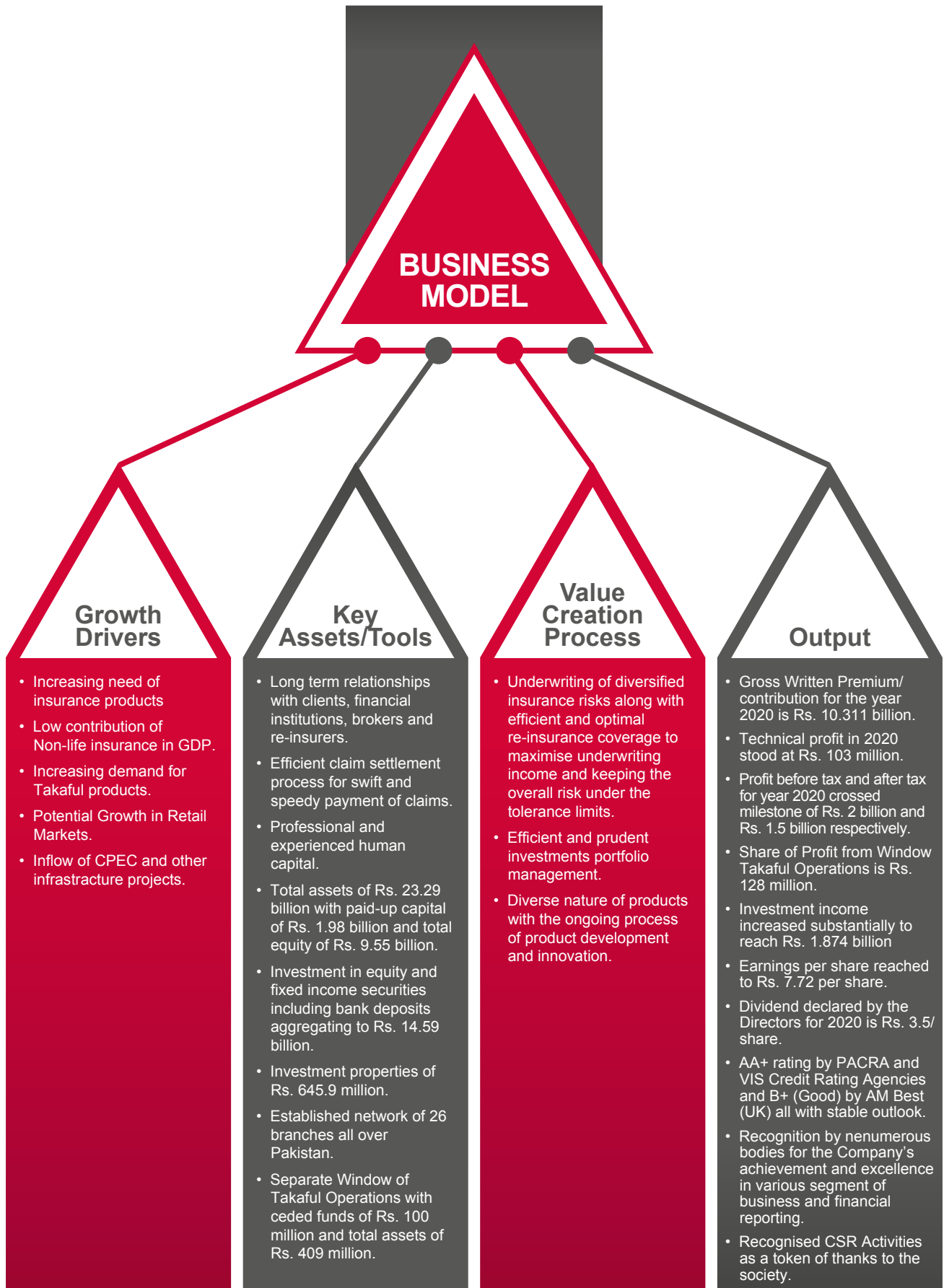


HASHIM SHAMIM
SENIOR ADVISOR

ORGANISATION STRUCTURE



OUR BUSINESS MODEL



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 recognised 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.

With the ongoing COVID-19 pandemic, many organisations have to rapidly adjust their way of working. For Jubilee General Insurance the focus continued to be maintaining customer relationship and ensuring continuity of business by navigating the changing work environment. It is critically important for us to consider impact of new normal on our employees and our overall organisational culture. During the testing times of COVID-19 pandemic, the Company's employees have responded confidently to the outbreak by immediately adopting the fundamental change in working conditions and environment.

Simultaneously, the Company's senior management considering the importance of employees' safety and security continued to provide utmost support to activate Work from Home (WFH) policy. The Company has made all the arrangements to safeguard the health of its employees who are attending the office as part of allowable attendance at the workplace.

Since the start of the Pandemic all employees of the Company are geared up to ensure continuance of the operations smoothly without facing any disruption or interference to provide efficient services to our valued customers and stakeholders.

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, cooperation, harmony, trust and above all we strive for excellence in all that we practice and do towards the common good of society.





SHAREHOLDERS' & INVESTORS'
INFORMATION

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 68th Annual General Meeting (AGM) of Jubilee General Insurance Company Limited will be held on Monday, April 12, 2021 at 09:00 a.m. at Karachi via Video Conferencing 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, 2020 together with the Auditors' and Directors' Report thereon.
2. To consider and approve the payment of final cash dividend of 35% (Rs.3.50 per ordinary share of Rs.10/- each) for the year ended December 31, 2020, as recommended by the Board of Directors of the Company.
3. To appoint Auditors of the Company for the year ending December 31, 2021 and fix their remuneration. The present Auditors M/s. A.F. Ferguson & Co., Chartered Accountants, being eligible, have offered themselves for reappointment.

In view of the prevailing and worsening situation due to pandemic COVID-19 and in line with the directions issued to listed companies by the Securities and Exchange Commission of Pakistan, vide its Circular No.4 of 2021 dated February 15, 2021 and subsequent Circular No. 6 of 2021 dated March 3, 2021, the Company has decided to hold its Annual General Meeting through electronic means.

The Special arrangements for attending the AGM through electronic means will be as under:

- a) AGM will be held through Zoom Application – a video link facility.
- b) Shareholders interested in attending the AGM through Zoom Application will be requested to get themselves registered with the Company Secretary office at least two working days before the AGM at agm.jgi@jubileegeneral.com.pk by providing the following details:

Name of Shareholder	CNIC No.	Folio / CDS No.	Cell No.	Email address

Login facility will be opened thirty minutes before the meeting time to enable the participants to join the meeting after identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

- c) Shareholders may send their comments and suggestions relating to the agenda items of the AGM to the Company Secretary office at least two working days before the AGM, at above given email address, WhatsApp, or SMS on 0301-8281731. Shareholders are required to mention their full name, CNIC No. and Folio/CDS No. for this purpose.
- d) Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.

By Order of the Board



Abdul Wahid
Company Secretary

Karachi: February 23, 2021

NOTES:

1. The Share Transfer Books of the Company will be closed for the purpose of determining the entitlement for the payment of final cash dividend from April 06, 2021 to April 12, 2021 (both days inclusive). Transfer received by the Share Registrar of the Company M/s. THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi at the close of business on April 05, 2021, will be treated in time for the purpose of Cash Dividend entitlement to the transferees.
2. A member entitled to attend and vote at the Meeting may appoint another member as his/her proxy to attend, speak and vote at the Meeting on his/her behalf. The proxy forms must be deposited at the Registered Office of the Company not later than 48 hours before the time of the Meeting.
3. For attending the Meeting and Appointing Proxies, CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP). The rights of members and their proxies exercisable during meetings and all other relevant information are listed in section 137 of the Companies Act 2017, which can be easily accessed on the Securities and Exchange Commission of Pakistan (SECP) website.
4. Any company or other body corporate which is a member of the company may, by resolution of its Directors or appropriate governing body, authorise an individual to act as its representatives at the meeting and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which they represent.
5. Members are requested to immediately inform the Share Registrar of any change in their addresses.
6. **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 Share Registrar, their 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.**
7. All those shareholders possessing physical shares are requested to submit a photocopy of their valid CNIC along with the Folio Number at the earliest directly to Company's Share Registrar. In case of non-submission of CNIC copy, dividend warrants may be withheld. Corporate are also requested to submit their NTN certificate to Company's Share Registrar.
8. Members are requested to submit declaration as per Zakat & Usher Ordinance, 1980 for zakat exemption to Company's Share Registrar.
9. 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.
10. 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 the Share Registrar in writing by April 05, 2021. 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.

Address of the Share Registrar of the Company;

THK Associates (Private) Limited
Plot No.32-C, Jami Commercial Street 2,
D.H.A., Phase VII, Karachi-75500.

CALENDAR OF MAJOR EVENTS

Financial

Results

First quarter ended 31 March 2020	Announced on	21 April 2020
Half year ended 30 June 2020	Announced on	20 August 2020
Third quarter ended 30 September 2020	Announced on	22 October 2020
Year ended 31 December 2020	Announced on	23 February 2021

Dividends

Final Cash 2020 (35%)	Announced on	23 February 2021
	Entitlement date	6 April 2021
	Statutory limit upto which payable	30 April 2021

Final Cash (2019) (30%)	Announced on	04 February 2020
	Paid on	14 May 2020

Stock Dividend 2019 (10%)	Announced on	04 February 2020
	Entitlement date	24 March 2020
	Credited in CDC	20 May 2020

Issuance of Annual Report

22 March 2021

68th Annual General Meeting

12 April 2021

Operational

Formation of MANCOM	Formed in	February 2020
Activation of BCP due to lockdown (COVID-19)	Activated in	March 2020
Restructuring of business website and UAT update	Completed in	July 2020
Restrcturing of HomeCare products	Completed in	July 2020
Establishment of Digital Complaint Management System (Organisation-Wide)	Completed in	July 2020

Corporate Social Responsibility (CSR)

Distribution of Ration Bags (During Lockdown)	Conducted in	April - May 2020
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ACCESS TO REPORTS AND ENQUIRIES

Financial Reports

Annual Report 2020 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 by Chief Executive Officer on Company's financial position and performance in 2020 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

Plot No.32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500.
UAN: (92-21):111-000-322 Tel: (92-21) 35310191-93 Fax: 35310190

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 67th Annual General Meeting of the Company held on Tuesday April 21, 2020, 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 67th Annual General Meeting (AGM) of the Company held on Tuesday April 21, 2020, 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.

STEPS TAKEN BY THE MANAGEMENT TO ENCOURAGE MINORITY SHAREHOLDERS TO ATTEND THE GENERAL MEETINGS

The management is constantly endeavoring to increase the participation of minority shareholders at the general meetings. In year 2020, during lockdown due to COVID-19 pandemic, the Company has conducted its AGM through Audio Visual Application. However, the Company has facilitated to ensure maximum online participation of minority shareholders. The Company through the notice of AGM along with email address also provides dedicated phone number so that the all shareholders can contact through SMS and/or WhatsApp for any query, suggestion or guidance for attending the general meetings.

SHARE PRICE ANALYSIS

Volume Analysis

JGI Share Price and Volume on the PSX in the year 2020:

Months	Highest	Lowest	Per Day Average Volume
	----- Rupees -----		Number of Shares
January	57.99	53.88	435
February	59.83	51.00	6,895
March	53.01	34.00	4,095
April	41.30	36.56	1,273
May	47.96	40.06	1,906
June	43.95	40.02	4,477
July	43.00	39.99	23,659
August	46.20	42.20	10,475
September	48.45	43.68	7,523
October	47.63	42.80	8,571
November	47.82	44.00	6,952
December	49.95	45.80	6,295

SHARE PRICE SENSITIVITY ANALYSIS

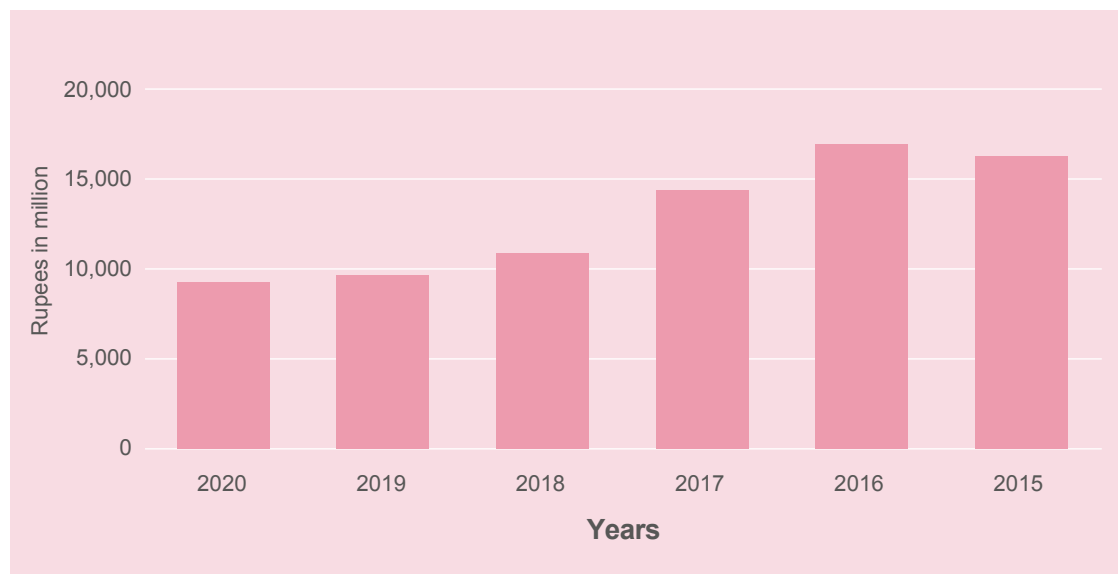
The Company's share price is sensitive to the following factors:

- 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 compared to using sales or total assets. Although, the stock market remained volatile in 2017 to 2020, which definitely effected the market price of the Company's share in the last four years, however, notable growth in market capitalisation of the Company's shares till the year 2016 can be witnessed from the following:

Particulars	Years					
	2020	2019	2018	2017	2016	2015
Number of Shares Outstanding (in million)	198	180	180	180	157	157
Market closing price of share as on 31 December (PSX) (Rupees)	47.10	54.01	60.01	80.00	108.50	103.00
Market Share Capitalisation (Rupees in million)	9,326	9,722	10,802	14,400	17,034	16,171



CORPORATE BRIEFING OF SHAREHOLDERS AND ANALYSTS

As required by listing regulation of Pakistan Stock Exchange a detailed briefing on the Company's performance of year 2019 and Nine months ended 2020 was held on December 28, 2020 for the Shareholders and business analysts.

PATTERN OF SHAREHOLDING

As of 31 December 2020

Number of Shareholder(s)	Shareholding(s)		Number of Shares held	Percentage
	From	To		
411	1	100	9,872	0.0050
208	101	500	55,166	0.0278
150	501	1,000	109,839	0.0553
389	1,001	5,000	969,707	0.4885
99	5,001	10,000	747,879	0.3768
62	10,001	15,000	756,269	0.3810
25	15,001	20,000	442,610	0.2230
37	20,001	25,000	834,303	0.4203
12	25,001	30,000	328,976	0.1657
8	30,001	35,000	260,361	0.1312
7	35,001	40,000	268,687	0.1354
1	40,001	45,000	43,349	0.0218
10	45,001	50,000	467,724	0.2356
2	50,001	55,000	102,384	0.0516
4	55,001	60,000	229,913	0.1158
4	60,001	65,000	253,645	0.1278
3	65,001	70,000	202,995	0.1023
1	70,001	75,000	70,557	0.0355
2	75,001	80,000	152,484	0.0768
1	80,001	85,000	82,476	0.0416
2	90,001	95,000	184,001	0.0927
2	95,001	100,000	195,339	0.0984
1	100,001	105,000	103,593	0.0522
1	105,001	110,000	105,908	0.0534
2	110,001	115,000	225,109	0.1134
1	115,001	120,000	118,077	0.0595
1	135,001	140,000	136,647	0.0688
1	150,001	155,000	150,096	0.0756
1	155,001	160,000	155,836	0.0785
1	160,001	165,000	161,453	0.0813
2	165,001	170,000	334,618	0.1686
1	170,001	175,000	173,742	0.0875
2	175,001	180,000	352,400	0.1775
2	185,001	190,000	376,213	0.1895
1	195,001	200,000	196,871	0.0992
1	200,001	205,000	203,834	0.1027
1	210,001	215,000	213,183	0.1074
1	215,001	220,000	218,211	0.1099

Number of Shareholder(s)	Shareholding(s)		Number of Shares held	Percentage
	From	To		
1	230,001	235,000	234,682	0.1182
2	250,001	255,000	502,410	0.2531
1	300,001	305,000	302,830	0.1526
1	305,001	310,000	307,587	0.1550
1	320,001	325,000	322,401	0.1624
1	350,001	355,000	353,441	0.1781
1	360,001	365,000	362,259	0.1825
1	365,001	370,000	367,422	0.1851
1	400,001	405,000	401,262	0.2022
1	435,001	440,000	436,690	0.2200
1	450,001	455,000	452,167	0.2278
1	470,001	475,000	472,518	0.2381
1	525,001	530,000	528,124	0.2661
1	615,001	620,000	618,997	0.3119
1	735,001	740,000	738,485	0.3720
1	860,001	865,000	861,954	0.4343
1	940,001	945,000	943,541	0.4754
2	1,140,001	1,145,000	2,288,311	1.1529
1	1,500,001	1,505,000	1,503,982	0.7577
1	1,595,001	1,600,000	1,596,430	0.8043
1	1,610,001	1,615,000	1,611,643	0.8119
1	1,970,001	1,975,000	1,971,648	0.9933
1	2,075,001	2,080,000	2,076,175	1.0460
1	2,245,001	2,250,000	2,248,623	1.1328
1	2,395,001	2,400,000	2,400,000	1.2091
1	2,765,001	2,770,000	2,767,684	1.3944
1	2,855,001	2,860,000	2,858,604	1.4402
1	2,880,001	2,885,000	2,880,711	1.4513
1	3,645,001	3,650,000	3,647,912	1.8378
1	7,250,001	7,255,000	7,254,786	3.6550
1	10,910,001	10,915,000	10,911,131	5.4970
1	11,140,001	11,145,000	11,142,754	5.6137
1	15,055,001	15,060,000	15,056,661	7.5856
1	27,880,001	27,885,000	27,883,221	14.0476
1	39,305,001	39,310,000	39,307,997	19.8034
1	40,880,001	40,885,000	40,881,871	20.5963
1,498			198,491,241	100.0000

PATTERN OF SHAREHOLDING ADDITIONAL INFORMATION

As of 31 December 2020

Categories of Shareholders	Number of Shareholder(s)	Number of Shares held	Percentage
Associated Companies, Undertakings and Related Parties:	9	142,780,372	71.93
Hashoo Holdings (Pvt.) Ltd		367,422	
Hashwani Hotels Limited		10,911,131	
Murtaza Construction Corp. (Pvt) Limited		173,742	
Habib Bank Limited		39,307,997	
Aga Khan Fund for Economic Development		27,883,221	
Aga Khan Hospital and Medical College Foundation		40,881,871	
Jubilee Life Insurance Company Limited		943,541	
Aga Khan University Foundation		7,254,786	
Pakistan Services Limited		15,056,661	
NIT and ICP			
Investment Corporation of Pakistan	1	45	-
Directors, CEO & their Spouse and Minor Children	7	3,055,527	1.54
R. Zakir Mahmood		298	
Akbarali Pesnani		113,850	
Amin A. Hashwani		2,858,604	
Amyr Currimbhoy		3,793	
Riyaz Ali Towfiq Chinoy		46,807	
Saba Kamal		3,000	
Sakina Pesnani w/o Akbarali Pesnani		29,175	
Executives	3	220,030	0.11
Azfar Arshad Inam		39,095	
Syed Sohail Ahmed		169,552	
Karim Merchant		11,383	
Public Sector Companies and Corporations		-	
Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas and ICP Mutual Funds	6	419,522	0.21
Individuals	1,447	46,637,126	23.50
Others	25	5,378,619	2.71
Total	1,498	198,491,241	100.00

Particulars 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	40,881,871	20.60
- Habib Bank Limited	39,307,997	19.80
- Aga Khan Fund for Economic Development	27,883,221	14.05
- Pakistan Services Limited	15,056,661	7.59
- Hashwani Hotels Limited	10,911,131	5.50

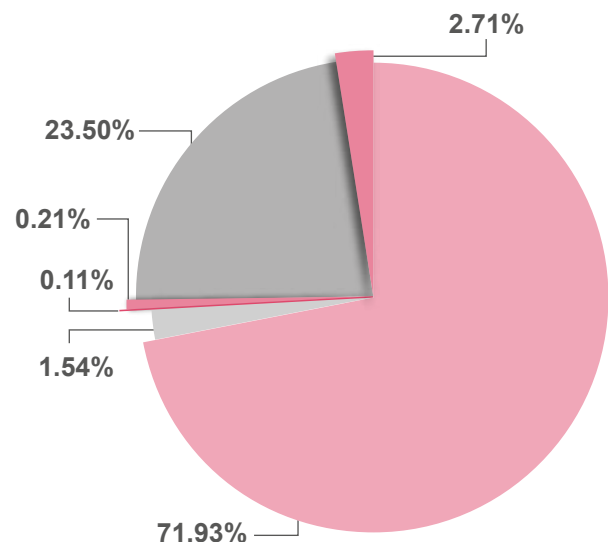
Trading in shares by Directors, CEO, CFO, Company Secretary & their spouses and minor children during the year 2020

Name	Designation	Transaction	No. of Shares
Riyaz Ali Towfiq Chinoy	Non-Executive Director	Acquired	44,707

Categories of Shareholders	Number of Shareholder(s)	Shares held	Percentage of Total
Individual	1,425	35,814,262	18.04
Insurance Companies	3	1,358,623	0.69
Joint Stock Companies	23	27,693,291	13.95
Financial Institutions	5	39,312,284	19.80
Modarabas & Mutual Funds	1	198	-
Non Resident Shareholders	33	41,981,642	21.15
Others - see below	8	52,330,941	26.37
	1,498	198,491,241	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
- Directors, CEO & their Spouse and Minor Children
- Executives
- Other Companies
- Individuals
- Others





GOVERNANCE



CHAIRMAN'S REVIEW REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

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

The business climate during the year 2020 was adversely affected due to economic dislocation caused by COVID-19 pandemic. Economic activity was particularly affected in the first half of the year, but in the latter half the Company was able to achieve a level of stability to its operations. The Company managed to realise a Gross Written Premium and Contribution of PKR 10.31 billion similar to that of the previous year. The Fire & Property, Financial Lines and Miscellaneous portfolios posted positive year-on-year growth, while Marine, Engineering and Bonds portfolios witnessed contraction due to adverse economic situation. The Window Takaful Operations continued their upward trajectory with a 9% YoY growth in Gross Contributions. Your Company's Net Profit increased by 25% YoY to PKR 1.53 billion supported by a strong performance in our Investment activities.

Supported by monetary and fiscal support measures, macroeconomic indicators have shown encouraging signs in recent months. However, the unpredictable trajectory of the Covid Pandemic lends considerable uncertainty to the outlook for a resumption of economic activity at 'normal' levels in the near term. The critical need to contain the fiscal deficit and the government's plans to achieve this while hopefully setting the stage for macroeconomic stability will however affect growth prospects in 2021. For the near future, your Company is focused on modernizing its business processes, revamping its technological infrastructure and consolidating its portfolio in the micro and retail markets with special emphasis on Window Takaful Operations.

Your Board discharges its fiduciary duties judiciously with due assistance from the four committees namely, Audit, Finance & Investment, Human Resource Remuneration & Nomination, and Risk & Compliance 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 digitalization. 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 for the year 2020 in their meeting held on February 23, 2021 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.



R. Zakir Mahmood
Chairman

Dated: 23 February 2021

چیمبر مین کی جائزہ رپورٹ

برائے سال ختم شدہ 31 دسمبر 2020

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

زیر جائزہ سال کے دوران، COVID-19 کی وباء کے سبب معاشی بد حالی سے کاروباری ماحول پر منفی اثر پڑا۔ سال کی پہلی ششماہی میں اس وباء سے معاشی سرگرمی متاثر ہوئی، بعد ازاں دوسری ششماہی میں کمپنی اپنی کاروباری سرگرمیوں کو مستحکم کر سکی۔ آپ کی کمپنی نے 10.31 بلین روپے کے گراس رٹن پر یکم اور کثرت پیشوں کے ساتھ تقریباً مساوی سطح پر کاروبار حاصل کیا۔ فائز اور پراپرٹی، فنانس لائسنز اور متفرق پورٹ فولیوز نے سال کے اعتبار سے مثبت نتائج حاصل کئے جبکہ شدید معاشی حالات سے میرین، انجینئرنگ اور بونڈز کے پورٹ فولیوز میں کمی واقع ہوئی۔ ہمارے ونڈو مکافل آپریٹرز نے شاندار کارکردگی جاری رکھی اور گراس کثرت پیشوں میں سالانہ اعتبار سے 9 فیصد ترقی حاصل کی۔ آپ کی کمپنی نے سرمایہ کاری کی آمدنی میں شاندار ترقی کی بدولت سالانہ اعتبار سے 25 فیصد اضافے کے ساتھ 1.53 بلین روپے کا خالص منافع حاصل کیا۔

حالیہ مہینوں میں مانیٹری اور معاشی بہتری کی کوششوں سے، میکرو اکنامک انڈیکسز میں بہتری دیکھی جا رہی ہے۔ تاہم مستقبل قریب میں ہمیں اب بھی وائرس سے متعلقہ غیر یقینی صورتحال کے سبب معاشی سرگرمیوں کے بحال ہونے پر خدشات کا سامنا ہے مزید یہ کہ مالی خسارے پر قابو پانے کی اہم ضرورت کے ساتھ حکومت کا معاشی استحکام حاصل کرنے کے لئے تیاری کرنا 2021 میں شرح نمو کو متاثر کرے گا۔ مستقبل قریب کے لیے، آپ کی کمپنی کاروباری امور میں جدت لانے، اپنے ڈھانچے کو ٹیکنالوجی کے اعتبار سے نئی وضع دینے اور مائیکرو اور ریٹیل مارکیٹ میں ونڈو مکافل آپریٹرز پر بھرپور توجہ دینے، اور اپنے پورٹ فولیو کو یکجا کرنے کے لیے بھرپور کوششیں جاری رکھے ہوئے ہیں۔

آپ کے بورڈ نے اپنے فرائض منصبی دانشمندانہ انداز میں ان چار کمیٹیوں بنام آڈٹ، فنانس اینڈ انوسٹمنٹ، ہیومن ریسورسز ریویژن اینڈ نو مینیشن اور رسک اینڈ کمپلائنس کمیٹی کی معاونت سے سرانجام دیے۔ کمپنی نے بورڈ کی نمائندگی کے ساتھ آئی ٹی اسٹریٹجی کمیٹی بھی تشکیل دے رکھی 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 ہے کہ وہ گورنرس 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 آڈیٹرز کو جمع کراتے ہیں۔ 23 فروری 2021 کو ہونے والے اجلاس میں بورڈ نے 2020 کی سالانہ تشخیصی رپورٹ پر تبادلہ خیال کیا اور متعین کردہ کارکردگی کے معیار کے مقابلے میں اپنے اطمینان کا اظہار کیا۔

میں جو بی 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 پہ اعتماد پر بھی شکریہ ادا کرتا ہوں۔

D. Mahesh

آرڈر محمود

چیمبر مین

تاریخ: 23 فروری، 2021

THE DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

The Directors are pleased to present the Annual Report and the Audited Accounts for the year ended 31st December 2020.

Overview

Globally and locally, 2020 has been a challenging year; the COVID-19 global pandemic severely impacted all areas and activities; triggering an economic meltdown; and plunging the world into a deep recession not seen since World War-II. While there has been unprecedented policy support from number of governments worldwide, the economic recovery remained subdued, and the World Bank estimates that the global GDP contracted by 4.3% in 2020.

Pakistan was also affected but was able to control the spread of the COVID-19 virus much better than other countries. The economy, in first half of the year, was hit by strict lockdown across the country; the leading indicators like large-scale manufacturing, petroleum product sales, electricity consumption, auto sales etc. declined; inflation was in double digits; and Pakistan's real GDP shrank by 0.4% in FY 2020. However, measures taken by the Government and the State Bank of Pakistan to provide stimulus to the economy including reduction in interest rates by 625 basis points, introducing various concessionary financing schemes, debt repayment deferrals and tax relief measures helped the economy gain some momentum and easing inflationary pressures. Overall, the year ended in much more positive note than was earlier imagined.

Insurance Sector Review

The non-life insurance sector was also affected but not as severely as first envisaged. Based on data available for the first nine months, we estimate that the industry growth for full year 2020 to remain flat, compared to a growth of over 10% last year. Additionally, the industry experienced higher incidences of claims affecting the overall underwriting profits.

Recent developments at the global level have led to a hardening of the market with upward revision in premium rates. Given, the muted economic macroeconomic projections for 2021, the industry growth is expected to be subdued for next year.

Company Performance

Gross Written Premium (including Contribution Written in Takaful Operations) were almost at last year's level - PKR 10.31 billion (2019: PKR 10.48 billion), however the combined net premium / contribution decreased by 5% to PKR 5.55 billion (2019: PKR 5.83 billion). Although the macroeconomic conditions remained unfavorable, there was positive year-on-year growth in Fire & Property, Financial Lines and Miscellaneous portfolios; the Marine, Engineering and Bonds portfolios contracted, while Motor and Accident & Health portfolios remained flat. The Company's technical profit during the year under review was PKR 102.7 million (2019: PKR 428.7 million), lower than expected because of higher number of unforeseen claims.

During 2020, the Investment Income (including Window Takaful Operations) saw a robust growth of 66% to PKR 1.92 billion as compared to PKR 1.16 billion in 2019. Close monitoring of the market and flexibility enabled us to capitalize on the opportunities.

Insurance

The Company's Gross Written Premium contracted by 3% to PKR 9.11 billion (2019: PKR 9.38 billion) and Net Premium contracted by 6% to PKR 4.96 billion (2019: PKR 5.28 billion). Due to higher claims this year, our Underwriting Profit was PKR 24 million as compared to PKR 372 million achieved in 2019.

The summarized results of the Company's insurance business for the year under review are as under:

	2020	2019
.....(Rupees in '000).....		
Gross Premium	9,109,975	9,375,269
Net Premium Revenue	4,959,025	5,279,188
Underwriting Result	23,946	372,326
Investment Income including Capital Gain and Rent	1,874,090	1,134,021
Profit Before Tax	2,113,708	1,725,016
Profit After Tax for the year	1,532,738	1,224,285
Earnings Per Share of PKR 10 each	7.72	6.17

Takaful

Window Takaful Operations is still in a nascent phase and continues to grow; this year the Gross Written Contribution grew by 9% to PKR 1.2 billion (2019: PKR 1.1 billion), the major contributions were from the Health, Fire and Motor portfolios. Net contribution grew by 7% to reach PKR 588 million (2019: PKR 551 million).

The Participants' Takaful Fund reduced its deficit to PKR 4.7 million in the year under review as compared to a deficit PKR 45 million in 2019. The Operator's Profit for the year was PKR 91 million (2019: PKR 89 million)

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

	2020	2019
	.....(Rupees in '000).....	
Participants' Fund		
Gross Contribution	1,201,291	1,101,336
Net Contribution	588,262	550,573
(Deficit) before Investment Income	(4,719)	(45,065)
Investment Income	71,463	47,880
Surplus/(Deficit) for the year	52,219	(6,946)
Operator's Fund		
Revenue Account	83,501	101,439
Investment Income	46,511	24,686
Profit Before Tax	128,146	124,789
Profit after tax for the year	90,984	88,600

Segment Analysis

Fire & Property

Fire & Property contributes 31.3% to the overall written premium/contribution and is the largest portfolio of the Company. It grew by 2.5% during the year despite the economic slowdown witnessed due to the pandemic. The portfolio was impacted by fire losses during the 2nd quarter and urban flooding in Sindh during the month of August and September 2020 and hence yielded a technical loss of PKR 220 million (2019: profit of PKR 170 million).

Accident and Health

Accident & Health business contracted by 2% during the year; the decrease was due to slow down in micro-health segment, however growth performance in other sub-segments was satisfactory. The overall portfolio contributes 19% to our business and the Company expects to continue focusing on this vital segment in the coming years. The higher losses in the micro health sector affected the result of this portfolio, however, we see this as an aberration and not a trend.

Motor

Motor portfolio has the 3rd largest share in our business mix and contributes 18% to the gross premiums/contributions. After registering a steep decline in the 1st half, the portfolio recovered slightly and contracted by 3% from 2019. The portfolio yielded a combined profit of PKR 398 million (2019: PKR 396 million) inclusive of surplus from Window Takaful Operations.

Marine, Aviation & Transport

This portfolio contributes 7.3% to the total written premium. The portfolio witnessed negative growth of 11% during the year. The import contraction policy of the government, the global lockdown, steep fall in oil and commodity prices were the major causes of the decrease in this portfolio, which continued to remain profitable with a combined underwriting profit of PKR 26 million (2019: PKR 139 million).

Miscellaneous

This portfolio contributes 18.3% to the overall business and includes Engineering; Bonds; Terrorism; Bankers Blanket Bond; and Travel business lines among others. Miscellaneous portfolio shrank by 2.3% overall during the year. The combined portfolio yielded a loss of PKR 92 million (2019: Loss PKR 69 million).

Liability

Although, the liability portfolio constitutes only 5.6% of the overall business, the portfolio reported 1.2% increase in written premium and contribution and generated a combined underwriting profit of PKR 12 million (2019: Loss PKR 2 million).

Investment Income

The equity markets witnessed a sharp decline at the start of the year under review due to the economic fallout from COVID-19 pandemic. However, the markets have recovered well since then and posted strong growth on the back of a faster than expected decline in the spread of the virus and positive turnaround in the economic momentum. On the fixed income front, SBP reduced the Policy Rate by a total of 625 basis points during the year along with several other incentives to provide monetary stimulus to the economy. Your company's pragmatic investment strategy during the year lead to a 66% growth in the Investment Income (including Window Takaful Operations), closing the year at PKR 1.92 billion as compared to PKR 1.16 billion in 2019.

Market Share

Your Company's market share stands at 11.64% as per the latest data published by the Insurance Association of Pakistan. The Company expects to strengthen its market share in FY 2021.

Reinsurance

Insurance industry losses from natural catastrophes and man-made disasters globally amounted to around USD 90 billion in 2020. These losses were driven by a record number of severe convective storms (thunderstorms with tornadoes, floods and hail) and wildfires in the US.

Besides, reinsurers/insurers also faced hefty claims of around USD 100 billion due to Coronavirus pandemic. All these events have led to hardening of the reinsurance markets.

Jubilee General Insurance was successfully able to renew its reinsurance and retakaful covers 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

(Rupees in '000)

The amount available for appropriation is:

Amount brought forward from previous years (Restated)	114,769
Profit after tax for the year	1,532,738
Actuarial gain on defined benefit plan	4,546
Adjustment of ledger D balance of an associate	(31,853)
	<u>1,620,200</u>

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

Transfer to special reserves	400,000
Transfer to general reserve	300,000
Proposed final cash dividend @ 35%	694,719
Carry forward to next year	225,481
	<u>1,620,200</u>

Board of Directors

The Board of Directors consists of ten(10) individuals having the knowledge, experience and skill required to provide oversight and the strategic guidelines to the Company. All the directors are non-executive directors, including three (3) independent directors, except the Chief Executive.

The Board of Directors was reconstituted in accordance with the required gender diversity upon the completion of its term on June 25, 2020. Following the election of directors, the Board currently comprises of the following:

Name of Directors
Mr. R. Zakir Mahmood
Mr. Akbarali Pesnani
Mr. John Joseph Metcalf
Mr. Amin A. Hashwani
Mr. Aryn Currimbhoy
Mr. Murtaza Hashwani
Mr. Riyaz Ali Towfiq Chinoy
Mr. Abrar Ahmed Mir
Ms. Saba Kamal*
Mr. Hassan Khan - (Deemed Director being Chief Executive Officer)

*No casual vacancy occurred during the year 2020, however subsequent to December 31, 2020 Ms. Saba Kamal resigned from the Board with effect from 9th February 2021 due to her other commitments.

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

Board Meetings

During the year five (5) meetings of the Board of Directors, Annual General Meeting and an Extra-Ordinary General Meeting were held, attendance details of which are as under:

Name of Directors	Board Meetings Attended	AGM Attendance	EOGM Attendance
Mr. R. Zakir Mahmood	5	√	√
Mr. Towfiq H. Chinoy (Retired on 25 June 2020)	2	√	√
Mr. Akbarali Pesnani	5	√	√
Mr. John Joseph Metcalf	5	√	√
Mr. Amin A. Hashwani	5	√	√
Mr. Aryn Currimbhoy	5	√	√
Mr. Tahir Ahmed (Retired on 25 June 2020)	-	Leave of absence	Leave of absence
Mr. Farhan Talib (Retired on 25 June 2020)	2	Leave of absence	Leave of absence
Mr. M. Akhtar Bawany (Alternative Director to Sadruddin Hashwani) (Retired on 25 June 2020)	2	√	√
Mr. Murtaza Hashwani (Elected on 25 June 2020)	2	N/A	√
Mr. Riyaz Ali Towfiq Chinoy (Elected on 25 June 2020)	3	N/A	√
Mr. Abrar Ahmed Mir (Elected on 25 June 2020)	3	N/A	√
Ms. Saba Kamal (Elected on 25 June 2020) (Resigned w.e.f. February 9, 2021)	3	N/A	√
Mr. Hassan Khan - Chief Executive Officer. (w.e.f January 1, 2020)	5	√	√

Your Directors wish to place on record their strong appreciation for Mr. Towfiq H. Chinoy who retired from the Board in June 2020 after serving 23 years as Chairman of the Board; he was the longest serving member of the Board and during his tenure the Company has gone from strength to strength. Your Directors also place on record their appreciation for Mr. Tahir Ahmed who retired from the Board in June 2020 after more than 15 years, he was also the Managing Director and Chief Executive till 31 December 2019.

The Directors would also like to acknowledge the services of Mr. Akhtar Bawani (Alternate Director to Mr. Sadruddin Hashwani), Mr. Farhan Talib and Ms. Saba Kamal as directors of the Company.

Board Committees

During the year under review five (5) meetings of Finance & Investment Committee, four (4) meetings each of Board Audit Committee and Board Risk & Compliance Committee and six (6) meetings of the Board Human Resource, Remuneration & Nomination Committee were held. The names of the members of the Board Committees and terms of reference are given in the annexure to this report. The Chairpersons of the Board Audit Committee and Board Human Resource Remuneration & Nomination Committee are non-executive independent directors.

Management Committees

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

Statement of Directors Responsibilities

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

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of Financial Statements and accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards as applicable in Pakistan have been followed in the preparation of financial statements. Accounting standards and such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulations 2019. 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; and
- 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 Executives), Internal Controls Framework, Financial Position and Performance, Risk and Opportunities and Sustainability sections 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 developed as per guidelines provided in the SECP S. R. O. 301 (I)/2020, 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 organisation of the Board of Directors
- Assess the Board's overall scope of responsibilities.
- Evaluate and validate the information provided by the management.
- 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; and
- 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 i.e. VIS Pakistan 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 long-term issuer credit rating of "BBB-" (Good) by AM 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. Your Company has embarked on an accelerated journey towards digitalization of workflows in all business lines from the point of customer relationship to settlement of claims using design thinking and 'mobile first' approach. This will ensure a unified digital fabric across the organisation leading to seamless integration with intermediaries, merchants, consumers and businesses to ensure real-time, low friction interaction/transaction. We also hold the distinction of being the first insurer in Pakistan to launch an online portal providing end-to-end insurance solution complete with payment options. The Company 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 2020 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 PKR 4,250,000 and the Board endorses this recommendation.

Outlook

The monetary and fiscal stimuli from the government have provided the requisite support for economic growth leading to a strong recovery in the economic indicators like industrial output, current account balance, inflation etc. SBP forecasts real GDP for FY 2021 to grow by 2.5%. However, the fears of subsequent waves of COVID-19 infections and mutated strains of virus remain, coupled with the uncertainty regarding the timeline for mass rollout of vaccines. As the IMF program gets reactivated, the government will have to make certain adjustments such as power tariff revisions and other fiscal consolidation measures, which could adversely affect the aggregate demand. Owing to these factors, we remain cautiously optimistic about the economic growth in 2021.

Your company views the recent resurgence in the infrastructure sector, revitalization of CPEC projects and incentives offered to construction industry as an exciting opportunity for growth. Our strategic priorities for the year are to modernize our business structure and processes through end-to-end digitalization of all workflows using design-thinking and mobile first approach. This also reaffirms our long-standing commitment towards development of the nascent digital retail market for general insurance in Pakistan. We also remain focused on further expanding our footprint in the Window Takaful Operations and microinsurance market.

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: 23 February, 2021

آپ کی کمپنی انفراسٹرکچر کے شعبے میں بہتری، سی بیکیٹس کے دوبارہ آغاز اور تعمیراتی شعبے کو پیش کی جانے والی مراعات کو ترقی کے لیے شاندار مواقع سمجھتی ہے۔ سال کے لیے ہماری ترجیحات میں اپنے کاروباری ڈھانچے کو جدید کرنا اور تمام کاموں میں ڈیزائن کے تصور اور موبائل فرسٹ کی سوچ سے مکمل ڈیجیٹلائزیشن پر عمل کرنا شامل ہے۔ اس سے ہمارے پاکستان بھر میں جنرل انشورنس کے لیے ڈیجیٹل ریٹیل مارکیٹ کی ترقی کے طویل مدتی عزم کا اظہار ہوتا ہے۔ ہم ونڈو تکافل آپریٹرز اور مائیکرو انشورنس مارکیٹ میں اپنی رسائی کو مزید بڑھانے کے لیے کوشاں ہیں۔

اظہار تشکر

ہم اپنے کلائنٹس کے مشکور ہیں کہ ان کی وفاداری اور اعتماد نے ہمیں تقویت دی اور اپنے سینئر ہولڈرز کے اعتماد کے لیے بھی کہ ان کے مسلسل اعتماد اور بھروسے کی بدولت ہم اپنا مارکیٹ سینئر بڑھانے کے قابل رہے۔ ہم اپنے ری انشورنس برنس پارٹنرز کے پیشہ ورانہ تعاون اور قابل قدر معاونت کا بھی شکریہ ادا کرتے ہیں۔ ہم ایس ای سی پی کی جانب سے رہنمائی اور تعاون کے لئے بھی ان کے بے حد شکر گزار ہیں۔ ہم اپنے برنس ڈیولپمنٹ آفیسرز، اسٹاف ممبرز، اور ایگزیکٹوز کا بھی شکریہ ادا کرتے ہیں، جن کی انتھک محنت اور پیشہ ورانہ صلاحیتوں کی بدولت کمپنی اپنے مقاصد کو حاصل کرنے میں کامیاب رہی۔

بورڈ کی جانب سے



امین کریم بھائی
ڈائریکٹر



حسان خان
مینجنگ ڈائریکٹر اینڈ چیف ایگزیکٹو

کراچی: 23 فروری، 2021

- 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۔

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، بیورویشن اینڈ مینجمنٹ کمیٹی، اس کی کارکردگی کا اندازہ لگانے کے انتظامی، معاشی اور کاروباری مقاصد متعین کرتی ہے۔ اور یہی کمیٹی سالانہ بنیاد پر سی ای او کی نگرانی اور کارکردگی کا جائزہ لیتی ہے۔

انشورنٹس رینٹ (آئی ایف ایس) رینٹنگ

جوہلی جزل کے مالیاتی استحکام کی رینٹنگ پاکستان کی دونوں رینٹنگ ایجنسیوں۔ وی آئی ایس (VIS) اور پاکستان کریڈٹ رینٹنگ ایجنسی (PACRA) کی جانب سے "AA" + "مستحکم آؤٹ لک کے ساتھ بحال ہیں۔ یہ رینٹنگ ہمارے مضبوط سرمایہ کاری اور لیکویڈیٹی کو ملحوظ خاطر رکھتے ہوئے کی گئی ہے۔ یہ رینٹنگ جوہلی جزل کی مضبوط رسک مینجمنٹ فریم ورک اور اس کی انڈر رائٹنگ کارکردگی کا اظہار ہے۔ جس سے جوہلی جزل کے رسک کو برداشت کرنے کی صلاحیت معلوم ہوتی ہے۔

جوہلی جزل کو اے ایم بیسٹ (AM BEST) کی جانب سے مالیاتی استحکام کی رینٹنگ "B+(Good)" اور "BBB"۔ "کریڈٹ رینٹنگ جاری کنندہ سے نوازا گیا ہے یہ دنیا کی سب سے پرانی اور مستند انشورنس رینٹنگ اور معلومات کا ذریعہ ہے۔ رینٹنگ اس بات کا اظہار ہے کہ جوہلی جزل سرمائے کے مستحکم کاروبار، پاکستان کے اندر مضبوط بزنس پروفائل اور انتظامی کارکردگی کے شاندار ریکارڈ کی حامل ہے۔

انفارمیشن ٹیکنالوجی

جوہلی جزل اپنے صارفین کو شاندار خدمات کی فراہمی کے پیش نظر تیز اور موثر انتظامات کے لیے آٹومیشن کے اقدامات جاری رکھے ہوئے ہے۔ آپ کی کمپنی نے ڈیجیٹلائزیشن کی طرف تیزی سے قدم بڑھاتے ہوئے صارف سے تعلق سے لیکر کلیمز کی تلافی تک کے لیے تمام کاموں میں ڈیزائن کے تصور اور "موبائل فرسٹ" کی سوچ اپنائی ہے۔ اس سے پورے ادارے میں مشترکہ ڈیجیٹل رابطہ کے ذریعے بے مثال تبادلہ خیال، مرنچس، کنزومرز اور بزنسز کے ساتھ بروقت اور باسہولت ٹرانزیکشن کے امور بہم پورے ہوں گے۔ اس طرح، کمپنی پاکستان میں پہلی انشورنٹس 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 رائٹ اپیلی کیشن لانے کا اعزاز بھی حاصل ہے اور اپنے رینٹل مارکیٹ میں مزید رسائی کے لیے موبائل ٹیکنالوجی کے استعمال کو بروئے کار لانے کے لیے مزید اپیلی کیشن بھی متعارف کرانے کا ارادہ رکھتی ہے۔

آڈیٹرز

سال 2020 کے اکاؤنٹس کو میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے آڈٹ کیا ہے اور انہوں نے خود کو دوبارہ انتخاب 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 4,250,000 روپے کے مشاہرے پر قانونی آڈیٹرز کے طور پر مقرر کر لیا جائے۔ بورڈ نے اس سفارش کی توثیق بھی کی ہے۔

مستقبل کا منظر نامہ

حکومت کی جانب سے مائٹری اور مالیاتی کوششوں نے معاشی بحالی میں کردار ادا کیا ہے جس سے صنعتی پیداوار، کرنٹ اکاؤنٹ، سیلنس، مہنگائی وغیرہ جیسے اشاریے بحالی کی نوید سناتے ہیں۔ اسٹیٹ بینک آف پاکستان نے مئی سال 2021 میں جی ڈی پی 2.5 فیصد تک بڑھنے کی پیش گوئی کی ہے۔ تاہم COVID-19 کے سبب منڈلاتا ہوا خوف اور متوسس وائرس کے حملے، ویکسین کی فراہمی کے وقت سے متعلق غیر یقینی کی صورت حال پائی جا رہی ہے۔ دوسری جانب آئی ایم ایف پروگرام کے دوبارہ فعال ہونے سے حکومت کو کچھ اقدامات اٹھانے ہوں گے جن میں بجلی کی قیمت میں تبدیلی، اور دیگر معاشی اقدامات شامل ہیں جو مجموعی طلب پر منفی اثرات مرتب کر سکتے ہیں۔ ان عوامل کے پیش نظر ہم 2021 کے دوران معاشی ترقی سے متعلق محتاط امید رکھتے ہیں۔

آپ کے ڈائریکٹر جون 2020 کو ریٹائر ہونے والے جناب تو قین چٹائے کے خدمات کا معترف ہیں جنہوں نے بورڈ کے چیئرمین کے طور پر 23 سال خدمت کی اور ہم یہ بھی ریکارڈ پر لانا چاہتے ہیں کہ انہوں نے طویل عرصہ تک بورڈ میں خدمات انجام دیں اور ان کے دور میں کمپنی دن بدن ترقی کی منازل طے کرتی رہی۔ آپ کے ڈائریکٹر جون 2020 کو ریٹائر ہونے والے جناب طاہر احمد کی خدمات کے معترف ہیں جنہوں نے 15 سال کے زائد عرصہ تک بورڈ کی خدمت کی۔ وہ 31 دسمبر 2019 تک مینجنگ ڈائریکٹر اور چیف ایگزیکٹو کے طور پر خدمات انجام دیتے رہے۔

ڈائریکٹر جناب اختر بادانی (صدر الدین ہاشوائی کے متبادل ڈائریکٹر)، جناب فرحان طالب اور محترمہ صبا کمال کی کمپنی کے لیے خدمات کو بھی سراہتے ہیں۔

بورڈ کمیٹیاں

زیر جائزہ سال کے دوران فنانس اینڈ انوسٹمنٹ کمیٹی کے پانچ (5)، بورڈ آڈٹ کمیٹی اور بورڈ رسک اینڈ کمپلائنس کمیٹی، ہر ایک کے چار (4) اجلاس ہوئے اور بورڈ ہومین ریٹورس، ریٹورنیشن اینڈ مینجمنٹ کے (6) اجلاس ہوئے۔ بورڈ کمیٹیوں کے ارکان کے نام اور ضابطہ کار اس رپورٹ کے ضمیمے میں دیئے گئے ہیں۔ بورڈ آڈٹ کمیٹی چیئرمین اور بورڈ ہومین ریٹورس ریٹورنیشن اینڈ مینجمنٹ کمیٹی کی چیئرمین نان ایگزیکٹو اور خود مختار ڈائریکٹر ہیں۔

مینجمنٹ کمیٹیاں

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

ڈائریکٹرز کی ذمہ داریوں کا بیان

ڈائریکٹر کوڈ آف کارپوریٹ 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، آپریٹنگ نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کی صحیح صورت حال کی عکاسی کرتے ہیں؛
- کمپنی کے اکاؤنٹس باقاعدہ طور پر مرتب کیئے گئے ہیں؛
- مالیاتی گوشوارے ترتیب دیتے ہوئے، مناسب اکاؤنٹنگ پالیسیوں کے تسلسل کو ملحوظ خاطر رکھا گیا ہے، اور مالیاتی گوشوارے اور اکاؤنٹنگ تخمینے مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں؛
- پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ کے معیارات کی مالیاتی گوشواروں کی تیاری میں بیرونی کی گئی ہے۔ یہ بین الاقوامی مالیاتی اکاؤنٹنگ اور رپورٹنگ معیارات (IFRS) جو 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 اور جنرل تکافل اکاؤنٹنگ ریگولیشن 2019 کے تحت جاری کردہ ہدایات، دفعات، اور یا اسکے 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؛
- کارپوریٹ گورننس کے بہترین طریقوں کو اپنانے میں، جن کا سٹنگ کے ضابطوں میں تفصیلی ذکر موجود ہے، کوئی کوتاہی نہیں ہوئی؛ اور
- کمپنی میں مناسب مالیاتی انٹرنل کنٹرول موجود ہیں۔

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

کمپنیز ایکٹ 2017 کے سیکشن 227 کے تحت درکار دیگر معلومات یعنی کہ بیٹرن آف شیئر ہولڈنگ (بشمول کمپنی کے ڈائریکٹرز اور ایگزیکٹوز کی کمپنی کے حصص میں خرید و فروخت کی تفصیلات) انٹرنل کنٹرول فریم ورک، مالیاتی پوزیشن اور کارکردگی، سسٹینبلٹی اور رسک و مواقع اس رپورٹ کے ضمیمے میں ملاحظہ فرمائیں۔

بورڈ کارکردگی کا جائزہ

بورڈ نے ایس ای سی پی کے جاری کردہ ایس آر آف 301 آف 2020 میں دی گئی ہدایات کے تحت اپنی اور اسکی کمیٹیوں اور ممبران کی کارکردگی کا جائزہ لینے کے لئے ایک سوالنامے کے ذریعے ایک خود مختار کمیٹیزم اختیار کیا 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 کرتا 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

کمپنی کا بورڈ آف ڈائریکٹرز، دس (10) افراد پر مشتمل ہے، جو علم، تجربے اور مہارت اور ادراک کے ساتھ کمپنی کی دور رس رہنمائی اور حکمت عملی کو ترتیب دینے کے لیے موجود ہیں۔ ماسوائے چیف ایگزیکٹو آفیسر، کمپنی کے تمام ڈائریکٹرز بشمول تین خود مختار ڈائریکٹرز نان ایگزیکٹو ڈائریکٹرز ہیں۔

25 جون 2020 کو مدت کی تکمیل پر بورڈ آف ڈائریکٹرز کی دوبارہ تشکیل مطلوبہ صنفی مساوات کے مطابق انجام دی گئی۔ ڈائریکٹرز کے انتخاب کے بعد، بورڈ کی موجودہ تشکیل درج ذیل ہے:

ڈائریکٹرز کے نام
جناب آرڈاکر محمود
جناب اکبر علی پستانی
جناب جان جوزف بیٹکاف
جناب امین اے ہاشوانی
جناب امین کریم بھائی
جناب مرتضیٰ ہاشوانی
جناب ریاض علی توفیق چنائے
جناب ابرار احمد میر
محترمہ صبا کمال *
جناب حسان خان (چیف ایگزیکٹو آفیسر ہونے کے ناطے ڈائریکٹر مانے جائیں گے)

* سال 2020 کے دوران کوئی وقتی اسامی خالی نہیں ہوئی، تاہم 31 دسمبر 2020 کے بعد صبا کمال دیگر مصروفیات کی وجہ سے 9 فروری 2021 کو بورڈ سے مستعفی ہو گئیں۔

ڈائریکٹرز کے بورڈ نے نان ایگزیکٹو ڈائریکٹرز بشمول خود مختار ڈائریکٹرز کے لیے اجلاس میں شرکت، بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کی فیس منظور کی ہے۔

بورڈ کے اجلاس

دوران سال بورڈ آف ڈائریکٹرز کے پانچ (5) ایک سالانہ عام اجلاس اور ایک غیر معمولی اجلاس منعقد ہوئے۔ جن میں حاضری کی تفصیلات درج ذیل ہیں:

ڈائریکٹرز کے نام	بورڈ میٹنگ میں حاضری	سالانہ عام اجلاس میں حاضری	غیر معمولی اجلاس میں حاضری
آرڈاکر محمود	5	√	√
توفیق ایچ چنائے	2	√	√
اکبر علی پستانی	5	√	√
جان جوزف بیٹکاف	5	√	√
امین اے ہاشوانی	5	√	√
امین کریم بھائی	5	√	√
طاہر احمد	-	غیر حاضری کی رخصت لی	غیر حاضری کی رخصت لی
فرحان طالب	2	غیر حاضری کی رخصت لی	غیر حاضری کی رخصت لی
ایم اختر بادانی (صدر الدین ہاشوانی کے متبادل ڈائریکٹر)	2	√	√
مرتضیٰ ہاشوانی	2	N/A	√
ریاض علی توفیق چنائے	3	N/A	√
ابرار احمد میر	3	N/A	√
صبا کمال	3	N/A	√
حسان خان چیف ایگزیکٹو آفیسر	5	√	√

ذمہ داری (لائسبلٹی)

لائسبلٹی پورٹ فولیو کا مجموعی بزنس میں 5.6 فیصد کا حصہ ہے، اس پورٹ فولیو کے پریم اور کنٹریبیوشن میں 1.2 فیصد اضافے کے ساتھ انڈر رائٹنگ منافع 12 بلین روپے حاصل ہوا (2019: 2 بلین روپے نقصان)۔

سرمایہ کاری کی آمدنی

زیر جائزہ سال کے آغاز میں کرونا وبا سے معیشت کی گراؤ کے نتیجے میں لیکویٹی مارکیٹ شدید مندی کا شکار ہو گئی۔ تاہم بعد ازاں مارکیٹ میں بہتری آئی اور وائرس کے پھیلاؤ سے متوقع کمی کی صورت حال جلد بہتر ہو گئی اور معاشی سرگرمیوں میں مثبت پیش رفت ہوئی۔ فلکسڈ آمدنی کے مجاز پر، اسٹیٹ بینک آف پاکستان کی جانب سے دوران سال 625 بیس پوائنٹ کمی کے پالیسی ریٹ کرنے کے ساتھ دیگر رعایتی اقدامات سے معیشت میں بحالی دیکھی گئی۔ آپ کی کمپنی کی سرمایہ کاری سے متعلق شاندار منصوبہ بندی کے نتیجے میں سرمایہ کاری کی آمدنی (شمول ونڈو ٹیکافل آپریشنز) 66 فیصد ترقی کے ساتھ حاصل ہوئی، اس طرح سال کا اختتام 1.92 بلین روپے (2019: 1.16 بلین روپے) سرمایہ کاری کے منافع سے ہوا۔

مارکیٹ شیئر

انشورنس ایسوسی ایشن آف پاکستان کی شائع کردہ تفصیلات کے مطابق آپ کی کمپنی کا مارکیٹ شیئر 11.64 فیصد پہنچ گیا ہے۔ کمپنی مالیاتی سال 2021 میں اپنے مارکیٹ شیئر میں مزید اضافے کے لیے پرامید ہے۔

ری انشورنس

عالمی طور پر انشورنس انڈسٹری 2020 میں قدرتی آفات اور انسانوں کی اپنی تباہیوں کے سبب تقریباً 90 بلین ڈالر کے نقصانات ہوئے۔ ان نقصانات میں امریکہ میں کئی قسم کے طوفان (گرج چمک کے ساتھ طوفان، سیلاب اور آفات) جنگلات میں آگ کے واقعات شامل ہیں۔

اس کے ساتھ، ری انشورنرز / انشورنرز کو بھی کرونا وائرس کے باعث 100 بلین ڈالر کے کلیمز کا سامنا رہا۔ ان سب واقعات سے ری انشورنس مارکیٹ پر شدید دباؤ رہا۔

جوبلی جنرل انشورنس اپنے صارفین کی ضروریات کے مطابق ری انشورنس اور ری ٹیکافل کورز کو دوبارہ فعال کرنے میں کامیاب رہی۔ ایک اعلیٰ سطح کے ری انشورنرز کی حیثیت سے ہم نے سوس ری، پیٹورری، لائیڈ آف لندن، SCOR، ایلینڈ وغیرہ جیسی مایہ ناز سیکورٹیز کے ساتھ شراکت داری کی ہوئی ہے۔

مصنوعات کی ترقی

جوبلی 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 استعمال سے اپنے کسٹمرز کی تعداد میں اضافے کے لیے سرگرم عمل ہے۔

منافع منقسمہ اور منافع کی تخصیص

مختص کرنے کے لئے دستیاب رقم:

.....'000' روپے میں.....

114,769
1,532,738
4,546
(31,853)
1,620,200
400,000
300,000
694,719
225,481
1,620,200

گذشتہ سال سے آنے والی رقم

اس سال کا بعد از ٹیکس منافع

مقررہ فائدے کے پلان پر اچھور ٹیکل (خسارہ)

ایسوسی ایٹ کے ڈی۔ بیلس کے گوشوارے کی ایڈجسٹمنٹ

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

خصوصی ذخائر کو منتقلی

عمومی ذخائر کو منتقلی

تجویز کردہ حتمی نقد منافع 35 فیصد

اگلے سال کے حساب میں منتقلی

زیر جائزہ سال کے دوران گزشتہ سال کے 45 ملین روپے کے خسارے کے مقابلے میں کمپنی کے شراکت دارانہ تکافل فنڈ میں 4.7 ملین روپے تک کا خسارہ ہوا، جبکہ سال کے لیے آپریٹر کا منافع 91 ملین روپے (2019 میں 89 ملین روپے) تک پہنچ گیا۔

زیر جائزہ سال کے لئے کمپنی کے ونڈو تکافل آپریشنز کے نتائج درج ذیل ہیں:

2019	2020	پارٹنر شپس
.....'000' روپے میں.....		
1,101,336	1,201,291	مجموعی کنٹریبیوشن
550,573	588,262	خالص کنٹریبیوشن
(45,065)	(4,719)	سرمایہ کاری آمدنی سے قبل (خسارہ)
47,880	71,463	سرمایہ کاری آمدنی
(6,946)	52,219	سال کا مجموعی (خسارہ) / سرپلس
		آپریٹرز فنڈ
101,439	83,501	ریونیو اکاؤنٹ
24,686	46,511	سرمایہ کاری آمدنی
124,789	128,146	قبل از ٹیکس منافع
88,600	90,984	بعد از ٹیکس سالانہ منافع

شعبہ جات کا جائزہ

آتشزدگی اور جائیداد (فائر اینڈ پراپرٹی)

فائر اور پراپرٹی کمپنی کا سب سے بڑا پورٹ فولیو ہے اور کمپنی کے مجموعی پرمیئم / کنٹریبیوشن میں اس کا 31.3 فیصد حصہ ہے۔ اس پورٹ فولیو نے وہاں کے سبب معاشی بد حالی کے باوجود دوران سال 2.5 فیصد ترقی کی۔ دوسری سرمائی کے دوران آگ کے نقصان اور اگست سے ستمبر 2020 کے دوران شہری علاقوں میں سیلابی صورتحال کے سبب اس پورٹ فولیو پر منفی اثرات مرتب ہوئے، تاہم 220 ملین روپے (2019: 170 ملین روپے فائدہ) کا ٹیکنیکل نقصان اٹھایا۔

حادثات اور صحت (ایکسیڈنٹ اینڈ ہیلتھ)

دوران سال ہیلتھ اور ایکسیڈنٹ بزنس کو 2 فیصد تنزیل کا سامنا کرنا پڑا کیونکہ مائیکرو ہیلتھ کی کارکردگی سست روی کا شکار رہی جبکہ دیگر دلچسپی شعبہ جات میں بہتر کارکردگی دیکھی گئی۔ 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 پرامید ہے۔ مائیکرو ہیلتھ کے شعبے میں زائد نقصان سے اس پورٹ فولیو کے نتائج متاثر ہوئے جو کہ صرف تخفیف ہے یہ مستقل رجحان نہیں ہے۔

موٹر

موٹر پورٹ فولیو ہمارے کاروبار میں تیسرا بڑا حصہ فراہم کرتا ہے اور مجموعی پرمیئم اور کنٹریبیوشن کا 18 فیصد اس پورٹ فولیو سے حاصل ہوتا ہے۔ پہلی سہ ماہی کے دوران، پورٹ فولیو میں شدید کمی کے بعد، کچھ بحالی دیکھی گئی اور بزنس نے 2019 کے مقابلے میں 3 فیصد کم کاروبار کیا۔ اس پورٹ فولیو نے ونڈو تکافل آپریشنز سے حاصل ہونے والے سرپلس کے ساتھ 398 ملین روپے (2019: 396 ملین روپے) کا مجموعی منافع کمایا۔

میرین، ایوی ایشن اور ٹرانسپورٹ

اس شعبے کا کمپنی کے مجموعی پرمیئم اور کنٹریبیوشن میں 7.3 فیصد حصہ ہے۔ اس پورٹ فولیو میں دوران سال 11 فیصد کی تنزیل رہی۔ حکومت کی جانب سے درآمدات کو کم کرنے کی پالیسی، عالمی لاک ڈاؤن، تیل اور اجناس کی قیمتوں میں کمی اس شعبے میں کمی کے اہم اسباب ہیں تاہم بزنس نے 26 ملین روپے (2019: 139 ملین روپے) کے انڈر رائٹنگ پرافٹ سے اپنی پوزیشن مستحکم رکھی۔

متفرق

یہ پورٹ فولیو کمپنی کے مجموعی کاروبار میں 183 فیصد کا حصہ دار ہے اور اس میں مختلف کاروباری شعبے جیسے انجینئرنگ، بونڈز، دہشت گردی، بینکرز بلینٹ بانڈ، اور ٹریول وغیرہ شامل ہیں۔ دوران سال یہ پورٹ فولیو 2.3 فیصد سے سبک کیا۔ اس پورٹ فولیو نے مجموعی طور پر 92 ملین روپے (2019: 69 ملین روپے نقصان) کا نقصان اٹھایا۔

ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 31 دسمبر 2020

ڈائریکٹرز 31 دسمبر 2020 کو اختتام پذیر ہونے والی سال کے لیے سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

جائزہ

عالمی اور ملکی سطح پر، سال 2020 ایک مشکل ترین سال رہا، کرونا کی وبا نے ہر شعبہ اور سرگرمیوں کو شدید متاثر کرتے ہوئے معیشت کو تباہ کر کے رکھ دیا ہے۔ نتیجے میں عالمی معیشت دوسری جنگ عظیم کے بعد سب سے زیادہ تباہ حال رہی۔ دنیا بھر میں مختلف حکومتوں کی جانب سے بھرپور پالیسی سپورٹ اور امداد کی گئی، تاہم معیشت کی بحالی میں سست روی دیکھی گئی اور ورلڈ بینک نے 2020 میں عالمی جی ڈی پی میں 4.3 فیصد تک کمی کی پیش گوئی کی گئی ہے۔

پاکستان بھی متاثر ہوا لیکن COVID-19 کے پھیلاؤ پر کنٹرول کرنے میں دوسرے ممالک کی نسبت کامیاب رہا۔ سال کی پہلی سٹاپ ہائی کے دوران، سخت لاک ڈاؤن کی بدولت معیشت کو کافی نقصان پہنچا، اور لارج ایکسچینج بینویکیٹیڈ سٹاک ایکسچینج میں فروخت، بجلی کی کھپت، گاڑیوں کی فروخت میں کمی واقع ہوئی، مینگائی میں ڈبل ڈیٹ اضافہ ہوا اور 2020 کے دوران پاکستان کی حقیقی جی ڈی پی سکر 0.4 فیصد تک رہ گئی۔ تاہم حکومت پاکستان اور اسٹیٹ بینک آف پاکستان کی جانب سے 625 بیسیس پوائنٹس تک شرح سود میں کمی، مختلف رعایتی اسکیموں کے اعلانات، قرضوں کی ادائیگی اور ٹیکس میں رعایت کے اقدامات نے معاشی بحالی اور مینگائی پر قابو پانے میں مدد دی۔ مجموعی طور پر سال کا اختتام اندازے سے بہت بہتر ثابت ہوا۔

انشورنس کے شعبہ کا جائزہ

نان لائف انشورنس کا شعبہ بھی متاثر ہوا لیکن توقع سے کم ہی متاثر ہوا۔ پہلے 9 ماہ کی موجود ڈیٹا کے مطابق، ہمارا اندازہ ہے کہ سال 2020 میں انڈسٹری کی ترقی گزشتہ سال کے دوران 10 فیصد کے مساوی رہی۔ اس کے علاوہ، زائد کلیمز کے بوجھ سے انڈسٹری کے مجموعی انڈر رائٹنگ منافع متاثر ہوئے۔

عالمی سطح پر اٹھائے جانے والے اقدامات سے پریمیم ریٹس میں تیزی کے رجحان سے مارکیٹ میں سخت حالات دیکھے جا رہے ہیں۔ 2021 کے لیے غیر واضح میکرو اکنامک پروجیکشن کی بدولت آئندہ سال میں انڈسٹری کی ترقی سست روی کا شکار رہے گی۔

کمپنی کی کارکردگی

کمپنی کا مجموعی پریمیم (GWP) بشمول تکافل آپریشنز سے حاصل شدہ کنٹریبیوشن تقریباً گزشتہ سال کی سطح 10.31 بلین روپے تک رہا (2019 میں 10.48 بلین روپے) جبکہ مشترکہ خالص پریمیم / کنٹری بیوشن 5 فیصد کمی کے ساتھ 5.55 بلین روپے ہو گیا (2019 میں 5.83 بلین روپے)۔ دوسری جانب میکرو اکنامک حالات مناسب نہیں تھے پھر بھی فائز اور پراپرٹی، فنانشل لائسنز اور متفرق پورٹ فولیوز، میرن، انجینئرنگ اور ہونڈز پورٹ فولیوز میں سال کے اعتبار سے مثبت صورت حال رہی جبکہ موٹر اور ایکسیڈنٹ وہیلتھ کے پورٹ فولیوز مساوی رہے۔ دوران سال کمپنی کا ٹیکنیکل منافع 102.7 بلین روپے بنا ہے (2019 میں 428.7 بلین روپے)۔ منافع میں کمی کا سبب بزنس میں کلیمز کی غیر متوقع طور پر زیادہ تعداد ہے۔

2020 کے دوران، سرمایہ کاری سے حاصل ہونے والی آمدنی (بشمول ونڈو تکافل آپریشنز) 2019 کے 1.16 بلین کے مقابلے میں 1.92 بلین روپے رہی۔ اس ضمن میں مارکیٹ پر گہری نظر اور مفاہمت پسندی کے سبب مواقع سے فائدہ اٹھایا گیا۔

انشورنس

زیر جائزہ مدت کے دوران کمپنی کا مجموعی رٹن پریمیم 3 فیصد کمی کے ساتھ 9.11 بلین روپے (2019 میں 9.38 بلین روپے) اور خالص پریمیم 6 فیصد کمی کے ساتھ 4.96 بلین روپے (2019 میں 5.28 بلین روپے) رہا۔ اس سال کلیمز کی تعداد میں اضافے سے ہم نے 2019 میں 372 بلین روپے کے مقابلے میں 24 بلین روپے کا انڈر رائٹنگ منافع حاصل کیا۔

زیر جائزہ سال کے دوران کمپنی کے انشورنس کاروبار کے نتائج کا خلاصہ درج ذیل ہے:

2019	2020	مجموعی پریمیم
9,375,269	9,109,975	خالص پریمیم آمدنی
5,279,188	4,959,025	انڈر رائٹنگ کے نتائج
372,326	23,946	سرمایہ کاری سے آمدنی (بشمول کریہ اور سٹیبل گین)
1,134,021	1,874,090	قبل از ٹیکس منافع
1,725,016	2,113,708	بعد از ٹیکس سالانہ منافع
1,224,285	1,532,738	فی شیئر منافع ہر 10 روپے کے شیئر پر
6.17	7.72	

تکافل

ونڈو تکافل آپریشنز نے اس سال بھی روایتی کاروبار کو پیچھے چھوڑتے ہوئے شاندار کارکردگی کا مظاہرہ کیا اور 9 فیصد اضافے کے ساتھ گراس رٹن کنٹریبیوشن 1.2 بلین روپے (2019: 1.1 بلین روپے) حاصل کرنے میں کامیاب رہا۔ اس میں، ہیلتھ، فائز، اور موٹر پورٹ فولیوز نے زبردست کارکردگی دکھائی۔ خالص کنٹریبیوشن بھی 7 فیصد اضافے کے ساتھ 588 بلین روپے ہو گیا (2019: 551 بلین روپے)۔

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 on major observations arising from interim and final audits and any matter that the auditors may want to highlight (in the absence of the Management, where necessary)
- Review of the 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 five members, including the Chairman being an independent director. All other members are non-executive directors. Two Committee members qualify as financially literate.

Name of Members	Attendance
Amyr Currimbhoy – Chairman	4/4
Akbarali Pesnani	4/4
John Joseph Metcalf	4/4
Riyaz Ali Towfiq Chinoy (joined on 25 June 2020)	2/4
Saba Kamal (joined on 25 June 2020)	2/4

Finance & Investment Committee

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 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 seven members, including the Chairman of this Committee, out of which five are non-executive directors and the Chief Executive and Chief Financial Officer.

Name of Members	Attendance
Akbarali Pesnani – Chairman	5/5
R. Zakir Mahmood	5/5
John Joseph Metcalf	5/5
Riyaz Ali Towfiq Chinoy (joined on 25 June 2020)	2/5
Murtaza Hashwani (joined on 25 June 2020)	2/5
Hassan Khan	5/5
Nawaid Jamal	5/5

Board Risk & Compliance Committee

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

Name of Members	Attendance
John Joseph Metcalf - Chairman	4/4
R. Zakir Mahmood	4/4
Amyr Currimbhoy (w.e.f 25 June 2020)	2/4
Murtaza Hashwani (joined on 25 June 2020)	2/4
Abrar Ahmed Mir (joined on 25 June 2020)	2/4
Hassan Khan	4/4

Human Resource Remuneration and Nomination Committee

The terms of reference of this committee includes the following:

- Review the HR policies and make appropriate amendments, if needed
- Review and approve manpower development plan and budget
- Review and recommend annual appraisal and salary revision of senior executives of the Company
- Review and approve any changes required in perquisites and benefits of senior executives and employees
- Approve terminations and acceptance of resignations for senior executives
- 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 to 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 the 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 four members, including the Chairperson of this Committee being an Independent director, out of which three are non-executive directors and the Chief Executive.

Name of Members	Attendance
Saba Kamal - Chairperson (joined on 25 June 2020)	4/6
John Joseph Metcalf	6/6
Amin A. Hashwani	6/6
Hassan Khan	6/6

BOARD MEETINGS OUTSIDE PAKISTAN

During the year, no Board meeting of the Company was held outside Pakistan.

ONLINE ARRANGEMENT OF BOARD AND COMMITTEES' MEETINGS

After the breakout of COVID-19 pandemic, all the Board and Committees' meetings were conducted through remote access using an Audio/Visual app. The Company did not opt for any available relaxation for conducting Board and Committee Meetings due to COVID-19 pandemic and all meetings were held as per the regulatory requirements.

MANAGEMENT COMMITTEES

The Company has following Management Committees, which cover the core areas of business. These Committees meet on a 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:

- Hassan Khan – Chairman
- Azfar Arshad
- 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 claim reserves are made. The Committee pays a particular attention to significant claim 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 claim 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:

- Hassan Khan – 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 arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers, makes appropriate adjustments to those arrangements in the light of the market development. The Committee will also assess the effectiveness of the reinsurance programme for future reference.

Following are the members of this Committee:

- Hassan Khan - Chairman
- 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:

- Hassan Khan – Chairman
- Azfar Arshad
- Nawaid Jamal
- Syed Ather Abbas
- Karim Merchant
- Uzair Mirza
- Imran Mughal

Takaful Committee

The function of this Committee is to review the performance of the Takaful operations and advise the Board accordingly on a 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:

- Hassan Khan – Chairman
- Azfar Arshad
- Nawaid Jamal
- Syed Sohail Ahmed

MANCOM (Executive Management Committee)

The function of this Committee to implement the strategy of the Company and monitor performance against set targets approved by the Board.

Following are the members of this Committee:

- Hassan Khan – Chairman
- Azfar Arshad
- Nawaid Jamal
- Anita Lalani
- Karim Merchant
- Syed Ather Abbas
- Mohammad Safdar
- Uzair Mirza
- Mohammad Nadeem Irshad
- Imran Mughal

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 on 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 programmes 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. The Succession Plan is regularly updated by the Management and reviewed by the Board.

Value of Investments in Provident & Gratuity Funds

The value of investments in employees' retirement funds, based on the audited financial statements for the year ended December 31, 2019, are as follows:

	Rupees in '000
Staff Provident Fund	539,737
Employees' Gratuity Fund	322,843

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 intimates if any change in his/her other Directorships that may affect the status as Independent Director in the Company.

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 if they 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;
- Disaster Recovery Plan; and
- IT Protocol to work-from-home.

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 of IT tools, the Company has also implemented "Data Management System" (DMS), which preserves underwriting records electronically.

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

The Company has also implemented a three-layer security system, wherein Network, IT System and Applications in the Company are 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 to 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/grievances of the policyholders are received by the designated staff in writing or through the call center of the Company. The relevant staff subsequently resolves these complaints/grievances within the stipulated time and acts 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 a regular basis and provides guidance and assistance accordingly.

Anti-Money Laundering and Countering Financing Terrorism Policy

The 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 as 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 the United Nations 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 to 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 regulators of the banking and non-banking institutions respectively have also introduced the guidelines/regulations in 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 to insurance companies working in Pakistan. However, recently the 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 to 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 to 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 & CTF. We are working to make Jubilee General Insurance Company one of the organisations which is fully compliant with the relevant guidelines issued by the SECP.

Directors' Remuneration Policy

In order to adhere to 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 Directors 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 the 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 is authorised to determine the attending fee for all the non-executives including Independent Directors from time to time. As per the policy, no attending fee is paid to the Executive Directors including Managing Directors and other senior executives of the Company who are required to attend the meeting of the Board and/or these Committees.

Corporate Social Responsibility Policy

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

The Company has devised a comprehensive CSR Policy which is approved by the Board of Directors. The objective of the 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's 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 an annual basis. The Board reviews the disbursements of donations/contributions on a quarterly basis.

Business Continuity Plan (BCP)

BCP is the creation of a strategy through the recognition of threats and risks faced by an organisation in order to ensure that its resource is protected and would be able to function properly in the event of any disaster. BCP also provides the means of 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 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 set up in accordance with the Company's needs 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 “Cloud Services” in order to create back-up of all critical data of DR Sites. This facility has made the BCP, including DRP, as a whole, more robust against related risks and threats.

The assigned department of the Company also performs mock exercises at the allocated DR Sites to ensure Business Continuity Test. Simulation Drills are conducted timely and in an 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.

In 2020, the Company has successfully continued its operations without any interruption during the testing times of lockdown in the wake of COVID-19 pandemic. The Company has invoked its BCP w.e.f March 2020 whereby staff of the Company through the work-from-home facility played an imperative role to continue the operations of the Company without any interruption or delay.

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. The policy for related party transactions, besides meeting all the applicable requirements of the relevant law and regulation, also provides guidance with respect to the Company’s internal monetary limits for 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 a quarterly basis. The BAC, after thorough perusal, recommends the same to the Board of Directors for its approval.

Agreements /Arrangements

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

Common Back Office Operations

The Company has continued an arrangement with Jubilee Life Insurance Company Limited whereby Common 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.

Allocation of Administrative and Employee Cost to Window Takaful Operations

During the year, the Company as Operator, has continued to allocate certain administrative expenses 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. For Allocation of expenses the management through their actuary has carried out a detailed exercise of allocation between the Company and Window Takaful Operations.

Contribution to Staff Provident and Gratuity Funds.

During the year, the Company has contributed Rs.31.12 million (2019: 31.88 million) for employee Staff Provident Fund in accordance with the staff provident fund Rules, and Rs. 33.24 million (2019 : 29.21 million) to staff Gratuity Fund as per the advice of the actuary.

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. Further the Company has also entered into a lease agreement with an associate bank to provide office premises.

Related Parties and their basis of Association

The related parties with whom the Company has entered into transactions or has arrangements/agreements in place during the year ended December 31, 2020 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
Bulleh Shah Packaging (Pvt) Limited	Common Directorship
Cherat Cement Company Limited	Common Directorship
Cherat Packaging Limited	Common Directorship
Gelcaps (Pakistan) Limited	Common Directorship
Habib Bank Limited	Associated Banking Company having 19.80% direct investment in shares of the Company along with having a nominee Director on the Board of Directors
Habib Currency Exchange (Private) Limited	Wholly-owned Subsidiary of an associate
Hashoo (Private) Limited	Common Directorship
Hashoo Holdings (Pvt) Limited	Common Directorship
Hashwani Hotels Limited	Common Directorship
Hassan Ali & Company (Pvt) Limited	Common Directorship
HBL Asset Management Company Limited	Wholly-owned Subsidiary of an associate
International Industries Limited	Common Directorship
Indus Motors Limited	Common Directorship
International Steel Limited	Common Directorship
Jubilee General Window Takaful Operations	Window Operations
Jubilee Kyrgyzstan Insurance Company Limited	The Company having 19.50% shareholding and the 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
Management Association of Pakistan Limited	Common Directorship
Packages Limited	Common Directorship
Pakistan Services Limited	Common Directorship
Pearl Continental Hotels (Pvt) Limited	Common Directorship
Standard Chartered Bank (Pakistan) Ltd	Common Directorship
Pakistan Cable Limited	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 a 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 the 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 the 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 a 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 a proper Sales team that meets with corporate clients on a regular basis to obtain their feedback, which significantly helps in improvement of level of services provided to them. The Company also has 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 in partnership with major banks and other financial institutions to provide better services to the customers and 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 a 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 the platform of the Insurance Association of Pakistan and business representative bodies.

Analysts

The Company communicates with both local credit rating agencies on a 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 AM 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 the Pakistan Stock Exchange, the Company also arranges briefing on the Company's performance and operations on an annual basis.

Employees

Employees are prominent stakeholders 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 & development and rewards. The Company conducts in-house and outside training programs. The long-term services of employees are acknowledged through awarding them with tokens of appreciation.

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 is always keen on establishing and strengthening the control to safeguard the interest of all the stakeholders. The effectiveness of internal control is rooted in the design of the system itself, for which profound thinking is done, covering all the necessary exposures to find out any related risks. The Board of Directors and Management is responsible to establish and maintain an adequate and effective system of internal controls and procedures. The main objectives of internal control are as follows:

- Orderly, effective and efficient conduct of business
- Safeguard the assets and resources
- Completeness, reliability and accuracy of accounting records and financial information
- Timely preparation and reporting of financial information
- Compliance with the applicable laws and regulations
- Adherence to the Company's policies and plans

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

- Approval of a comprehensive Updated Whistle Blowing Policy by the Board of Directors in order to make the Internal Control framework more robust and effective; and
- Development and implementation of the Cybersecurity Framework to ensure of the Company more robust and resilient IT Security system.

Role of Compliance Function

The Compliance Function within the Company is an integrated tool of internal control without which the Company cannot obtain resistance 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 other departments and ensures the compliance of regulatory requirements, internal policies and procedures with specific emphasis on SECP's regulations. The 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 Function

The Company faces a wide range of internal and external uncertainties that may affect achievement of its objectives, whether 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 the Internal Control Framework. The Company has a well-established Risk Management Function that 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 & Compliance 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 Department

The Role of Internal Audit Department of the Company is imperative to evaluate the efficiency and effectiveness of the Internal Control Framework. All significant and material findings of Internal Audit are directly reported to the Board Audit Committee (BAC). The BAC 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 Department 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 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. Violation of these often results in penalties and may sometimes harm the Company's reputation. Therefore, compliance of the relevant regulatory requirements plays a vital role in an organisation and is one of the pillars to build strong Internal Control Framework.

The Company is working in a sector which is highly regulated. The Securities Exchange Commission of Pakistan (SECP) - Insurance Division is the sole regulator that provides the guidelines under which the insurance sector is operating in Pakistan. Along with the SECP, being listed corporate, the Company is required to adhere to the regulations/rules/guidelines of Pakistan Stock Exchange. In respect to the foreign exchange transactions/investments and being part of the financial sector of Pakistan, the Company is also required to comply with 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 the province of Sindh, Punjab, Khyber Pakhtunkhwa and Islamabad Capital territory, the respective laws and relevant rules regarding Sales tax applicable in these provinces and Islamabad Capital territory are also to be adhered to by the Company.

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

The Company has a well-designed, effectively implemented compliance framework for adhering to 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 to 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 for adhering to the newly promulgated compliance requirements.

The compliance framework is part and parcel of the Internal Control Framework of the Company whose 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 a regular basis. The Company is positive in implementing more robust systems and procedures for effective and efficient operations to avoid any non-compliance that may harm the Company financially or may have a negative 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 strict Shariah compliance not only to adhere to the requirements prescribed by the regulator but also considering it as a primary responsibility towards its participants to provide them pure Shariah compliant Takaful services to their satisfaction.

In view of the above, it is a fundamental requirement of WTO that the whole business practices, products and operations are 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 its prime objective is 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 ensures 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 enhance the knowledge of the staff in respect of Takaful business, as per the requirement of Takaful Rules 2012, the Operator arranges in-house training for the senior management of Takaful Operations, which is conducted by our Shariah Advisor. In addition to that, other staff and Sales force is also trained on a continuous basis through renowned institutions 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" accompanying this Annual Report. The Shariah Advisor also briefs the Board of Directors on Shariah Compliance on an annual basis.

Implementing Governance Practices exceeding legal requirements

At Jubilee General, the compliance of applicable laws and regulations is aimed not only to avoid financial losses in the shape of penalties and reputational risk to the Company but also to provide more efficient, effective and valuable performance to its stakeholders.

Being an insurance Company, the responsibility with respect to abide by the laws and regulations is two-fold, as society in general and particularly being insurer puts its trusts in the Company for covering risks that threaten valuable assets. Therefore, the Company is supposed to act with responsibility in respect to all laws and regulations 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 of 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 and other applicable laws in the following areas:

- In compliance with the requirement of Code of Corporate Governance, 2016, the Board has formed Bord Risk & Compliance Committee, however, to strengthen the ERM implementation a senior management level committee has also been formed by name of “Enterprise Risk Management Committee.
- The compilation of the results of annual evaluation of the Board’s performance is done through an independent reputable audit firm every year whereas the requirement is to engage the external consultant once in every three years. This process of compiling performance evaluation by external independent consultant every year ensure transparency and maintain confidentiality.
- The Company obtains its Financial Strength Rating from two local rating agencies VIS and PACRA to demonstrate transparency in the rating process. The legal requirement for insurance companies to obtain credit rating from any local rating agency. However, the Company believes in trust and confidence of stakeholders, hence rated by both local rating agencies from inception of this legal requirement.
- The Company is among very few insurance companies of Pakistan which also obtain Financial Strength Rating from renowned and oldest international rating agency AM Best. The Credit Rating of B+ by AM Best reflects Jubilee General’s strong risk adjusted capitalisation, solid business profile, good record of operating performance and robust risk management framework.
- To monitor the performance and compliance with Shariah Principles in Takaful Window Operations a high-level management committee “Takaful Committee” has been formed which overview the operations of Participant Takaful Fund and ensure compliance of Shariah Rules. The Committee periodically get briefing from Shariah Advisor on matters related to Window Takaful Operations.
- SECP’s Circular 9 of 2016 describes valuation methods for determination of IBNR by insurance companies. The circular allows non-life companies to calculate and ascertain IBNR reserves in accordance with the provided valuation methods by the management. However, to ensure accuracy and credibility, the Company follows the advice of external actuary to determine the IBNR reserves at year end.
- Insurance Ordinance, 2000 requires every life insurance company to appoint an actuary to perform certain actuarial services. Jubilee General by adopting best business practices has set up an Actuarial Services Department in the Company.

CYBERSECURITY FRAMEWORK

In the modern world, like other sectors of the Country, reliance of the insurance Industry on the technology has been increasing day by day. All the business operations of an insurance company including but not limited to distribution and in offering other innovative products through usage of technology, makes it imperative that adequate measures must be taken to make its Information Technology Systems, and of its partners and intermediaries, secure and resilient.

Keeping in view of the above, the Securities and Exchange Commission of Pakistan (SECP) has issued the SECP Guidelines on Cybersecurity Framework for the Insurance Sector, 2020 (the Guidelines), effective from July 1st, 2020, specifying guiding principles for adoption of suitable Cybersecurity measures.

The Company including its Window Takaful Operations, keeping in view the sensitivity and importance of the matter, has immediately adopted these guidelines and implemented the Cybersecurity Framework accordingly. Following are the salient features including actions of the Company to follow the guidelines issued by the SECP in its true spirit and essence.

- (i) Cybersecurity risk has been incorporated in the overall Enterprise Risk Management Function of the Company and Cybersecurity Framework has been implemented with the view to control and mitigate the relevant risk.
- (ii) An IT Professional in the IT Department, having adequate qualification and experience, has been designated as Chief Information Security Officer (CISO).
- (iii) The CISO works with the Risk Management Department in order to identify, assess, quantify, monitor, and control the nature, significance, and interdependencies of the cyber risks for implementing and updating framework in order to mitigate the inherent Cybersecurity risk.
- (iv) An annual assessment programme has been devised to help the Board and the senior management in order to evaluate and measure the adequacy and effectiveness of the Company's Cybersecurity Framework.
- (v) The Company's Cybersecurity framework has capability to protect the policyholders' data in the wake of enhanced reliance on Business Process Outsourcing (BPO), technology-based agency arrangements and other strategic partnerships for offering innovative insurance products and services.
- (vi) The Cybersecurity Framework of the Company has sufficient capability to anticipate, withstand, detect, prevent and respond to cyber-attacks in line with international standards and best practices.
- (vii) Information security policies, procedures and processes including definitions of roles and responsibilities, across the organisation, with respect to Cybersecurity have been in place. The Company has established systematic monitoring processes to rapidly detect cyber incidents and periodically evaluate the effectiveness of identified controls, including through network monitoring, testing, audits, and exercises.
- (viii) During the year, In view of the Guidelines, a third-party audit with respect to Penetration Testing to identify vulnerability that may affect Company's systems, networks, people or processes and to provide an in-depth evaluation of the security of Company' system has been conducted by a professional consultant and their recommendations are under the implementation stage in order to make the Cybersecurity Framework more effective, efficient and resilient.
- (ix) A comprehensive plan and procedures are in place to recover from a Cybersecurity incident/breach and to resume operations safely with minimum disruption to the policyholders and business operations along with timely recovery of accurate data.

Above all the Company has aimed to strengthening its Cybersecurity Framework on continuous basis and make it more robust, effective, and efficient.





**CORPORATE SOCIAL RESPONSIBILITY
& SUSTAINABILITY**



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.

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.

During the year, due to lockdown situation of COVID-19 pandemic, the Company could not perform the CSR activities which were planned in the beginning of the year. However, the Company participated with its full strength in the distribution of Ration Bags to support the people needed food during the testing times of lockdown.

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

Sports Activities

In Jubilee, we are determined to make a difference within the communities we live and work in and extensively support corporate sports events to improve health and wellbeing. Jubilee in past always support healthy sports activities like snooker, cricket and table tennis etc. During the year, the Company has followed the COVID-19 Standing Operating Procedures (SOPs) issued by Government of Pakistan and do not participate in any sport event.

Energy Conservation

The Company is 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 center.

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 workplace 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.

Safety Measures During COVID-19 Pandemic

During the year 2020, due to lockdown of COVID-19, the Company has provided full support through IT tools and encourage its employees to work-from-home in order to adhere the policy of "stay home stay safe". Furthermore, after ease of lock down, while working in the office, the management ensured that the SOPs must be completely followed. Following measures were taking in office premisses during the pandemic:

- Hand sanitizers are available on entry/exit gate of the Company in Head Office and at branches;
- Body Temperature of Employees is checked at every entry level with Non-Contact Digital Infrared Thermometer;
- Wearing of mask is compulsory;
- Online meetings are conducted in order to avoid physical interaction;
- Attendance rosters have been developed in order to keep number of staff in the office premisses at bear minimum level according to SOPs; and
- SOPs with respect to "Social Distancing" are strictly followed in the office premises.

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. 2,182 million (2019: Rs. 2,173 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 2020 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.

In 2019, the Company has achieved top position in Insurance Sector in the 34th MAP Corporate Excellence Award. This award is a valuable addition to the top positions secured by the Company in Financial Category in 33rd and 32nd MAP Corporate Excellence Award consecutively. The Financial Category includes commercial banks, insurance companies, other financial entities i.e. investment banks, leasing, modaraba and asset management companies. Achieving these prestigious awards clearly demonstrates excellent performance and management practices of the Company in all the 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 2020, the Company has achieved 3rd position among insurance companies of Pakistan for its Annual Report of 2019. This award is a worthy addition to the 1st position awards secured by the Company in 2019, 2018, 2017 and constantly in 2009 till 2011. Overall, the Company has received this prestigious award eleven times.

FPCCI Gold Medals

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 2020, the Company has received Trophy in the 8th FPCCI Achievement Award for its Motor Third-party Liability Web Access Facility. This award is a precious addition to the Gold Medal received in 2019 from FPCCI for its Marine Cover Note Issuance Web Access & Android Application which facilitate its customers to get marine insurance through a simple process. These both awards are also appreciation of the FPCCI over the Jubilee's effort to make its insurance products available for the customer on internet (Web Access).

In addition to the above, the Company has also received Gold Medals in 2018 and 2017, from FPCCI for its Motor Insurance Claims Android Application and Motor Underwriting Android Application respectively. Both applications have enhanced the experience of insured from insuring their motor vehicle till the hassle-free settlement of their claims.

The aforesaid recognitions of FPCCI 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 1st Runner-up Award on Best Presented Annual Report

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 1st Runner-up position among SAARC Countries in "Insurance Sector" on its Annual Report for the year 2019. This award reflects the management's commitment for Improvement in Transparency, Accountability & Governance. Besides 1st Runner position for 2019, the Company is also 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 uptill 2020. This Certification for 3 years long validity from LRQA reflects Company's firm commitment towards the standardisation of management processes, procedures and their strict compliance.

MEMBERSHIPS AND AFFILIATIONS

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

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

- Insurance Association of Pakistan
- 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

CLIMATE CHANGE INITIATIVES

Climate change continues to present a growing and significant global challenge to humanity and the biosphere in the 21st century.

The Paris Agreement, which was adopted in December 2015 aims “to strengthen the global response to the threat of climate change in the context of sustainable development and efforts to eradicate poverty”, increasing the ability to adapt to impacts of climate change, and making finance flows consistent with a low GHG emissions and climate-resilient development. With the Paris Agreement, the global community has entered a new era of climate action; with commitment required from both developed and developing countries.

Jubilee General Insurance is also part of global effort of achieving Net Zero Carbon Emissions by year 2030. In line with the provided global guidance the Company has already initiated development of decarbonisation roadmaps and investment plans (if required) including;

- develop necessary capabilities to systematically measure progress in reducing emissions towards achieving net zero or negative emissions;
- establishment of specific carbon reduction targets, including a timeframe for achieving net zero carbon emissions for the Company's operations;
- identification, assessment, and prioritisation of measures to reduce cost effectively the Company's carbon footprint, including new and innovative emissions reduction solutions; and
- assessment of funding needs with identification of source (if required).

The Company is in process of building a complete roadmap and action plan for achieving the defined objective.





MANAGEMENT REPRESENTATION

& OUTLOOK

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 Digital Retail Sales.	Gross Written Premium including Takaful Contribution has slightly decreased by 1.6% despite slowdown in the economy due to lockdown of COVID-19 pandemic.
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 reached to Rs. 103 million and the investment income has increased remarkably by 66%. Hence, the Company has been able to achieve first time in its history the highest level of after-tax profit at Rs. 1.53 billion and posted a robust growth of 25% 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 increased phenomenally by 66% over the last year due to exemplary strategy adopted to manage the investment portfolio.
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 contracted by 5% over the last year mainly due to trickle down impact of decrease in premium under written in conventional Insurance business.
Increasing shareholders' wealth.	The management will make strenuous efforts to increase the profitability and financial strength of the Company.	Healthy cash dividend of 35% for the year 2020 has been declared by the Board of Directors.
Meeting and exceeding customer expectations.	Advance tools of IT and high-quality resource will be utilised for product development and product innovation.	During the year, several new steps have been taken to serve our customers in more efficient and effective way which include complete restructuring of homeCare products and revamping of Company's website for consumers to enhance their experience. In addition of above, improvements in our existing products 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.

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.

Impact of COVID-19 on CPIs

During the year, the economy of the Country has faced the challenge of negative impact of world-wide lockdown due to COVID-19. Although, during this testing time the CPIs of the Company were remain same as compared to last year. However, the first and foremost priority of the management during 2020 was to remain operational and continue to do business with full strength. Furthermore, during lockdown, the Company has successfully provided services to its customers/clients without any delay.

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 utilization of funds of the Company. The investments returns are set with stock market and money market benchmarks. The actual investment income is compared with these benchmarks on a 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 a quarterly basis for performance evaluation purposes.

Monitoring of **Insurance Financial Strength (IFS) Ratings** is one of the 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 necessarily consider the IFS rating of the Company. Therefore, it is necessary that the Company monitors its IFS rating and the same is renewed on a yearly basis with both local rating agencies and one international rating agency for its un-doubted affirmation. The management on a periodic basis also carries in-house evaluation for certain indicators which are considered vital for a good IFS rating.

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

In order to face the modern technological changes coming in the insurance sector, the Company is all the time spirited for **meeting and exceeding customer expectations**. Under these CPIs, the performance of the 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 sources to carry overall operations. In the service sector, the quality of human resource is directly proportionate to the growth of the Company. Therefore, it is aimed in Jubilee General that an 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 headed 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 deviates from its normality, the impact is evaluated with the performance of the 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:

Cautionary Note on Forward Looking Statement

Certain statements contained herein our Forward-Looking Statement (including plan, objectives, targets and trends are current expectations of future event which are based on certain assumptions of future insurance business in Pakistan.

Forward looking statement involves known and from uncertainties and other factors, which may cause the Company's actual financial results to be materially different from currently anticipated future results. The main factors which can significantly influence the future results are including;

- the frequency, severity and development of insured claims event, particularly natural catastrophes, pandemic etc;
- the cyclical nature of reinsurance companies;
- unforeseen liquidity management challenges;
- unanticipated changes in regulatory regime and taxation structure;
- changes in assumed economic scenario effecting sufficiency of investment income; and
- attrition of skilled manpower.

The mentioned factors are not exhaustive as general insurance companies operate in continuingly challenging environment in Pakistan. New business risks are emerging regularly. We are not obligated to update or revise forward-looking statement. We cautioned not to place undue reliance on below forward-looking statement.

Forward Looking Statement

The monetary and fiscal stimuli from the government have provided the tailwind for economic growth leading to a strong recovery in the economic indicators like industrial output, current account balance, inflation etc. SBP forecasts real GDP for FY 2021 to grow by 2.5%. However, the fears of subsequent waves of COVID-19 infections and mutated strains of virus remain coupled with the uncertainty regarding the timeline for mass roll-out of vaccines. As the IMF program gets reactivated, the government will have to make certain adjustments such as power tariff revisions and other fiscal consolidation measures which will adversely affect the aggregate demand. Owing to all these factors, we remain cautiously optimistic about the economic prospects in 2021.

Your company anticipates that a recent resurgence in the infrastructure sector owing to revitalization of CPEC projects and incentives offered to construction industry as an exciting opportunity for growth. Our strategic priorities for the year are to modernize our business structure and processes through end-to-end digitalization of all workflows using design-thinking and mobile first approach. This also reaffirms our long-standing commitment towards development of the nascent digital retail market for general insurance in Pakistan. We also remain focused on further expanding our footprint in the Window Takaful Operations and microinsurance market.

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 2021.

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 2021:

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 is expected by generating stable Return on Equity and making handfull 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 2020, the Country has faced COVID-19 pandemic and lockdown situation as faced by almost all the countries in the world. The economy of the Country has taken deep impact because of this unique situation arisen in the world during 2020 and the same has negatively impacted all the sectors of business including insurance industry. The GDP growth for the year has suffered massive decline from the last year and also adversely impacted 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 was another challenge for generating income, however due to timely judicious decision making the investment portfolio has recorded significant increase in investment income in 2020.

Analysis of Prior Year's Forward Looking Disclosure

Including 2020, due to slow down in the economy because of COVID-19 pandemic, the Company has witnessed a slight contraction in the premium/contribution underwritten by 1.6% over the last year however despite the depressing situation the Company 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 phenomenal increase of 65% over the last year despite high volatility of equity market was witnessed in during the 1st half of the year.

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

A **healthy** cash dividend of 35% 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 revamping of websites in order to enhance the experience of customers/consumers and restructuring of HomeCare products.

Above all, improvements in our existing product and services are 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 the Company has generously contribution in distributing Ration Bags among needy people during lockdown in the Country.

Being one of the **Best** employers for the competent professional and hardworking personnel, working environment in the Company is improving, more in-house and external online 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.

Implementation Status of IFRS 17 "Insurance Contracts"

IFRS 17 Insurance Contracts is a new accounting and reporting standard which initially required to be adopted by the insurers from 1st January 2021. However, subsequently applicable date was extended to 2022. In March 2020 after receiving deliberation from insurance industry globally and situation arising out of COVID-19's impact the applicable date has now been further extended to 1st January 2023. The reporting standard is a significant overhaul of the existing IFRS 4 "Insurance Contracts", bringing substantial structural changes to the way insurance revenues and liabilities are recorded and reported. Globally it has been assessed that impact of this IFRS 17 is significantly less on non-life insurance business in comparison to life insurance. However, the process requires extensive time and efforts along-with adequate resource to accomplish the successful implementation by the given deadline.

In Pakistan SECP is continuously in discussion with insurance companies on the implementation of IFRS 17 and regularly follow up on the status. The SECP has also advised the insurance companies to submit a proper roadmap of implementation at earliest.

Insurance Association of Pakistan (IAP) in its various meetings after considering similarity between non- life insurance products offered and IT system workings decided to hire services of a consultant at industry level for non- life insurance companies. The objective of hiring one consultant for non-life industry is to adopt unanimous approach, methodology and follow common practices relating to IFRS 17.

A detailed exercise carried out at IAP level in which presentation and discussion were held and after detail deliberations and analysis, the following phases of IFRS implementation has been identified.

- Initial Gap Assessment
- Financial Impact Assessment
- Detail Design and Methodology
- Implementation and Testing

The Company along-with non-life insurance industry has started working on the above identified areas from June 2020 and confident that on implementation of IFRS 17 by applicable date.

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, 2020:

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 and slow down economy 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, Takaful Rules, 2012 and General Takaful Accounting Regulations, 2020. 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

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 2020 report covers the period 1 January to 31 December 2020.

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 and General Takaful Accounting Regulations, 2019. 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 prepared the financial statements of Window Takaful Operations (Operator's Fund and Participants' Fund) for the year ended December 31, 2020 according to the format prescribed under Takaful General Accounting Regulations, 2019 issued by the SECP vide SRO 1416(1)/2019 dated November 20, 2019 which was applicable from January 1, 2020. No other 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 the Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019.

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, 2022). 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, 2022 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 2.5.1.1 85 of the accompanying financial statements.

Furthermore, note 2.5 to accompanying financial statements specifies few other 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.

COVID-19: THE PANDEMIC

The first COVID-19 case in Pakistan was reported on 26th February 2020 and as of now more than 600,000 confirmed cases have been reported. Further, more than 13,000 people are reported to die because of this WHO declared pandemic. Initially, the Country had faced severe lockdown situation which continued for few months. The lockdown continuation crippled many businesses operating in Pakistan, thereby further adding to the financial and economic woes of the Country. The lifting of lockdown in second half of 2020 has provided some momentum to halted economic activities as signs of recovery has emerged.

As the Insurance business is also directly linked with the economic condition of the Country, the impact of COVID-19 is significant to the general insurance business in Pakistan. The relevant agencies in Pakistan have not yet been able to assess the complete macro-economic impact at this stage as the pandemic has entered its third phase. While we have assessed the situation continuously since its birth in Pakistan, however, we can not make certain assessment of complete impact on the economy and business at this stage.

The management was keeping a watchful eye on the developing situation in the wake of the COVID-19 pandemic. The management has developed a comprehensive 'COVID-19 Business Continuity Plan' (COVID-19 BCP) in the wake of the Pandemic and has continued Company's operations from remote locations by following the routine of Working from Home (WFH). The COVID-19 BCP contains all necessary steps of business continuation, alternate site arrangements, proper guidelines of WFH and telecommute of cyber threat mitigation. The results of business activities of WFH were being monitored by the senior management on daily basis. The BCP was activated in the month of March 2020.

As mentioned above, the situation was so fluid and fast moving, implication and an assessment of the financial impact pertaining to COVID-19 was a difficult job. Initially, the Company faced decline in the underwriting written premium/contribution but after tamandus efforts able to reduce the contraction to 1.6% from last year. Simultaneously we have seen reduction in medical claims in first half of the year 2020 as hospitalization was low, however, a number of Fire incidence reported which has increased overall loss ratio.

Based on our assessment, following significant business areas of the Company are affected due to COVID-19- Pandemic:

Fire & Property

Coverage for loss stemming from pandemics and epidemics is generally not covered under our property policies. Even without policy exclusions relating to such events, in many cases property insurance coverage is contingent upon physical loss or damage to insured property due to insured perils. Standard commercial property policy forms tie coverage for Business Interruption (BI) and Contingent Business Interruption (CBI) to physical damage or loss to the insured's property or to the property of the insured's suppliers or customers.

Travel

Our travel insurance policy cover trip cancellations and initially few claims were reported, however, subsequently to declaration of the Pandemic, we have incorporated a COVID-19 - Pandemic exclusion to all our travel policies.

Workers' Compensation

Initially, there was a possibility of claims arising out of workers alleging industrial exposure to COVID-19. However, we did not encounter any significant reported claims relating to the epidemic break out at workplace.

Health

The group health policies issued by the Company is covering any COVID-19 related expense that results in hospitalisation up to the eligible limit of the insured. The retail health policy contains waiting period to avoid obvious case of anti-selection. During the pandemic period cases affected from the pandemic has been reported but till year end number of reported cases were below the expectations.

Investments

The Company manages a large investment portfolio comprising of both equity securities and fixed income instruments. During the early months the equity markets witnessed a sharp decline due to the economic fallout of COVID-19 pandemic. However, the markets have recovered well since then and posted strong growth on the back of a faster than expected decline in the spread of the virus and positive turnaround in the economic momentum.

On the fixed income front, SBP reduced the Policy Rate by a total of 625 basis points during the year along with several other incentives to provide monetary stimulus to the economy. The Company's pragmatic investment strategy during the year lead to a 66% growth in the Investment Income (including Window Takaful Operations).

Liquidity Management

During the pandemic, the Company continued monitoring of liquidity position regularly. All customers have been communicated the banking details to pay their due premium through online banking channels and our field officers were following up accordingly. The Company continued settlement of reported claims and reinsurers obligation as part of business continuity. The Company follows the policy of keeping majority of its investments liquid to timely discharge its obligations.

Considering all the aspects the management has evaluated the impacts of COVID-19, the pandemic and does not foresee any going concern risk in the Operations of the Company and believe the operations and financial position will not be impacted significantly and same are gradually returning to normal.





RESOURCE ALLOCATION

& STRATEGY

ORGANISATIONAL RESOURCES

Organisational resources are all assets that are 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.4,295 million and Rs.532 million (2018: Rs.4,142 million and Rs.709 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 1.17 and 68% of the total assets are liquid as at December 31, 2020.

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 function 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 Governance. 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 very 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 overseen 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 different 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 used 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.

- **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's management takes into consideration all the logistic arrangements for optimum utilisation of resources.

CAPITAL STRUCTURE

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

	Rupees in '000
Paid-up Share Capital	1,984,912
Capital Reserve	9,384
Revenue Reserves	7,552,713
Shareholders' Equity	9,547,009

The Revenue Reserves included Rs. 1.4 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 high level of profitability, achieved by the Company in 2020, made its equity more robust.

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:

- 5% growth in book value of total assets
- 5% growth in market value of total assets
- 10% 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, 2020 is 1.17 times (2019: 1.12 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



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

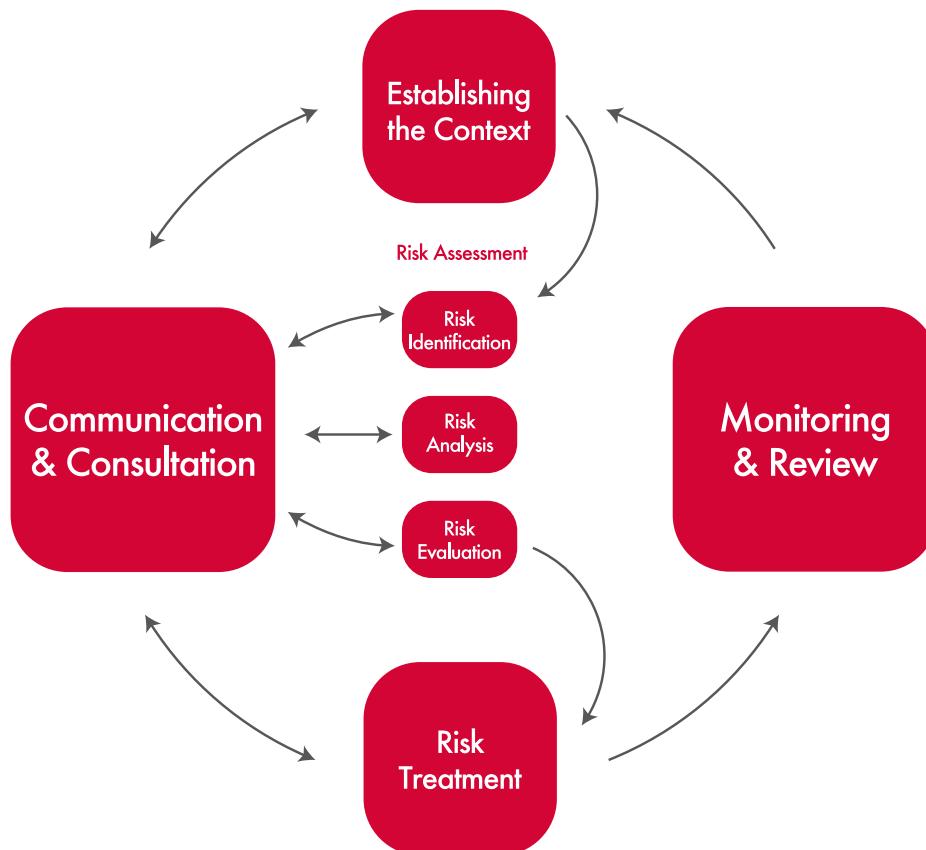
The Board of Directors of Jubilee General Insurance Company (the Company) are entrusted for ensuring that the Company has a robust process in place for assessment of principal risks facing the Company, including those that would threaten the business model, future performance, solvency or liquidity.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

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

The Risk Management System is intended to systematically and continually identify, assess, control, monitor and report risks and opportunities; sets risk tolerances based on our overall corporate targets, in order to support the achievement of strategic objectives and to enhance risk awareness throughout the Company. The 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
Investment Risk The changes in stock market variables and interest rates may affect future cash flows of financial instruments.	Financial	Financial Capital	External	Low	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.
Reserve Risk The Risk of inadequate reserve to meet future insurance obligation.	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.
Liquidity Risk The Company may encounter difficulty in meeting financial obligations associated with insurance and reinsurance.	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.
IT Risks The development in Information Technology and its emerging challenges may affect the Company's operational process.	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.
Regulatory Risk The Company operates in an industry that is highly regulated. Therefore, failure to meet regulatory compliance may expose the Company to fines, other penalties and reputational risks.	Operational and Reputational	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.
Safety and Security Risk Risk of loss/damage to the resources of the Company from external deliberate/ accidental attack/ threats.	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 26 fully functional branches spread over in three provinces 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.	By having more than 68 years of working experience in the insurance sector, the Company has good and exemplary relationship with the renowned global reinsurers and brokers resultantly acquiring 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 facilitate customers 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 its 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.

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 assets 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.

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, 2020.

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, 2020.

PROSPECTS OF THE COMPANY INCLUDING TARGETS FOR FINANCIAL AND NON-FINANCIAL MEASURES

Your company expects that a recent resurgence in the infrastructure sector owing to revitalization of CPEC projects and incentives offered to construction industry as an exciting opportunity for growth. Our strategic priorities for the year are to modernize our business structure and processes through end-to-end digitalization of all workflows using design-thinking and mobile first approach. This also reaffirms our long-standing commitment towards development of the nascent digital retail market for general insurance in Pakistan. We also remain focused on further expanding our footprint in the Window Takaful Operations and microinsurance market.

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 11.65% (2019: 10.51%). 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.4.55 million (2019 Rs.15.22 million) which is 0.22% (2019:0.88%) 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, 2020, the amount of the investment in JKIC is Rs. 144.84 million which is 0.62% of the total assets and 1% 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.

Outstanding Claims Reserve

The Company regularly monitors its reserves for outstanding claims liabilities and related reinsurance recoveries against reported claims which to be settled in foreign currency as per the terms and conditions of the insurance contract. The reserves and expected reinsurance recoveries are adjusted for all currency exchange fluctuations during the period on regular basis.



PERFORMANCE

& POSITION



KEY FINANCIAL DATA

(Six Years)

	2020	2019	2018	2017	2016	2015
	Rs. in million					
FINANCIAL DATA						
Paid-up Capital	1,985	1,804	1,804	1,804	1,569	1,569
General & Capital Reserves	7,562	6,908	6,104	6,509	7,204	5,485
Equity	9,547	8,712	7,908	8,313	8,773	7,054
Total Liabilities	13,748	13,377	13,405	11,385	11,743	9,822
Investment - at carrying value	14,586	13,270	11,564	11,371	12,861	10,521
Investment Property- (at book value)	646	651	657	659	665	672
Cash and Bank	1,176	1,343	1,839	2,042	1,578	1,391
Other assets - Current	6,686	6,576	7,001	5,415	5,210	4,099
Other assets - Non-Current	138	196	181	188	180	168
Intangible Assets	63	53	71	23	22	25
Total assets (Book value)	23,295	22,089	21,313	19,698	20,516	16,876
Total assets (Market value)	27,574	26,253	25,534	25,077	24,612	20,900
OPERATING DATA (UNDERWRITING)						
CONVENTIONAL						
Gross Premium Revenue	9,110	9,375	9,161	7,694	7,851	7,979
Net Premium Revenue	4,959	5,279	4,923	4,611	4,171	4,151
Net Claims	3,058	2,828	2,691	2,450	2,030	2,174
Management Expenses	1,536	1,703	1,607	1,360	1,257	1,085
Underwriting Results	24	372	212	409	473	468
COMBINED*						
Gross Premium / Gross Contribution	10,311	10,477	10,069	8,336	8,253	8,094
Net Premium / Contribution Revenue (Technical)	5,918	6,140	5,637	5,107	4,353	4,185
Net Claims	3,659	3,427	3,082	2,743	2,160	2,188
Management Expenses	1,691	1,803	1,693	1,415	1,292	1,106
Underwriting Results (Technical Profit)	103	431	369	502	468	462
OPERATING DATA (COMBINED)						
Investment Income	1,874	1,134	1,188	1,041	1,316	1,220
Profit before Taxation	2,114	1,725	1,631	1,664	1,854	1,713
Taxation - Net	(581)	(501)	(565)	(547)	(675)	(361)
Profit After Taxation	1,533	1,224	1,066	1,117	1,179	1,352
CASH FLOW SUMMARY						
Operating Activities	(88)	417	422	(373)	229	926
Investing Activities	417	(186)	(80)	952	(758)	(459)
Financing Activities	(548)	(723)	(706)	(539)	(462)	(844)
Cash & Cash Equivalents at the year end	980	1,199	1,691	2,054	2,014	1,490

* Inclusive of Window Takaful Operations

FINANCIAL RATIOS

		2020	2019	2018	2017	2016	2015
Profitability (Conventional)							
Underwriting Result / Gross Premium	%	0.26	3.97	2.31	5.32	6.02	5.87
Underwriting Result / Net Premium	%	0.48	7.05	4.31	8.87	11.34	11.27
Combined ratio	%	99.52	92.95	95.69	91.13	88.66	88.73
Net Claims / Net Premium	%	61.67	53.57	54.66	53.13	48.67	52.37
Management Expense / Net Premium	%	30.97	32.26	32.64	29.49	30.14	26.14
Profitability (Combined)							
Underwriting Result / Gross Premium & Contribution	%	1.00	4.11	3.67	6.02	5.67	5.71
Underwriting Result / Net Premium & Contribution	%	1.74	7.02	6.55	9.83	10.75	11.04
Combined ratio	%	98.26	92.98	93.45	90.17	89.25	88.96
Net Claims / Net Premium & Contribution	%	61.83	55.81	54.67	53.71	49.62	52.28
Management Expense / Net Premium & Contribution	%	28.57	29.36	30.03	27.71	29.68	26.43
Overall Profitability							
Profit Before Tax / Gross Premium	%	23.21	18.40	17.80	21.63	23.61	21.47
Profit Before Tax / Net Premium	%	42.63	32.68	33.13	36.09	44.45	41.27
Profit After Tax / Gross Premium	%	16.83	13.06	11.64	14.52	15.02	16.94
Profit After Tax / Net Premium	%	30.91	23.19	21.65	24.22	28.27	32.57
Profit Before Tax / Total Income	%	30.94	26.90	26.69	29.44	33.79	31.89
Profit After Tax / Total Income	%	22.44	19.09	17.44	19.76	21.49	25.17
Return to Share Holders							
Return on Equity - (after tax)	%	16.06	14.05	13.48	13.44	13.44	19.17
Earnings Per Share (pre tax)	Rs.	10.65	9.56	9.04	9.22	11.82	10.92
Earnings Per Share (after tax)	Rs.	7.72	6.78	5.91	6.19	7.51	8.62
Earnings Per Share (pre tax)-Restated	Rs.	10.65	8.69	8.22	8.38	9.34	8.63
Earnings Per Share (after tax)-Restated	Rs.	7.72	6.17	5.37	5.63	5.94	6.81
Earning growth	%	25.25	14.82	(4.57)	(5.26)	(12.80)	25.30
Price Earning Ratio - PAT	Times	6.10	8.76	11.17	14.22	18.27	15.12
Price to Book Ratio	Times	0.40	0.44	0.51	0.73	0.83	0.96
Breakup value per share (Book value)	Rs.	48.10	48.29	43.84	46.08	55.91	44.96
Breakup value per share (Market value)	Rs.	69.65	71.37	67.23	75.90	82.02	70.61
Return on Assets (Book value)	%	6.58	5.54	5.00	5.67	5.75	8.01
Return on Assets (Market value)	%	5.56	4.66	4.17	4.45	4.79	6.47
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.	47.10	54.01	60.01	80.00	108.50	103.00
Market Price per share - Highest during the year	Rs.	60.75	65.00	89.99	128.00	120.00	127.98
Market Price per share - Lowest during the year	Rs.	34.00	35.21	60.01	76.00	95.30	76.00
Pakistan Stock Exchange Index	Points	43,755	40,735	37,067	40,471	47,807	32,816
Market Capitalization	(Rs. M)	9,349	9,743	10,826	14,432	17,024	16,161
Cash Dividend Per Share	Rs.	3.50	3.00	4.00	4.00	3.50	4.50
Cash Dividend	%	35.00	30.00	40.00	40.00	35.00	45.00
Stock Dividend Per Share	Rs.	-	1.00	-	-	1.50	-
Stock Dividend	%	-	10.00	-	-	15.00	-
Dividend Yield	%	7.43	5.55	6.67	5.00	3.23	4.37
Dividend Pay out	%	45.32	48.65	74.48	71.08	58.93	66.07
Dividend Cover	Times	2.21	2.06	1.34	1.41	1.70	1.51
Performance / Liquidity							
Current Ratio	Times	1.66	1.62	1.55	1.74	1.83	1.74
Liquid Ratio	Times	1.17	1.12	1.02	1.24	1.34	1.28
Cash / Current Liabilities	%	8.70	10.27	13.94	18.82	14.68	14.99
Total Assets Turnover	Times	0.39	0.42	0.43	0.39	0.38	0.47
Fixed Assets Turnover	Times	10.49	10.46	10.43	9.00	9.30	9.66
Total Liabilities / Equity	Times	1.44	1.54	1.70	1.37	1.34	1.39
Return on Capital Employed (RoCE)	%	23.16	20.76	20.11	19.48	23.43	24.93
Liquid Assets / Total Assets	%	67.66	66.16	62.89	68.09	70.38	70.59
Paid-up Capital / Total Assets	%	8.52	8.17	8.46	9.16	7.65	9.30
Earning assets / Total Assets	%	70.44	69.10	65.97	71.44	73.62	74.57
Equity / Total Assets	%	40.98	39.44	37.10	42.20	42.76	41.80
Solvency							
Solvency Ratio (Based on Market Value)	Times	9.68	7.96	6.94	8.23	7.92	8.38

FINANCIAL STATEMENTS ANALYSIS

(Six Years)

Vertical Balance Sheet	2020		2019	
	(Rupees '000)	%	(Rupees '000)	%
Tangible and Intangible Fixed Assets	197,462	0.85	242,542	1.10
Investment properties	645,896	2.77	651,142	2.95
Investments	14,530,916	62.38	13,198,762	59.75
Insurance / reinsurance receivables	1,074,028	4.61	1,304,973	5.91
Other Assets	5,462,493	23.45	5,133,273	23.24
Cash and Bank	965,862	4.15	1,148,951	5.20
Total assets of Window Takaful Operations - Operator's Fund	418,313	1.80	409,281	1.85
Total Assets	23,294,970	100.00	22,088,924	100.00
Total Equity	9,547,009	40.98	8,712,061	39.44
Underwriting Provisions	8,381,972	35.98	7,914,842	35.83
Deferred liabilities	232,143	1.00	296,709	1.34
Insurance / Reinsurance Payables & Advances	2,277,294	9.78	2,078,018	9.41
Other Creditors and Accruals	1,025,929	4.40	1,032,602	4.67
Deposits and other payables	1,424,498	6.12	1,582,179	7.16
Taxation - provision less payments	173,500	0.74	250,595	1.13
Total liabilities of Window Takaful Operations - Operator's Fund	232,625	1.00	221,918	1.00
Total Shareholders' Equity & Liabilities	23,294,970	100.00	22,088,924	100.00
Profit & Loss Account				
Net premium revenue	4,959,025	100.00	5,279,188	100.00
Net claims	3,058,182	61.67	2,827,884	53.57
Expenses	1,536,093	30.98	1,702,929	32.26
Net commission	340,804	6.87	376,049	7.12
Investment income including rental & bank deposits returns	1,874,090	37.79	1,134,021	21.48
Other income including share of profit of an associates	196,381	3.96	147,178	2.79
General and administration expenses	108,855	2.20	53,298	1.01
Profit / (loss) from Window Takaful Operations	128,146	2.58	124,789	2.36
Profit before tax	2,113,708	42.62	1,725,016	32.68
Taxation - net	(580,970)	(11.72)	(500,731)	(9.49)
Profit after tax	1,532,738	30.91	1,224,285	23.19

Horizontal Balance Sheet	2020	2019	2018	2017
	(Rupees '000)			
Tangible and Intangible Fixed Assets	197,462	242,542	241,992	198,596
Investment properties	645,896	651,142	656,871	658,873
Investments	14,530,916	13,198,762	11,527,926	11,340,106
Insurance / reinsurance receivables	1,074,028	1,304,973	1,718,328	1,782,824
Other Assets	5,462,493	5,133,273	5,176,859	3,556,443
Cash and Bank	965,862	1,148,951	1,669,039	1,893,276
Total assets of Window Takaful Operations - Operator's Fund	418,313	409,281	322,137	267,446
Total Assets	23,294,970	22,088,924	21,313,152	19,697,564
Total Equity	9,547,009	8,712,061	7,908,055	8,312,970
Underwriting Provisions	8,381,972	7,914,842	7,997,798	6,503,336
Deferred liabilities	232,143	296,709	209,388	533,565
Insurance / Reinsurance Payables & Advances	2,277,294	2,078,018	1,949,273	1,294,932
Other Creditors and Accruals	1,025,929	1,032,602	1,229,204	1,032,519
Deposits and other payables	1,424,498	1,582,179	1,616,174	1,665,900
Taxation - provision less payments	173,500	250,595	236,052	227,839
Total liabilities of Window Takaful Operations - Operator's Fund	232,625	221,918	167,208	126,503
Total Shareholders' Equity & Liabilities	23,294,970	22,088,924	21,313,152	19,697,564
Profit & Loss Account				
Net premium revenue	4,959,025	5,279,188	4,922,929	4,610,717
Net claims	3,058,182	2,827,884	2,691,068	2,450,107
Expenses	1,536,093	1,702,929	1,606,545	1,360,183
Net commission	340,804	376,049	413,589	391,738
Investment income including rental & bank deposits returns	1,874,090	1,134,021	1,187,743	1,041,638
Other income including share of profit of an associates	196,381	147,178	219,414	219,114
General and administration expenses	108,855	53,298	70,017	65,246
Profit / (loss) from Window Takaful Operations	128,146	124,789	82,411	60,109
Profit before tax	2,113,708	1,725,016	1,631,278	1,664,304
Taxation - net	(580,970)	(500,731)	(564,973)	(547,319)
Profit after tax	1,532,738	1,224,285	1,066,305	1,116,985

2018		2017		2016		2015	
(Rupees '000)	%	(Rupees '000)	%	(Rupees '000)	%	(Rupees '000)	%
241,992	1.14	198,596	1.01	187,010	0.91	164,627	0.98
656,871	3.08	658,873	3.34	665,263	3.24	671,653	3.98
11,527,926	54.09	11,340,106	57.57	12,827,410	62.52	10,475,735	62.08
1,718,328	8.06	1,782,824	9.05	1,528,452	7.45	1,154,438	6.84
5,176,859	24.29	3,556,443	18.06	3,617,407	17.63	2,931,232	17.37
1,669,039	7.83	1,893,276	9.61	1,504,687	7.33	1,360,712	8.06
322,137	1.51	267,446	1.36	185,969	0.91	117,342	0.70
21,313,152	100.00	19,697,564	100.00	20,516,198	100.00	16,875,739	100.00
7,908,055	37.10	8,312,970	42.20	8,773,381	42.76	7,054,156	41.80
7,997,798	37.53	6,503,336	33.02	6,289,692	30.66	5,653,766	33.50
209,388	0.98	533,565	2.71	995,906	4.85	540,118	3.20
1,949,273	9.15	1,294,932	6.57	1,470,100	7.17	1,063,194	6.30
1,229,204	5.77	1,032,519	5.24	969,121	4.72	760,593	4.51
1,616,174	7.58	1,665,900	8.46	1,693,482	8.25	1,506,839	8.93
236,052	1.11	227,839	1.16	240,029	1.17	266,723	1.58
167,208	0.78	126,503	0.64	84,487	0.41	30,350	0.18
21,313,152	100.00	19,697,564	100.00	20,516,198	100.00	16,875,739	100.00
4,922,929	100.00	4,610,717	100.00	4,170,928	100.00	4,150,808	100.00
2,691,068	54.66	2,450,107	53.14	2,030,292	48.68	2,174,381	52.38
1,606,545	32.63	1,360,183	29.50	1,256,675	30.13	1,084,952	26.14
413,589	8.40	391,738	8.50	410,982	9.85	423,751	10.21
1,187,743	24.13	1,041,638	22.59	1,315,975	31.55	1,219,632	29.38
219,414	4.46	219,114	4.75	125,048	3.00	118,510	2.86
70,017	1.42	65,246	1.42	76,064	1.82	79,575	1.92
82,411	1.67	60,109	1.30	16,187	0.39	(14,999)	(0.36)
1,631,278	33.14	1,664,304	36.10	1,854,125	44.45	1,711,292	41.23
(564,973)	(11.48)	(547,319)	(11.87)	(674,694)	(16.18)	(358,642)	(8.64)
1,066,305	21.66	1,116,985	24.23	1,179,431	28.28	1,352,650	32.59

2016	2015	2020	2019	2018	2017	2016	2015
----- (Rupees '000)-----		----- % increase / (decrease) over preceeding year -----					
187,010	164,627	(18.59)	0.23	21.85	6.20	13.60	19.05
665,263	671,653	(0.81)	(0.87)	(0.30)	(0.96)	(0.95)	(0.94)
12,827,410	10,475,735	10.09	14.49	1.66	(11.59)	22.45	6.73
1,528,452	1,154,438	(17.70)	(24.06)	(3.62)	16.64	32.40	2.22
3,617,407	2,931,232	6.41	(0.84)	45.56	(1.69)	23.41	4.90
1,504,687	1,360,712	(15.94)	(31.16)	(11.84)	25.83	10.58	55.40
185,969	117,342	2.21	27.05	20.45	43.81	58.48	-
20,516,198	16,875,739	5.46	3.64	8.20	(3.99)	21.57	9.36
8,773,381	7,054,156	9.58	10.17	(4.87)	(5.25)	24.37	5.43
6,289,692	5,653,766	5.90	(1.04)	22.98	3.40	11.25	7.95
995,906	540,118	(21.76)	41.70	(60.76)	(46.42)	84.39	(13.52)
1,470,100	1,063,194	9.59	6.60	50.53	(11.92)	38.27	21.74
969,121	760,593	(0.65)	(15.99)	19.05	6.54	27.42	26.52
1,693,482	1,506,839	(9.97)	(2.10)	(2.98)	(1.63)	12.39	21.39
240,029	266,723	(30.76)	6.16	3.60	(5.08)	(10.01)	64.00
84,487	30,350	4.82	32.72	32.18	49.73	178.38	-
20,516,198	16,875,739	5.46	3.64	8.20	(3.99)	21.57	9.36
4,170,928	4,150,808	(6.06)	7.24	6.77	10.54	0.48	13.89
2,030,292	2,174,381	8.14	5.08	9.83	20.68	(6.63)	4.40
1,256,675	1,084,952	(9.80)	6.00	18.11	8.24	15.83	13.36
410,982	423,751	(9.37)	(9.08)	5.58	(4.68)	(3.01)	28.54
1,315,975	1,219,632	65.26	(4.52)	14.03	(20.85)	7.90	26.23
125,048	118,510	33.43	(32.92)	0.14	75.22	5.52	48.94
76,064	79,575	104.24	(23.88)	7.31	(14.22)	(4.41)	55.77
16,187	(14,999)	2.69	51.42	37.10	271.34	(207.92)	-
1,854,125	1,711,292	22.53	5.75	(1.98)	(10.24)	8.35	34.77
(674,694)	(358,642)	16.02	(11.37)	3.23	(18.88)	88.12	88.06
1,179,431	1,352,650	25.19	14.82	(4.54)	(5.29)	(12.81)	25.35

COMMENTS ON KEY FINANCIAL DATA AND PERFORMANCE RATIOS

(Six Years)

Performance Ratios

- The Claims ratio including Window Takaful Operations (WTO) has increased from 52% to 55% from 2015 to 2019 except for 2020 i.e. 62% which is mainly due to few significant fire and rain losses reported during the year. The Combined ratio has remained upto 93% till 2019 despite heavy inflation and high pressure on premium rates particularly during the last three years. The combined ratio has reached to 99% due to increase in claims reported during the year 2020.
- The expense ratio including WTO remained upto 29% till 2019 except for 2018 where it had increased to 30% due to increase in advertising expenses. However, in the year 2020, expense ratio restricted to 28% mainly due to decrease in travelling and advertising expenses due to lockdown in the Country and the management efforts to curtail the expenses.
- The return on equity in 2020 has improved to 16% as compared to last year 14%, despite slowdown in the economy due to COVID-19 pandemic. The investment income has contributed substantially to increase the return on equity in 2020.
- The Pre-tax earnings per share for the year 2020 is Rs. 10.65 as compared to last year's Rs. 9.56 reflecting an increase of 12% which is due to phenomenal investment income earned in the current year.
- Cash dividend per share to the shareholders remained at the level of 40% till 2018. However, in 2019 the Company distributed cash dividend of 30% along with stock dividend 10% which reflect steadiness of the Company in distributing handful profit to the shareholders. In 2020, 35% cash dividend endorsed the commitment of the Company to increase the shareholders' wealth.

Balance Sheet

- The Company's assets have increased to Rs. 23.30 billion in 2020 from Rs.16.88 billion in 2015 reflecting the increase by 38% 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. 14.59 billion as at 31 December 2020 in comparison to Rs. 10.52 billion as at December 31, 2015 reflecting increase of 39% over the period of six years.
- The total equity and technical reserves stood at Rs. 17.93 billion as at December 31, 2020 in comparison to Rs.12.71 billion as at December 31, 2015 which reflects increase of 41% over the last six years reflecting increase in the financial 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 2020 where the size of investments has increased by 26% as compared to 2018.
- Total assets of the Company in terms of market value have reached to Rs. 27.57 billion depicting remarkable growth of 32% since 2015.

Profit and loss Account

- The gross and net premium / contribution increase by 27% and 41% respectively over the period of 6 years.
- The underwriting profit has decreased to Rs. 24 million mainly due to reporting of few significant fire rain losses during the year. However, the underwriting result including Window Takaful Operation's (technical profit) has reached to Rs. 103 million.
- Due to vigilant and dynamic investment strategy of the Company, investment income has increased by 53% over the last six years. This reflects better utilisation of the Company's earning assets despite slow down of the economy during 2020.
- The profit before tax crossed Rs. 2 billion for the year ended 31 December 2020, which reflects significant increase in the Company's earning capacity over the years.
- The Company has been achieving more than Rs. 1 billion of profit after tax (PAT) since 2014 including the current year wherein the Company has achieved PAT of Rs. 1.53 billion which reflects a robust growth of 25% over the last year and a remarkable addition in maintaining the glowing history of high profit earnings.

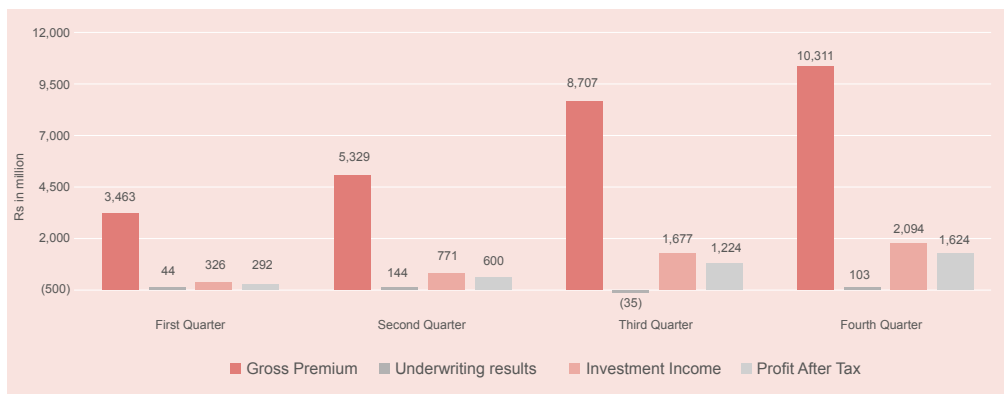
Cash Flows

- Cash Inflow of Rs 417 million from investing activities is the outcome of exemplary performance of the Company's investment portfolio during the year 2020.
- Due to consistent policy of paying handsome dividend to the shareholders, a consistent cash outflow can be witnessed under financing activities since 2015.
- Cash & bank deposits has decreased by 18% to Rs. 980 million in the year 2020 as compared to Rs. 1,199 million of 2019 due to increase in investments in fixed income securities.

Solvency

- The market value of the Company's assets has increased by 32% to Rs. 27.57 billion at the end of 2020 from Rs.20.90 billion at the end of 2015 reflecting a strong balance sheet footing. This is also evident from the robust solvency which stood at 9.68 times (Market Value) in 2020.

QUARTERLY ANALYSIS



Gross Premium:

The major amount of premium/contribution is underwritten in first and third quarter of the year. In the current year, due to lockdown situation in the country of COVID-19 pandemic the overall decline in premium/contribution underwritten has been witnessed and the annual premium/contribution reached to Rs. 10.31 billion at year end.

Underwriting results:

The underwriting profit including technical profit from Window Takaful Operations (WTO) has witnessed an increase till the second quarter, however in third quarter due to reporting of few major fire and rain losses, the underwriting result shown a considerable decline. Despite the major claims occurred in the third quarters, the management's vigilant and prompt underwriting corrective measures, enabled the Company to post underwriting profit including technical profit from Window Takaful Operations aggregating to Rs. 103 million.

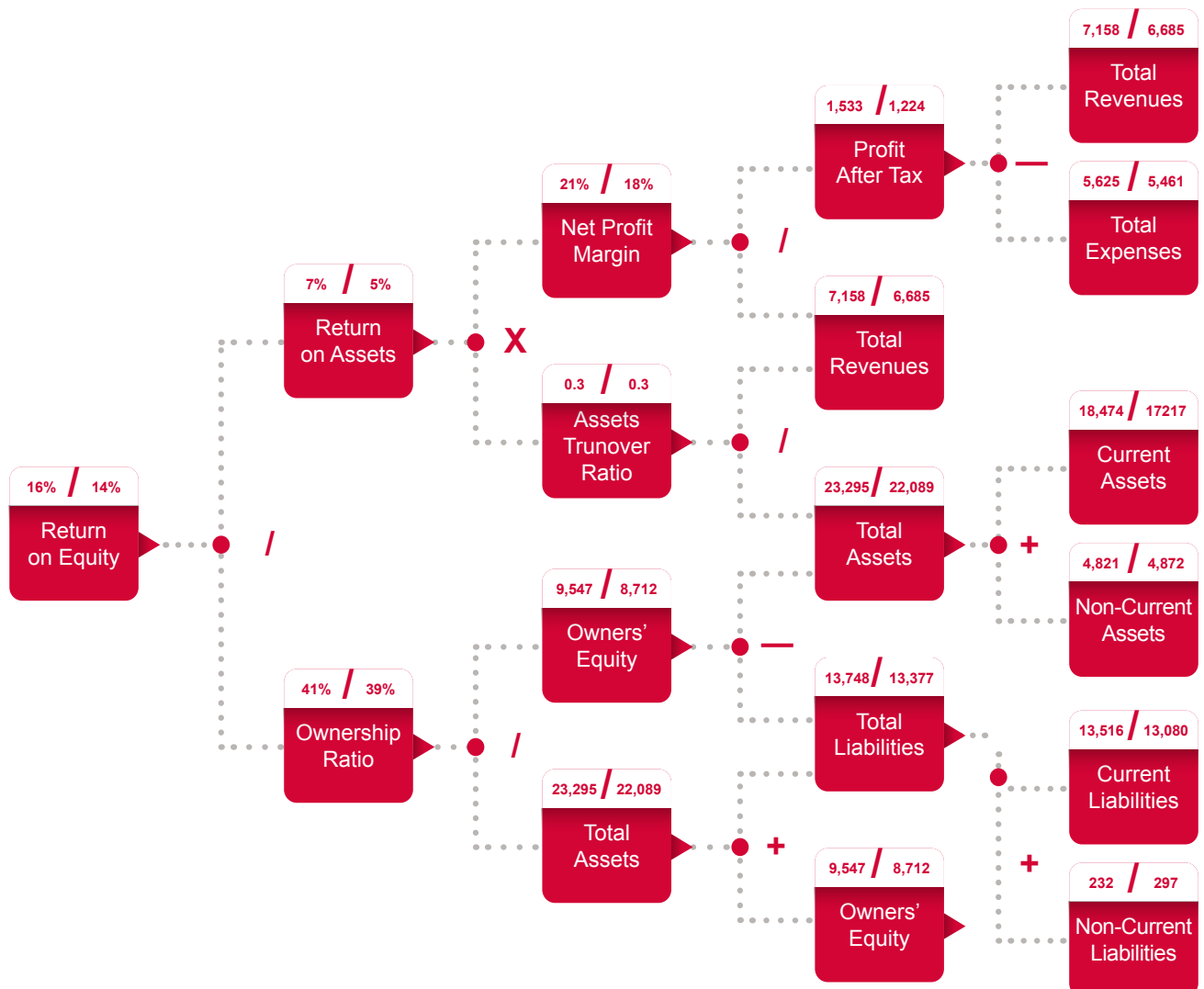
Investment Income:

Phenomenal increase in investment income has been witnessed in the third quarter of the year mainly due to realisation of sizeable capital gain, in addition to capital gains in the third quarter the Company earned considerable amount of investment income in all quarter of the year. Resultantly the investment income has reached to Rs. 2.09 billion first time in the history of the Company. This level of investment income reflects better investment decisions despite the slowdown in the economy and 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 robust investment income and, therefore, the Company has achieved Rs. 1.5 billion mark in 2020, hence, maintained the gleaming history of achieving more than Rs. 1 billion after tax profit in the ninth year consecutively.

DUPONT ANALYSIS 2020 AND 2019

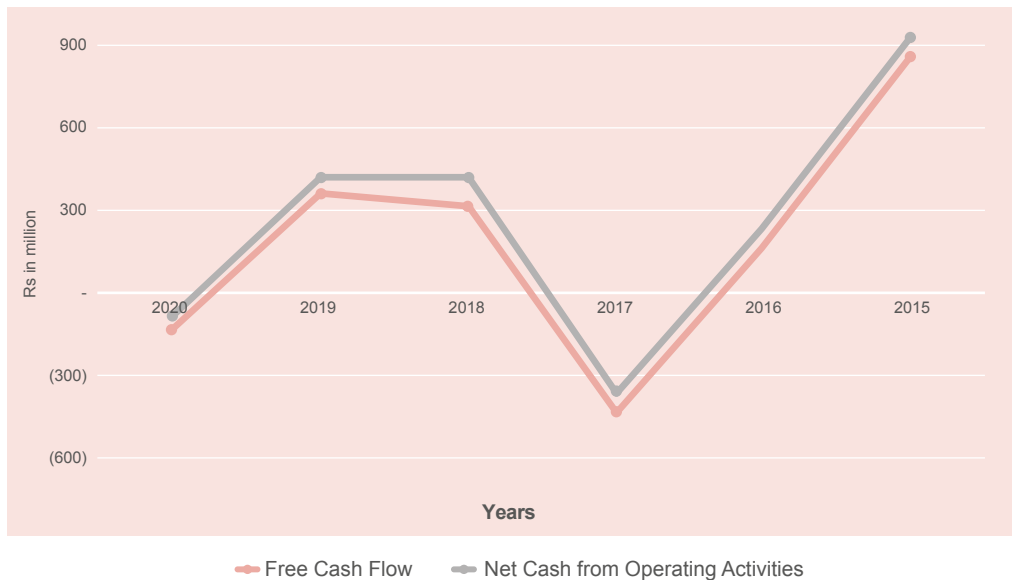


Comments on DuPont Analysis

- The Net Profit Margin increased by 3% in year 2020 due to substantial increase in investment income and decrease in expense ratio as compared to last year.
- The Company's Return on Equity increased by 2% in year 2020 as compared to last year despite slow economic growth due to COVID-19.
- Although the economy of the Country was slowdown during the year, however, the Company able to increase Return on Assets by 2% as compared to last year.
- The ownership ratio has also increased by 2% from the last year despite distribution of healthy cash dividend during the year. Furthermore, the equity of the Company has improved by 10% as compared to last year.

FREE CASH FLOW

Description	2020	2019	2018	2017	2016	2015
..... (Rupees in '000)						
Net cash flows generated from principle business	673,915	937,086	869,469	313,273	633,664	1,062,416
Net cash flows used in other operating activities	(761,534)	(519,793)	(447,295)	(686,923)	(405,153)	(135,972)
Total cash (outflow) / inflow generated from all operating activities	(87,619)	417,293	422,174	(373,650)	228,511	926,444
Less: Capital Expenditures	44,122	52,269	106,701	65,764	69,947	69,078
Free cash flow	(131,741)	365,024	315,473	(439,414)	158,564	857,366

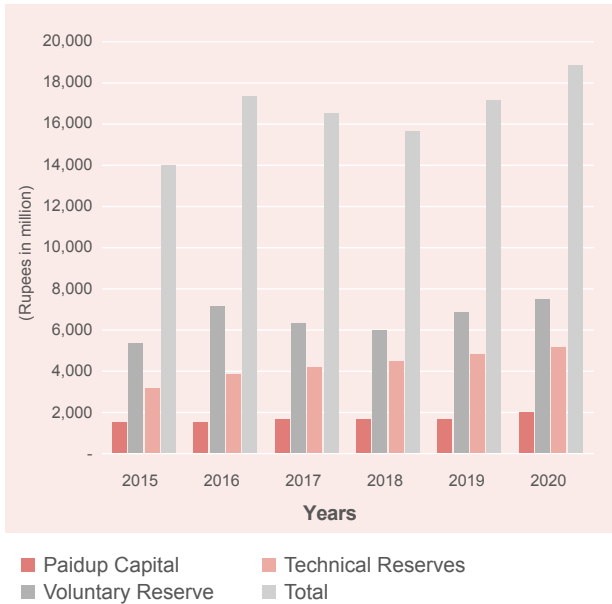


Comments on Free Cash Flow:

- In year 2020, the Company has reflected net outflow of Rs. 132 million which is mainly due to slowdown in the economy of the country because of COVID-19 pandemic.
- The Company has incurred significant amount since 2015 in IT Infrastructure in order to enhance its operating capabilities.
- Despite net outflow from all the operating activities in 2020, the Company has incurred capital expenditure of 44 million mostly for acquiring advanced IT tools to enable the employees of the Company to work-from-home for the continuation of operations during the testing times of lockdown of COVID-19 pandemic.

PERFORMANCE AT A GLANCE - SIX YEARS

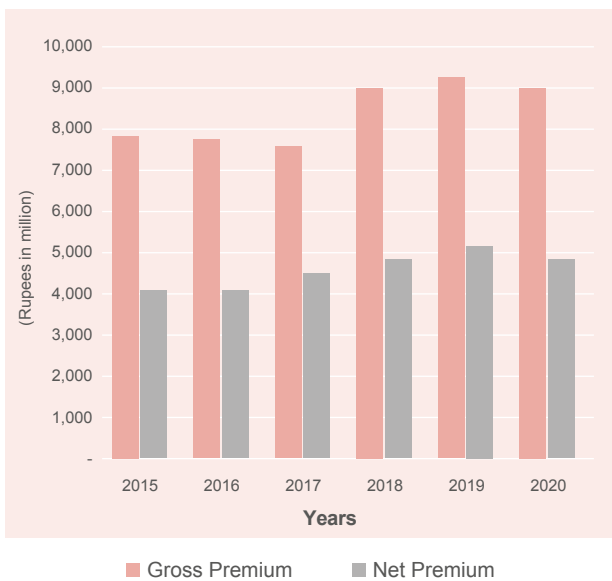
Capital & Reserves



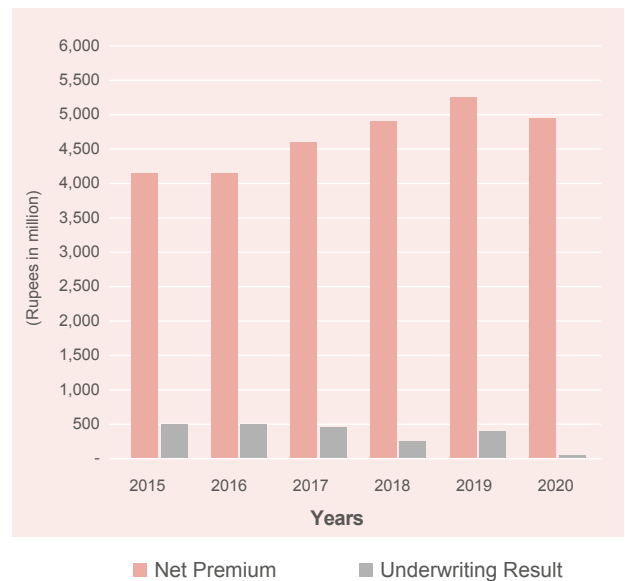
Assets & Liabilities



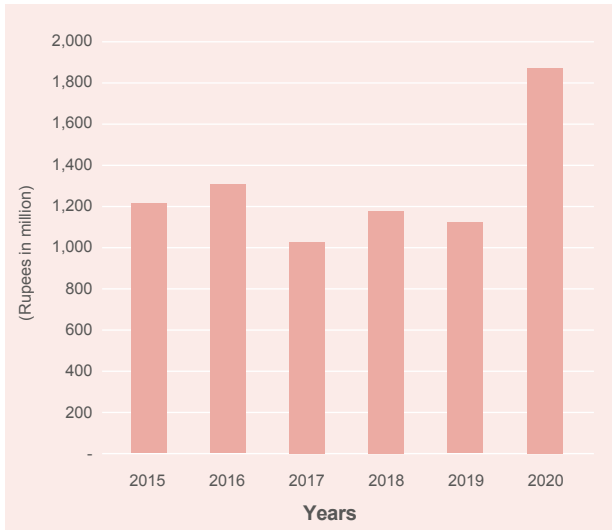
Gross Premium & Net Premium



Net Premium & Underwriting Result

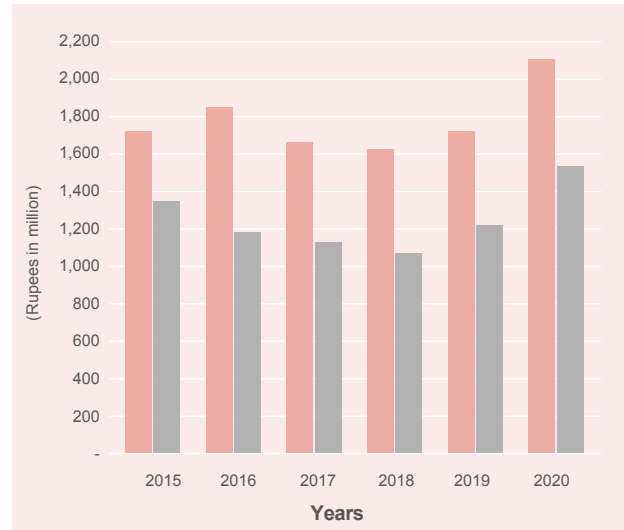


Investment Income



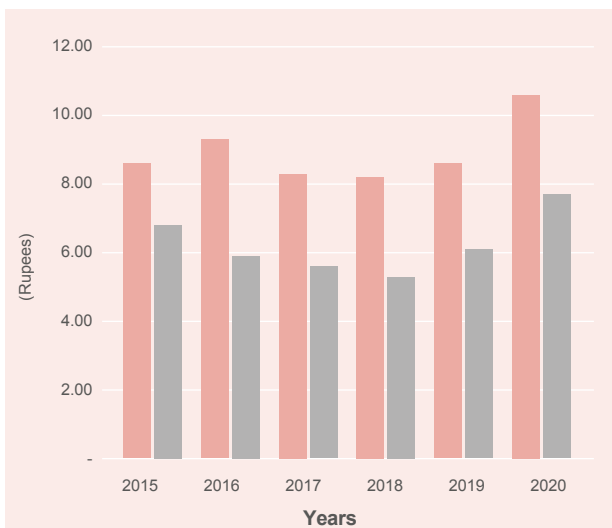
■ Investment Income

Profit before Tax & after Taxation



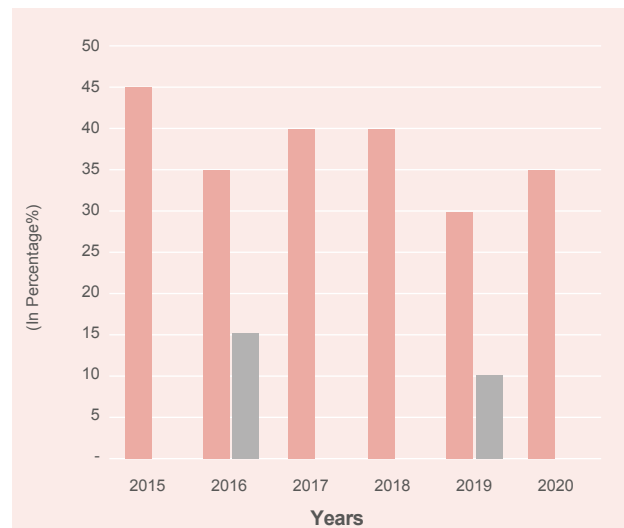
■ Profit before Taxation ■ Profit after Taxation

Earning Per Share (Pre Tax & After Tax)



■ Pre Tax ■ After Tax

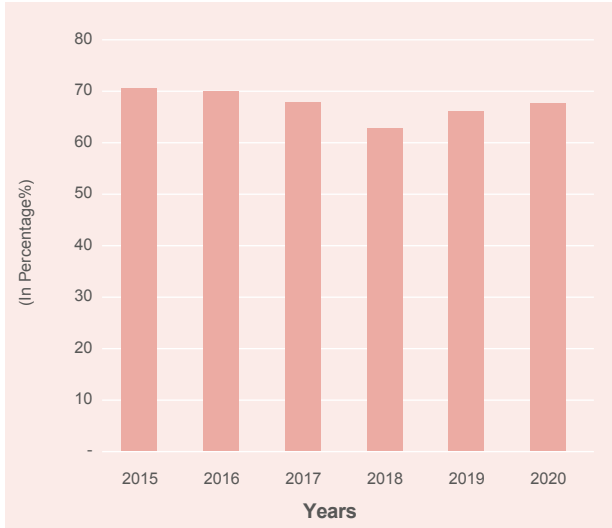
Dividends



■ Cash Dividend ■ Stock Dividend

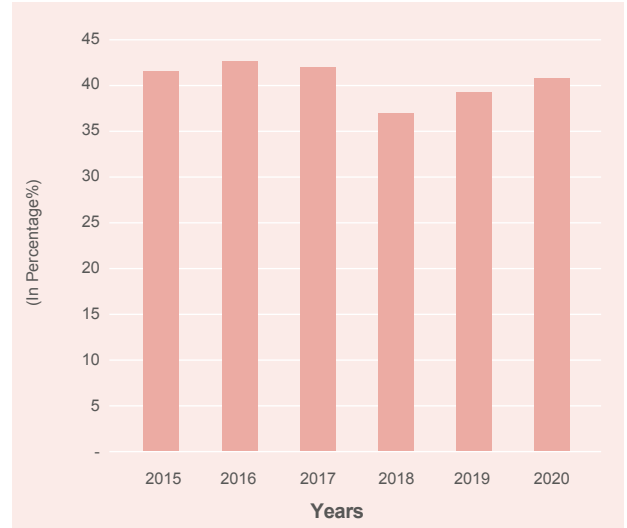
PERFORMANCE AT A GLANCE - SIX YEARS

Liquid Assets / Total Assets



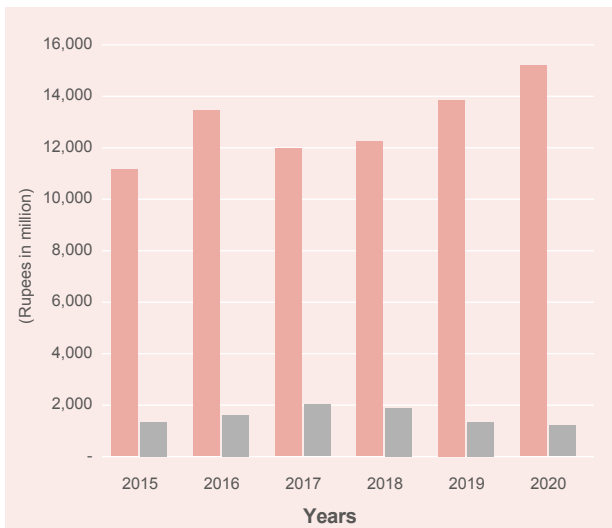
■ Liquid Assets / Total Assets

Equity / Total Assets



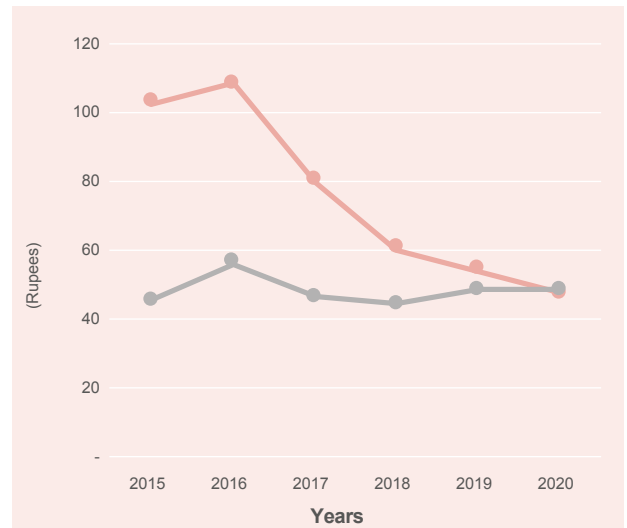
■ Equity / Total Assets

Investments and Cash & Bank



■ Investment ■ Cash & Bank

Market Value vs Breakup Value per Share



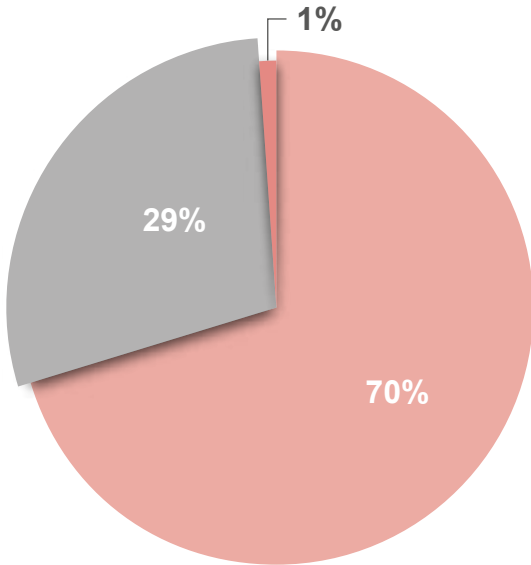
—●— Market Value per Share —●— Breakup Value per Share

GRAPHICAL COMPOSITION OF FINANCIAL STATEMENTS

BALANCE SHEET

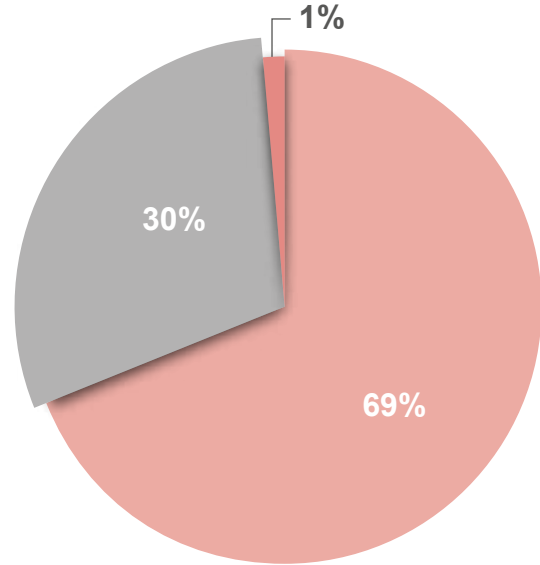
Assets 2020

- Earning Assets
- Current Assets-others
- Fixes Assets



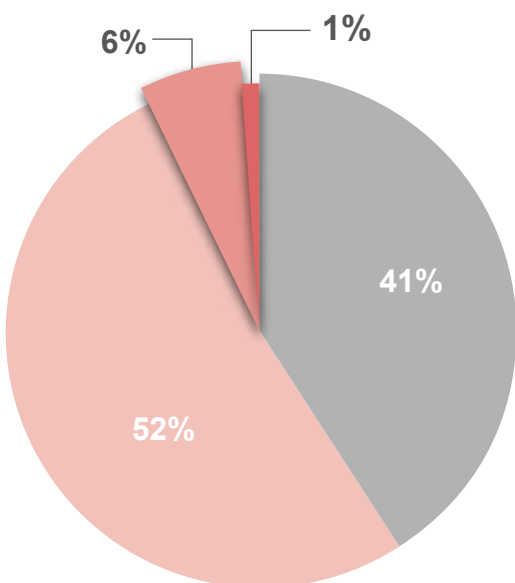
Assets 2019

- Earning Assets
- Current Assets-others
- Fixes Assets



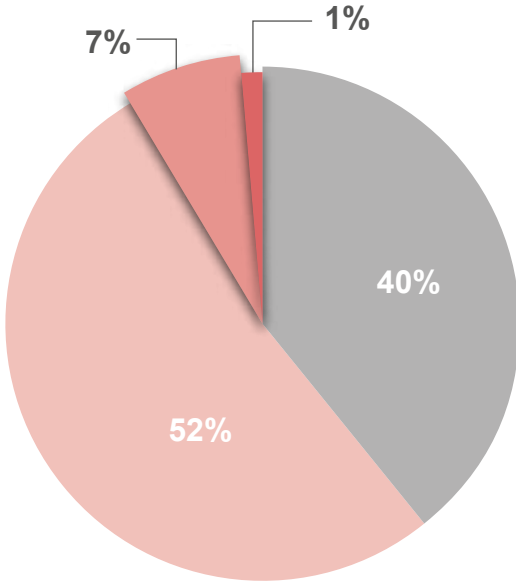
Shareholders' Equity and Liabilities 2020

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



Shareholders' Equity and Liabilities 2019

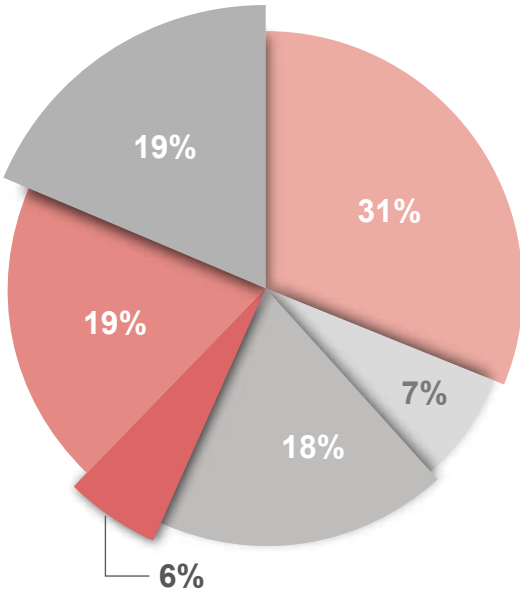
- Share Capital & Reserves
- Current Liabilities
- Non Current Liabilities
- Deferred Liabilities



PROFIT AND LOSS ACCOUNT

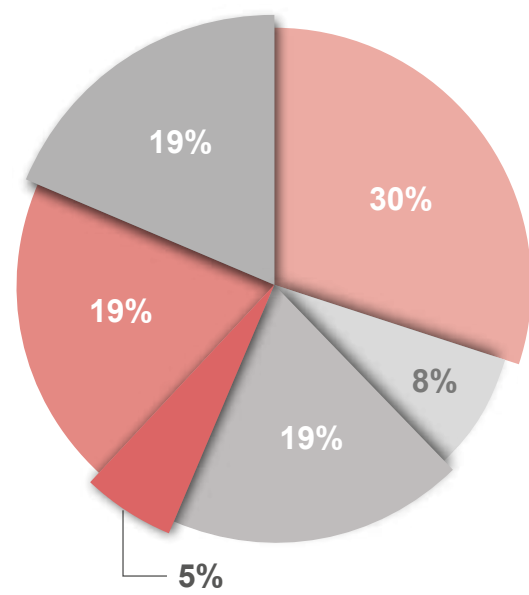
Gross Premium Classwise 2020

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



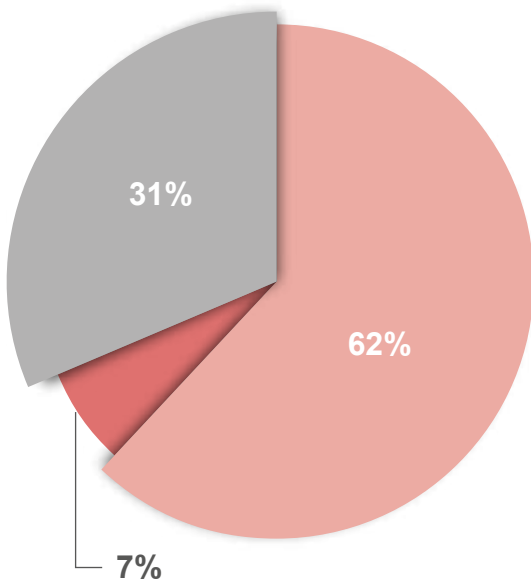
Gross Premium Classwise 2019

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



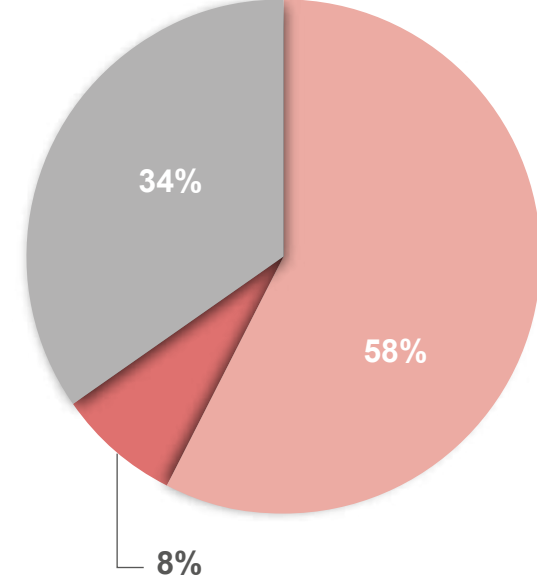
Combined Ratio 2020

- Net Claims
- Net Commission
- Expenses



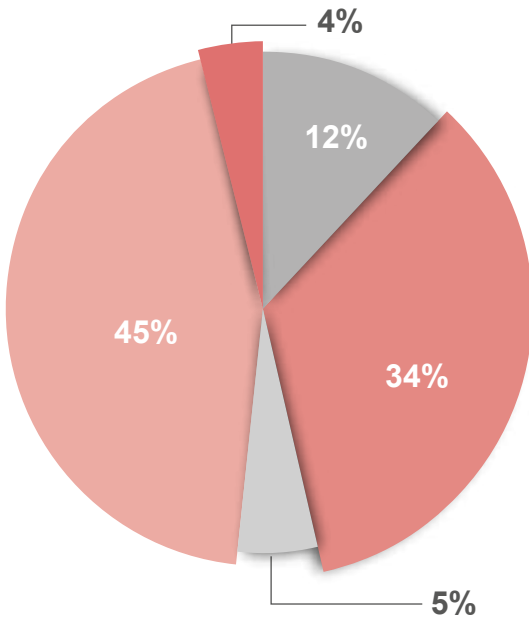
Combined Ratio 2019

- Net Claims
- Net Commission
- Expenses



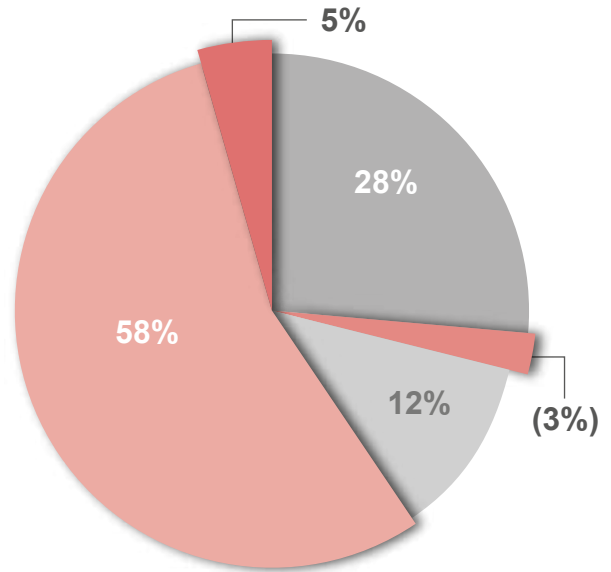
Investment Income 2020

- Dividend income
- Capital gains
- Return on bank deposits
- Return on Govt. Securities
- Rental income



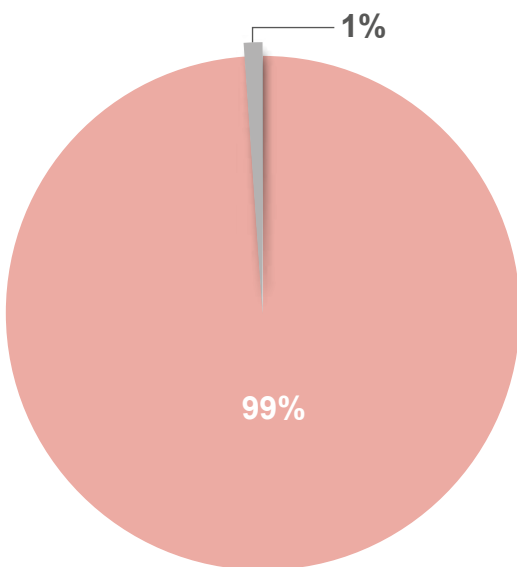
Investment Income 2019

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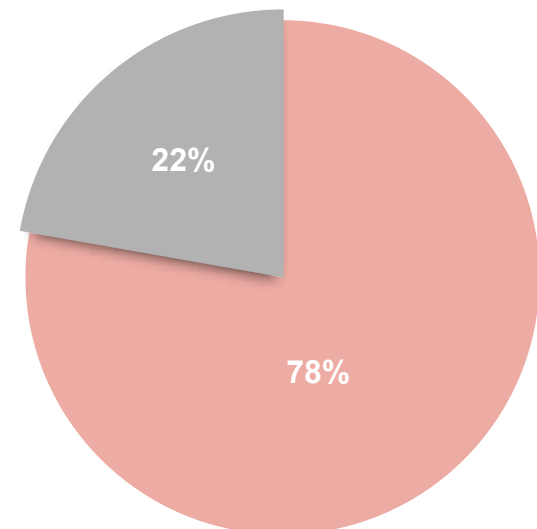
Profit before Tax 2020

- Investment and Other Income
- Underwriting Income



Profit before Tax 2019

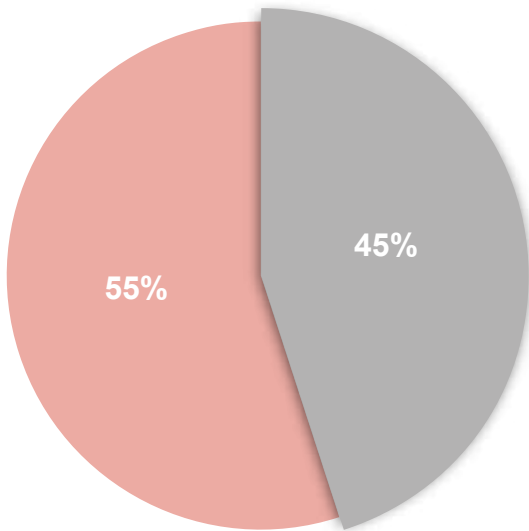
- Investment and Other Income
- Underwriting Income



CASH FLOW

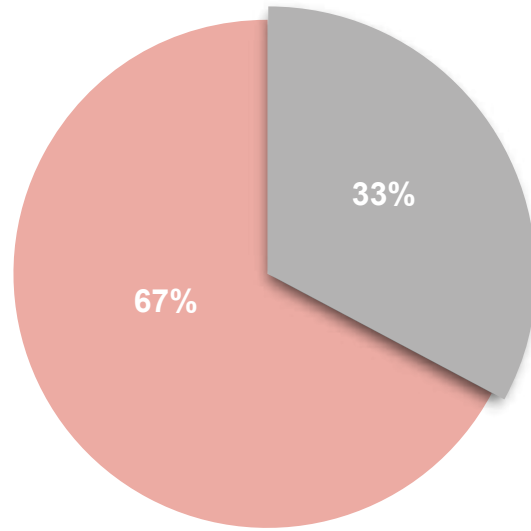
Cash Generated 2020

- Operating activities
- Investing activities



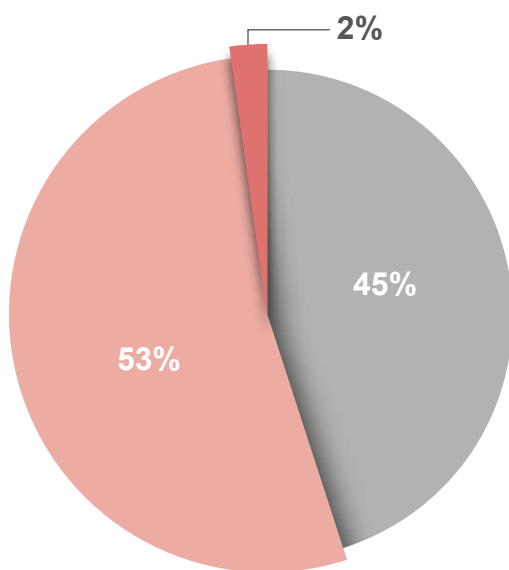
Cash Generated 2019

- Operating activities
- Investing activities



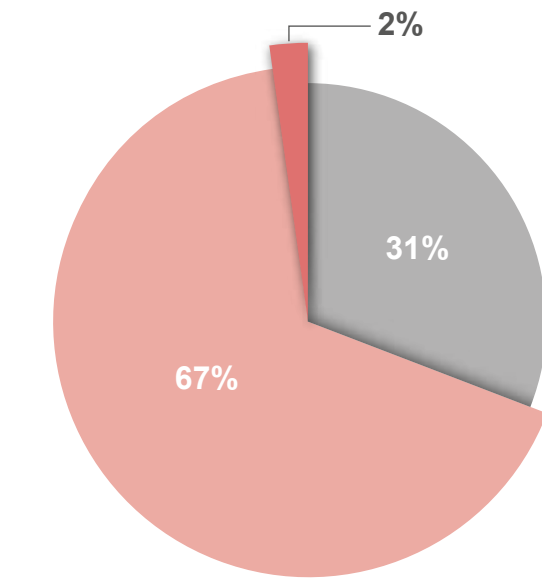
Cash Consumed 2020

- Operating Activities
- Investing Activities
- Financing Activities



Cash Consumed 2019

- Operating Activities
- Investing Activities
- Financing Activities

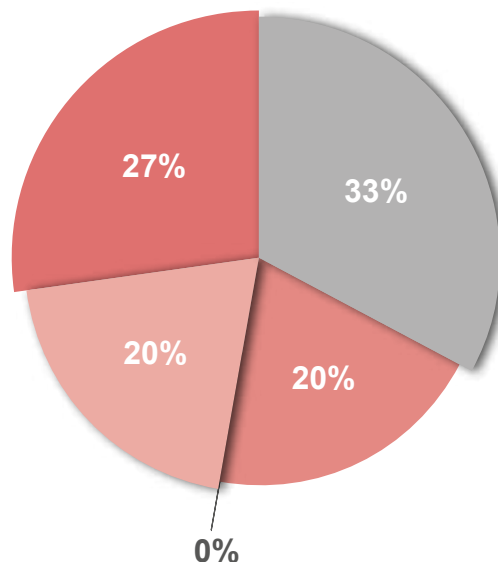


STATEMENT OF VALUE ADDED

	2020	2019
WEALTH GENERATED		
..... (Rupees in '000)		
Net premium revenue	4,959,025	5,279,188
Commission from reinsurers	242,970	336,501
Investment income	2,060,529	1,424,712
Rental income	109,587	96,300
Other income	135,513	137,266
	7,507,624	7,273,967
Less:		
Claims, Commission and expenses (excluding employees remuneration, depreciation, and other taxes)	4,012,230	4,174,264
Net Wealth Generated	3,495,394	3,099,703
WEALTH DISTRIBUTION		
Employees remuneration	1,172,167	1,201,520
Government taxes	689,464	582,366
Contribution to society	5,102	11,983
Dividend to shareholders		
- Cash	694,719	541,340
- Stock	-	180,446
	694,719	721,786
Retained in business		
- Depreciation and Amortisation	91,376	90,604
- Earnings	842,566	491,444
	933,942	582,048
	3,495,394	3,099,703

Distribution of wealth - 2020

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



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 delivers 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.

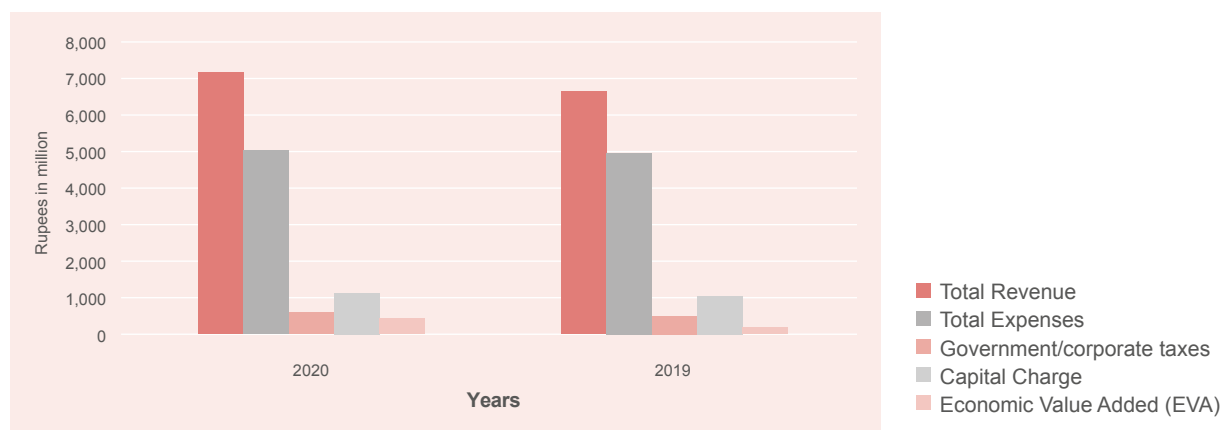
ECONOMIC VALUE ADDED

Economic Value Added (EVA) is a measurement of a Company's financial performance based on the residual wealth calculated by deducing its cost of capital from its operating profit after adjustment of tax. EVA can also be referred to as true economic profit of the Company. In Jubilee General, EVA is calculated to evaluate internal management performance. It compares the net operating profit to total cost of capital and through this evaluation tool, the performance of the overall business is evaluated. As a non-life insurance Company, Jubilee General is highly concerned for delivering higher value to its shareholders. In 2020, the Company generated economic value of Rs. 398 million (2019: Rs. 193 million). The EVA of the Company has increased substantially by 2.06 times in 2020 as compared to last year hence 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 2020 and 2019:

PARTICULARS

	2020	2019
.....(Rupees in million).....		
Total Revenue	7,158	6,685
Less: Total Expenses	5,044	4,960
Government/corporate taxes	581	501
Capital charge	1,135	1,031
Economic Value Added (EVA)	398	193



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 position of JGI's share versus its book value.

As at December 31, 2020, the market value of total outstanding shares of the Company stood at Rs. 9.35 billion (2019: Rs. 9.75 billion) and the total book value of outstanding share as at December 31, 2020 reflected Rs. 9.5 billion (2019: Rs. 8.7 billion). Therefore, the market value is more than book value of the Company in 2019 by Rs. 0.15 billion (2019: Rs. 1.05 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, the Company has added various additional payment methods in its existing online products available to the customers in order to facilitate them. During the year, the Company has revamped its websites for its customers/consumers in order to improve their experience while interacting with the Company through these websites in order to avail the services of the Company.

In order to make the Claims Settlement Process swift and smooth, the 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.

In 2019, 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.

During the year due to lockdown of COVID-19 pandemic, the Company has faced the challenge to continue its operations. The Company during this testing time, with the help of advanced IT tools and facilities, enabled its employees to work-from-home and continued the operations and hence provided the services to the customers without any interruption.

Furthermore, 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. 102 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 DECEMBER 31, 2020

The Board Audit Committee comprises of Five (5) non-executive directors, out of which three (3) are independent directors. The Chairman of the Committee is an independent director. All independent directors meet the criteria of independence as laid down under the Code of Corporate Governance for Insurers, 2016 (the code). The Head of Internal Audit, who is also a Secretary of the Committee, attends Audit Committee meetings. The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) attends Audit Committee meetings by invitation.

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 with excellent mix of skills and possesses enrich experience in commercial, financial and audit matters.

The role and responsibilities of Board Audit Committee is determined by Terms of Reference, which are reviewed by the Committee and are in line with relevant legislations and the Code. The role of the Committee in the context of the Board's broader governance framework is to oversee:

- i. The integrity, accuracy and reliability of Company's financial statements;
- ii. Risk management and internal controls arrangements and effectiveness;
- iii. Compliance with applicable laws and regulatory requirements;
- iv. The qualification, independence and performance of Internal Audit function;
- v. The appointment, qualification, independence and performance of External Auditors;
- vi. Appropriate measures taken up by the management to safeguard the Company's assets.

The Audit Committee has concluded its annual review of the conduct and operations of the Company for the year ended December 31, 2020 and reports that:

- Four (4) Audit Committee meetings were held and presided by the Chairman of the Committee out of which two (2) were also attended by the External Auditor of the Company.
- The Committee reviewed the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors.
- The Committee has reviewed all Related Party transactions and recommended the same for approval of the Board of Directors.
- The Company has issued a Statement of Compliance with the Code of Corporate Governance, which has also been reviewed and certified by the external auditors of the Company.
- The Chief Executive Officer and the Chief Financial Officer have reviewed and endorsed the Financial Statements, the Chairman's and 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 applicable in Pakistan and 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, 2020, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
- Proper, accurate and adequate accounting records have been maintained by the Company in accordance with the Companies 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 control framework has been continually evaluated for effectiveness and adequacy through an independent in-house Internal Audit function established by the Board, which is independent of the External Audit function.
- The Internal Audit Department has carried out independent audits in accordance with the internal audit plan which was approved by Board Audit Committee. The Committee has reviewed material internal audit findings along with the management's response, taking appropriate action or bringing the matters to the Board's attention where required.
- The Head of Internal Audit has direct access to the Chairman Audit Committee and members and has full liberty to discuss issues having significant concern over the organisation's control, governance and risk. The Committee met independently with the Head of Internal Audit during the year without the presence of the management.
- The Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to the management and the right to seek information and explanations.
- The progress of Internal Audit function was duly discussed and evaluated in the Committee's meeting held during the year, in order to ensure that the Audit function has effectively performed its assigned task and the Committee 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 assignment of the Company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the year ended December 31, 2020 and shall stand retire on the conclusion of the 68th Annual General Meeting.
- The Audit Committee has reviewed and discussed all Key Audit Matters and other issues identified during the external audit with the External Auditors and management, along with the methods used to address the same.
- The Committee held independent meeting with the External Auditors during the year without the presence of management.
- 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 be discussed accordingly in the Committee meeting following the receipt of the management letter.
- 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 the listing regulations, the Board Audit Committee has recommended the reappointment of M/s. A. F. Ferguson & Co., Chartered Accountants, as External Auditors of the Company for the year ending December 31, 2021 on terms to be approved by the Board of Directors.



Aryn Currimbhoy
Chairman, Board Audit Committee
Karachi
February 22, 2021

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 DECEMBER 31, 2020

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 2020.

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 year 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 despite the pandemic situation in 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 2020 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. 122,094/- and Rs. 196,219/- 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, the 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: 07 February 2021



INDEPENDENT AUDITORS' 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, 2020 in accordance with the requirements of regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and provision Ixxvi 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. 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.

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, 2020.

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 16, 2021

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>

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 DECEMBER 31, 2020

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 ten (10), as per the following:
 - a. Male: 9
 - b. Female: 1
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 Directors	Amyr Currimbhoy
	Saba Kamal
	Riyaz Ali Towfiq Chinoy
Executive Director (Chief Executive Officer)	Hassan Khan
Non-Executive Directors	R. Zakir Mahmood
	Akbarali Pesnani
	John Joseph Metcalf
	Amin A. Hashwani
	Murtaza Hashwani
	Abrar Ahmed Mir

The number of elected/nominated directors on the Board are nine (9) whereas the Chief Executive is a "deemed director" under section 188(3) of the Companies Act, 2017.

The independent directors meets the criteria of independence as laid down under the Code. The Board has fixed the number of independent directors at three considering the required skills set and experience. Therefore, the fraction contained in calculating one-third for the independent directors on the Board of ten (10) directors (including the Chief Executive) has not been rounded-up

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. There was no casual vacancy on the Board during the year ended December 31, 2020.
6. 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.
7. 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.
8. 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.

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

Name of Directors
R. Zakir Mahmood
Akbarali Pesnani
John Joseph Metcalf
Amyr Currimbhoy
Riyaz Ali Towfiq Chinoy

13. 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. During the year Mr. Abdul Wahid has been appointed as Company Secretary in place of Mr. Fahad Alam upon his resignation.
14. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
15. Chief Executive Officer (CEO) and CFO duly endorsed the financial statements before approval of the Board.
16. The directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
17. The Company has complied with all the corporate and financial reporting requirements of the Code.
18. The Board has formed the following Management Committees:

Underwriting Committee:

Name of Member	Category
Hassan Khan	Chairman
Karim Merchant	Member
Azfar Arshad	Member & Secretary

Claim Settlement Committee:

Name of Member	Category
Hassan Khan	Chairman
Nawaid Jamal	Member
Uzair Mirza	Member
Syed Imran Rabbani	Member & Secretary

Reinsurance & Co-insurance Committee:

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

Risk Management & Compliance Committee:

Name of Member	Category
Hassan Khan	Chairman
Azfar Arshad	Member
Nawaid Jamal	Member
Syed Ather Abbas	Member
Uzair Mirza	Member
Karim Merchant	Member
Imran Mughal	Member & Secretary

Takaful Committee:

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

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

Human Resource, Remuneration & Nomination Committee:

Name of Member	Category
Ms. Saba Kamal	Chairperson (Independent Director)
Mr. John Joseph Metcalf	Member (Non-Executive Director)
Mr. Amin A. Hashwani	Member (Non-Executive Director)
Mr. Hassan Khan	Member (Executive Director- Chief Executive Officer)

Finance and Investment Committee:

Name of Member	Category
Mr. Akbarali Pesnani	Chairman (Non-Executive Director)
Mr. R. Zakir Mahmood	Member (Non-Executive Director)
Mr. John Joseph Metcalf	Member (Non-Executive Director)
Mr. Riyaz Ali Towfiq Chinoy	Member (Independent Director)
Mr. Murtaza Hashwani	Member (Non-Executive Director)
Mr. Hassan Khan	Member (Executive Director - Chief Executive Officer)
Mr. Nawaid Jamal	Member (Chief Financial Officer)

Risk and Compliance Committee:

Name of Member	Category
Mr. John Joseph Metcalf	Chairman (Non-Executive Director)
Mr. R. Zakir Mahmood	Member (Non-Executive Director)
Mr. Aryn Currimbhoy	Member (Independent Director)
Mr. Murtaza Hashwani	Member (Non-Executive Director)
Mr. Abrar Ahmed Mir	Member (Non-Executive Director)
Mr. Hassan Khan	Member (Executive Director - Chief Executive Officer)

Audit Committee:

The Board has formed an Audit Committee. It comprises of five members, of whom three are independent directors and two 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
Mr. Aryn Currimbhoy	Chairman (Independent Director)
Mr. Akbarali Pesnani	Member (Non-Executive Director)
Mr. John Joseph Metcalf	Member (Non-Executive Director)
Mr. Riyaz Ali Towfiq Chinoy	Member (Independent Director)
Ms. Saba Kamal	Member (Independent Director)

20. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
21. 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) Finance and Investment Committee: quarterly meetings; and
 - d) Risk and Compliance Committee: quarterly meetings.
22. 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.
23. 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 the person	Designation
Hassan Khan	Chief Executive Officer
Nawaid Jamal	Chief Financial Officer
Abdul Wahid	Company Secretary
Safar Ali	Head of Internal Audit
Azfar Arshad	Chief Operating Officer
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
Mohsin Hafiz	Chief Compliance Officer

24. 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.
25. 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.

26. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
27. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code.
28. The Company has set up a risk management function / department, which carries out its tasks as covered under the Code.
29. 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	Outlook	Date
AM Best – UK	B+	Stable	04 December 2020
PACRA – Pakistan	AA+	Stable	05 November 2020
VIS – Pakistan	AA+	Stable	29 December 2020

30. The Board has set up a grievance function, which fully complies with the requirements of the Code.
31. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
32. 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: 23, February 2021



Aryn Currimbhoy
Director

STATEMENT OF COMPLIANCE WITH THE SHARIA'H PRINCIPLES

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 2020 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.

Karachi: February 07, 2021



Hassan Khan
Managing Director
(Chief Executive Officer)

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, 2020, 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.

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.

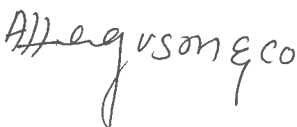
The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations' compliance with the 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, 2020.



A. F. Ferguson & Co.
Chartered Accountants
Engagement Partner: Noman Abbas Sheikh
Karachi
Dated: March 16, 2021

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 (the Company), which comprise the statement of financial position as at December 31, 2020, 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, 2020 and of the profit, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the 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 & impairment</p> <p>(Refer notes 3.19, 9, 10 and 11 of the annexed financial statements)</p>	
	<p>The investments of Rs 13,619.857 million as at December 31, 2020 held by the Company constitute a significant component of total assets of the Company.</p> <p>The proper valuation and assessment of impairment investments portfolio of the Company as at December 31, 2020 was considered a significant area of estimation 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 relevant controls for valuation of investments. ▪ Checked that the investments were valued appropriately in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.

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 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 unrealised gains / losses arising on the subsequent measurement of investments were appropriately accounted for in the financial statements. ▪ Evaluated the management'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 checking the existence of the investment portfolio as at December 31, 2020 and traced balances in these confirmation with the books and records of the Company. ▪ Assessed the relevant presentation and disclosures made in the financial statements to ascertain 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 3.16 and 27 of the annexed financial statements)</p>	
	<p>As at December 31, 2020, provision for IBNR amounted to Rs 297.13 million.</p> <p>The provision for IBNR claims is calculated 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"> ▪ Assessed the design and operating effectiveness of the relevant controls over the measurement and calculation of IBNR reserves and evaluated the appropriateness of methodologies and assumptions used. ▪ Evaluated the completeness, accuracy and reliability of the underlying data utilised by the management to support the actuarial valuation. ▪ Involved an independent actuarial expert to test the assumptions and assess the reasonableness of the assumptions used therein. ▪ Checked the adequacy of IBNR reserves and assessed an internal consistency and a reasonableness of basic actuarial figures with the prior year. ▪ Assessed whether the financial statement disclosures in relation to the valuation of IBNR reserves are compliant with the relevant accounting and reporting standards applicable in Pakistan.

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, the Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of the 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.

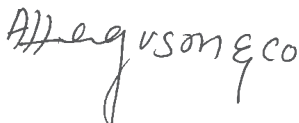
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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.

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: March 16, 2021

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		2020	2019
Assets	Note	.....(Rupees in '000).....	
Property and equipment	5	135,471	191,199
Intangible assets	6	61,991	51,343
Investment properties	7	645,896	651,142
Investments in associates	8	911,059	826,582
Investments			
Equity securities	9	3,731,766	4,865,054
Debt securities	10	9,747,624	7,337,530
Term deposits	11	140,467	169,596
Loans and other receivables	12	303,564	263,607
Insurance / reinsurance receivables	13	1,074,028	1,304,973
Reinsurance recoveries against outstanding claims		3,231,138	2,948,397
Salvage recoveries accrued		28,750	30,515
Deferred commission expense / acquisition cost	28	210,288	247,849
Prepayments	15	1,688,753	1,642,905
Cash and bank	16	965,862	1,148,951
		22,876,657	21,679,643
Total assets of Window Takaful Operations - Operator's Fund	17	418,313	409,281
Total assets		23,294,970	22,088,924



R. Zakir Mahmood
Chairman



Hassan Khan
Chief Executive

		2020	2019
Equity and Liabilities	Note	.....(Rupees in '000).....	
Capital and reserves attributable to the Company's equity holders			
Share capital	18	1,984,912	1,804,465
Reserves	19	5,941,897	5,721,041
Unappropriated profit		1,620,200	1,186,555
Total equity		9,547,009	8,712,061
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	27	4,807,405	4,240,397
Unearned premium reserves	26	3,465,728	3,556,851
Unearned reinsurance commission	28	108,839	117,594
Deferred taxation	20	232,143	296,709
Premium received in advance		288,059	386,996
Insurance / reinsurance payables	21	1,989,235	1,691,022
Other creditors and accruals	22	1,025,929	1,032,602
Deposits and other payables	23	1,424,498	1,582,179
Taxation - provision less payments	24	173,500	250,595
		13,515,336	13,154,945
Total liabilities of Window Takaful Operations - Operator's Fund	17	232,625	221,918
Total liabilities		13,747,961	13,376,863
Total equity and liabilities		23,294,970	22,088,924
Contingencies and Commitments	25		

The annexed notes 1 to 49 form an integral part of these financial statements.



Aryn Currimbhoy
Director



Akbarali Pesnani
Director



Nawaid Jamal
Chief Financial Officer

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2020

		2020	2019
	Note	.....(Rupees in '000).....	
Net insurance premium	26	4,959,025	5,279,188
Net insurance claims	27	3,058,182	2,827,884
Net commission expense / acquisition cost	28	340,804	376,049
Insurance claims and acquisition expenses		3,398,986	3,203,933
Management expenses	29	1,536,093	1,702,929
Underwriting results		23,946	372,326
Investment income	30	1,709,685	949,909
Rental income	31	69,575	51,359
Other income	32	102,197	145,230
Other expenses	33	(108,855)	(53,298)
Results of operating activities		1,796,548	1,465,526
Share of profit of associates	8	189,014	134,701
Profit from Window Takaful Operations - Operator's Fund	17	128,146	124,789
Profit before tax		2,113,708	1,725,016
Taxation - net	34	(580,970)	(500,731)
Profit after tax		1,532,738	1,224,285
Earnings (after tax) per share - Rupees	35	7.72	6.17

The annexed notes 1 to 49 form an integral part of these financial statements.



R. Zakir Mahmood
Chairman



Hassan Khan
Chief Executive



Amyn Currimbhoy
Director



Akbarali Pesnani
Director



Nawaid Jamal
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2020

	2020	2019
	.....(Rupees in '000).....	
Profit after tax	1,532,738	1,224,285
Other comprehensive income / (loss) for the year		
Items that will never be reclassified to the profit and loss account in subsequent years		
Actuarial gain / (loss) on defined benefit plan - net of tax	4,366	(11,072)
Share in other comprehensive income of an associate		
Actuarial gain on defined benefit plan - net of tax	181	17
Items that may be reclassified to the profit and loss account in subsequent years		
Foreign currency translation difference - net of tax	(14,000)	9,944
Unrealised appreciation on revaluation of available-for-sale investments - net of tax	73,676	372,665
Reclassification adjustment for net gain on sale of available-for-sale investments included in the profit and loss account - net of tax	(218,675)	(73,183)
	(144,999)	299,482
Share in other comprehensive income of an associate		
Unrealised appreciation / (diminution) on revaluation of available-for-sale investments - net of tax	3,436	(1,039)
Foreign currency translation difference - net of tax	(1,375)	1,829
	2,061	790
Other comprehensive (loss) / income of Window Takaful Operations - Operator's Fund		
Unrealised (diminution) / appreciation on revaluation of available-for-sale investments - net of tax	(3,287)	2,312
Reclassification adjustment for net (gain) / loss on sale of available-for-sale investments included in the profit and loss account - net of tax	(772)	34
	(4,059)	2,346
Other comprehensive (loss) / income of Window Takaful Operations - Operator's Fund		
	(156,450)	301,507
Total comprehensive income for the year	1,376,288	1,525,792

The annexed notes 1 to 49 form an integral part of these financial statements.



R. Zakir Mahmood
Chairman



Hassan Khan
Chief Executive



Amyn Currimbhoy
Director



Akbarali Pesnani
Director



Nawaid Jamal
Chief Financial Officer

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

	2020	2019
Operating Cash flows		
	.....(Rupees in '000).....	
(a) Underwriting activities		
Insurance premium received	9,278,069	9,971,343
Reinsurance premium paid	(4,009,049)	(4,082,807)
Claims paid	(3,649,795)	(3,489,678)
Reinsurance and other recoveries received	841,557	626,042
Commission paid	(606,911)	(768,327)
Commission received	242,971	336,501
Management expenses paid	(1,422,927)	(1,655,988)
Net cash generated from underwriting activities	673,915	937,086
(b) Other operating activities		
Income tax paid	(659,414)	(508,132)
General and administration expenses paid	(24,426)	(21,312)
Other operating payments	(1,098,702)	(1,141,321)
Other operating receipts	1,020,478	1,151,417
Loans advanced	(486)	(1,793)
Loan repayments received	1,016	1,348
Net cash used in other operating activities	(761,534)	(519,793)
Total cash (used in) / generated from all operating activities	(87,619)	417,293
Investment activities		
Profit / return received	809,918	633,323
Dividends received	215,464	322,416
Rentals received - net of expenses	64,453	44,518
Payments for investments	(13,616,861)	(25,192,114)
Proceeds from investments	12,984,760	24,053,269
Fixed capital expenditure	(44,121)	(52,269)
Proceeds from sale of property and equipment	3,213	4,435
Total cash generated from / (used in) investing activities	416,826	(186,422)
Financing activities		
Dividends paid	(531,538)	(708,857)
Principal repayment of lease liabilities against right-of-use asset	(16,657)	(13,952)
Total cash used in financing activities	(548,195)	(722,809)
Net cash used in all activities	(218,988)	(491,938)
Cash and cash equivalents at the beginning of the year	1,199,277	1,691,215
Cash and cash equivalents at the end of the year	980,289	1,199,277

	2020	2019
	.....(Rupees in '000).....	
Reconciliation to the Profit and Loss Account		
Operating cash flows	(87,619)	417,293
Depreciation / amortisation expense	(86,130)	(84,875)
Gain / (loss) on disposal of property and equipment	142	(4,097)
Unrealised appreciation on revaluation of investments classified as at fair value through profit or loss	-	11,487
Profit on disposal of investments	686,456	148,342
Rental income	69,575	51,359
Dividend income	225,069	317,939
Other investment income	892,990	604,894
Share of profit of associates	189,014	134,701
Profit from Window Takaful Operations - Operator's Fund	90,984	88,600
Actuarial (loss) / gain on defined benefit plan	(6,149)	15,594
Decrease in assets other than cash	(1,966)	(628,091)
(Increase) / decrease in liabilities other than borrowings	(439,628)	151,139
Profit after tax	1,532,738	1,224,285
Cash for the purposes of the statement of cash flows comprises of:		
Cash and other equivalents		
Cash in hand	31	149
Policy and revenue stamps, bond papers	4,149	4,784
	4,180	4,933
Cast at bank		
Current accounts	55,957	69,664
Savings accounts	905,725	1,074,354
	961,682	1,144,018
Deposits having original maturity within 3 months		
Term deposits - foreign currency	14,427	50,326
	980,289	1,199,277
Reconciliation of liabilities arising out of financing activities		
Unclaimed dividend as at January 1	112,070	99,141
Changes from financing activities		
Dividend paid	(531,538)	(708,857)
Others		
Final cash dividend for the year ended December 31, 2019 @ 30% (2018: 40%)	541,340	721,786
Unclaimed dividend as at December 31	121,872	112,070
Lease liability against right-of-use assets as at January 1	21,753	23,477
Changes from financing activities		
Total repayment of lease liabilities against right-of-use asset	(16,657)	(13,952)
Others		
Additions during the year	-	12,228
Lease liability against right-of-use assets as at December 31	5,096	21,753

The annexed notes 1 to 49 form an integral part of these financial statements.



R. Zakir Mahmood
Chairman



Hassan Khan
Chief Executive



Amyn Currimbhoy
Director



Akbarali Pesnani
Director



Nawaid Jamal
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020

	Attributable to equity holders of the Company									
	Capital reserve					Revenue reserves					Total
Share capital	Reserve for exceptional losses	Unrealised appreciation / diminution on revaluation of available-for-sale investments - net of tax	Foreign currency translation difference - net of tax	General reserve	Special reserve	Company's share of retained earnings arising from business other than participating business attributable to shareholders Ledger D of an associate	Company's share of money ceded to waqf fund by an associate	Unappropriated profit		
1,804,465	9,384	326,355	12,956	3,550,000	1,000,000	139,445	32	1,065,418	7,908,055	
(Rupees in '000)										
Changes in equity for the year ended December 31, 2019										
Total comprehensive income for the year										
Profit after tax	-	-	-	-	-	-	-	1,224,285	1,224,285	
Ledger D balances	-	-	-	-	-	70,307	-	(70,307)	-	
Other comprehensive income	-	-	-	-	-	-	-	(11,072)	(11,072)	
Actuarial loss on defined benefit plan - net of tax	-	-	-	-	-	-	-	-	9,944	
Foreign currency translation difference - net of tax	-	-	9,944	-	-	-	-	-	-	
Share in other comprehensive income of an associate	-	(1,039)	1,829	-	-	-	-	17	807	
Other comprehensive income of Window	-	-	-	-	-	-	-	-	2,346	
Takaful Operations - Operator's Fund - net of tax	-	2,346	-	-	-	-	-	-	372,665	
Unrealised appreciation on revaluation of available-for-sale investments - net of tax	-	372,665	-	-	-	-	-	-	-	
Reclassification adjustment for net gain on sale of available-for-sale investments included in the profit and loss account - net of tax	-	(73,183)	-	-	-	-	-	-	(73,183)	
	-	300,789	11,773	-	-	70,307	-	1,142,923	1,525,792	
Transactions with owners recorded directly in equity										
Final cash dividend at Rs 4 (40%) per share for the year ended December 31, 2018	-	-	-	-	-	-	-	(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, 2019	1,804,465	9,384	627,144	24,729	3,650,000	1,200,000	209,752	32	1,186,555	8,712,061

Attributable to equity holders of the Company

	Capital reserve			Revenue reserves					Total
	Reserve for exceptional losses	Unrealised appreciation / (diminution) on revaluation of available-for-sale investments - net of tax	Foreign currency translation difference - net of tax	General reserve	Special reserve	Company's share of retained earnings arising from business other than participating business attributable to shareholders Ledger D of an associate	Company's share of money ceded to waqf fund by an associate	Unappropriated profit	
Share capital	-	-	-	-	-	-	-	-	1,532,738
Profit after tax	-	-	-	-	-	31,853	-	1,532,738	-
Ledger D balance	-	-	-	-	-	-	-	(31,853)	-
Other comprehensive income	-	-	-	-	-	-	-	4,366	4,366
Actuarial gain on defined benefit plan - net of tax	-	-	(14,000)	-	-	-	-	-	(14,000)
Foreign currency translation difference - net of tax	-	-	(1,375)	-	-	-	-	181	2,242
Share in other comprehensive income of an associate	-	3,436	-	-	-	-	-	-	(4,059)
Other comprehensive loss of Window	-	(4,059)	-	-	-	-	-	-	73,676
Takaful Operations - Operator's Fund - net of tax	-	73,676	-	-	-	-	-	-	(218,675)
Unrealised appreciation on revaluation of available-for-sale investments - net of tax	-	(218,675)	-	-	-	-	-	-	1,505,432
Reclassification adjustment for net gain on sale of available-for-sale investments included in the profit and loss account - net of tax	-	(145,622)	(15,375)	-	-	31,853	-	-	-
Transactions with owners recorded directly in equity	-	-	-	-	-	-	-	-	-
Final cash dividend at Rs. 3 (30%) per share for the year ended December 31, 2019	180,447	-	-	-	-	-	-	(541,340)	(541,340)
Issuance of bonus shares @ Re. 1.00 per share (10%) for the year ended December 31, 2019	-	-	-	-	-	-	-	(180,447)	-
Transfer to general reserve	-	-	-	150,000	-	-	-	(150,000)	-
Transfer to special reserve	-	-	-	-	200,000	-	-	(200,000)	-
Balance as at December 31, 2020	1,984,912	481,522	9,354	3,800,000	1,400,000	241,605	32	1,620,200	9,547,009

Changes in equity for the year ended December 31, 2020

Total comprehensive income
 Profit after tax
 Ledger D balance
Other comprehensive income
 Actuarial gain on defined benefit plan - net of tax
 Foreign currency translation difference - net of tax
 Share in other comprehensive income of an associate
 Other comprehensive loss 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. 3 (30%) per share for the year ended December 31, 2019
 Issuance of bonus shares @ Re. 1.00 per share (10%) for the year ended December 31, 2019
 Transfer to general reserve
 Transfer to special reserve

Balance as at December 31, 2020

The annexed notes 1 to 49 form an integral part of these financial statements.


 Hassan Khan
 Chief Executive


 R. Zakir Mahmood
 Chairman


 Aryn Currimbhoy
 Director


 Akbarali Pesnani
 Director


 Nawaid Jamal
 Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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 Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

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, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019 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 the General Takaful Accounting Regulations, 2019.

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 During 2019, the SECP vide its S.R.O. 1416 (I) / 2019 dated November 20, 2019 had issued the General Takaful Accounting Regulations, 2019 (Regulations). These Regulations prescribe the format for the regulatory returns and published financial statements of the Window Takaful Operations applicable from January 1, 2020. The impact of these Regulations has been detailed in the financial statements of the Window Takaful Operations for the year ended December 31, 2020.

2.4.2 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 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 the 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, 2021:

Standards, amendments or interpretations	Effective date (period beginning on or after)
- IFRS 16 - 'Leases' (amendments)	June 1, 2020
- IAS 16 - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2023
- IFRS 9 - 'Financial Instruments'	January 1, 2023*

* 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. Further details relating to temporary exemption from the application of IFRS 9 are given in notes 2.5.1 and 2.5.1.1 to these financial statements.

The management is in the process of assessing the impacts of these standards and amendments on the financial statements of the Company.

2.5.1 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 2.5.1.1 below.

2.5.1.1 Fair value of financial assets as at December 31, 2020 and change in the fair values during the year ended December 31, 2020

	As at December 31, 2020 (Rupees in '000)
Financial assets with contractual cash flows that meet the SPPI criteria, excluding those held for trading	
<i>Pakistan Investment Bonds - Held to maturity (note 10)</i>	
Opening fair value	196,528
Increase in fair value	15,755
Closing fair value	212,283
<i>Debt Securities - Available for sale (note 10)</i>	
Opening fair value	7,135,103
Additions during the year - net	2,236,501
Increase in fair value	167,452
Closing fair value	9,539,056
Financial assets that do not meet the SPPI criteria	
<i>Equity Securities - Available for sale (note 9)</i>	
Opening fair value	4,571,050
Disposals during the year - net	(425,125)
Impairment	(42,483)
Increase in fair value	(371,676)
Closing fair value	3,731,766

2.5.2 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, 2021 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.

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 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.

3.2 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 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.

Intangibles having indefinite useful life

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

Intangibles having definite useful life

These are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over its estimated useful life as specified in note 6 to these financial statements after taking into account residual values, if significant. 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. The useful lives and amortisation method are reviewed and adjusted, if appropriate, at each reporting date.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss account when the asset is derecognised.

3.3 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 their estimated salvage value on a straight line basis over their 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 charge, subsequent capital expenditure on existing properties, normal repair & maintenance and gains or losses on disposals are accounted for in similar manner as those applicable to property and equipment (note 3.1).

3.4 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.

The accounting policies of the above mentioned insurance contracts have been disclosed in their respective notes to these financial statements.

3.5 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.

3.6 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.

3.7 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.

3.8 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.

3.9 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 there against.

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

3.10 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 3.4.

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. Further, the management expenses were allocated to each segment on the basis disclosed in note 3.21.

3.11 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.

3.12 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 3.6).

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.

3.13 Investments

3.13.1 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.

3.13.2 Measurement**3.13.2.1 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.

3.13.2.2 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 method.

3.13.2.3 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 of the consideration paid less accumulated impairment losses, if any.

3.13.3 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.

3.13.4 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 recognise 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.

3.13.5 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.

3.14 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.

3.15 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.

3.16 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 the reporting year and have not been intimated to the Company by the end of the reporting year.

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 (IBNR) 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, 2020 has been carried out by an independent firm of actuaries for determination of IBNR for each class of business.

3.17 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the 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.

3.18 Staff benefits**3.18.1 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, 2020.

3.18.2 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.

3.18.3 Employees' compensated absences

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

3.19 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.

3.20 Dividend distribution and reserve appropriation

Dividend distribution and reserve appropriation are recognised when approved.

3.21 Management and other expenses

Management expenses are allocated to various classes of business and Window Takaful Operations as deemed equitable by the management. During the year, the management has carried out a detailed exercise for allocation of management expenses between the Company and Window Takaful Operations and its allocation amongst the various classes of business. The revised basis will be followed consistently in future periods.

Expenses not directly attributable to the underwriting business are charged under other expenses.

3.22 Foreign currency

3.22.1 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.

3.22.2 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.

3.22.3 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 "Foreign Currency Translation Difference" until the disposal of the net investment, at which time these are recognised in the profit and loss account.

3.23 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.

3.24 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, 2020.

3.25 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 terms 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 of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payments 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 payments. 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 asset 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.

3.26 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.

3.27 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 3.6 and 26);
- b) provision for receivables and payables related to insurance contracts (notes 3.9 and 13);
- c) provision for outstanding claims including IBNR (notes 3.16 and 27);
- d) premium deficiency reserve (note 3.7);
- e) defined benefit plan (notes 3.18.1 and 14.1);
- f) classification and impairment of investments (notes 3.13, 3.19, 9, 10 and 11);
- g) residual values and useful lives of property and equipment, intangible assets and investment properties (notes 3.1, 3.2, 3.3, 5, 6 and 7);
- h) allocation of management expenses (notes 3.21 and 29);
- i) taxation (notes 3.17 and 34); and
- j) lease liability and right-of-use asset (notes 3.25 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 the management experience the estimated residual value has been revised from 10% to 5% 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 change has been 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. 5,387 thousands and Rs. 3,825 thousands respectively.

5. PROPERTY AND EQUIPMENT

2020	Buildings	Furniture, fixtures and equipment					Motor vehicles	Right-of-use assets	Total
		Furniture and fixtures	Office equipment	Tracker equipment	Computer equipment	Sub total			
(Rupees in '000)									
As at January 1, 2020									
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 January 1, 2020	4,500	30,987	41,533	56,122	22,534	151,176	8,563	26,960	191,199
For the year ended December 31, 2020									
Opening net book value	4,500	30,987	41,533	56,122	22,534	151,176	8,563	26,960	191,199
Additions	-	3,190	3,444	13	6,355	13,002	122	-	13,124
Disposals									
- Cost	-	(1,350)	(8,435)	(17,542)	(2,103)	(29,430)	(815)	-	(30,245)
- Accumulated depreciation	-	1,213	7,231	16,665	1,818	26,927	247	-	27,174
Depreciation charge	(228)	(6,333)	(8,444)	(26,805)	(7,169)	(48,751)	(1,083)	(15,719)	(65,781)
Net book value as at December 31, 2020	4,272	27,707	35,329	28,453	21,435	112,924	7,034	11,241	135,471
As at December 31, 2020									
Cost	7,069	97,054	105,027	114,145	80,235	396,461	12,912	41,688	458,130
Accumulated depreciation	(2,797)	(69,347)	(69,698)	(85,692)	(58,800)	(283,537)	(5,878)	(30,447)	(322,659)
Net book value as at December 31, 2020	4,272	27,707	35,329	28,453	21,435	112,924	7,034	11,241	135,471
Annual rate of depreciation	3%	17%	17% - 33%	20%	25%		20%	33% - 40%	

2019	Buildings	Furniture, fixtures and equipment					Motor vehicles	Right-of-use assets	Total
		Furniture and fixtures	Office equipment	Tracker equipment	Computer equipment	Sub total			
(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	-	-	-	-	-	-	-	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% - 33%	20%	25%		20%	33% - 40%	

5.1 Disposal of property and equipment

	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							
- Suzuki Cultus	600	120	480	967	487	Negotiation	Mr. Muhammad Arif
Office equipment							
- Siemens Pabx Tele Exchange	399	345	54	10	(44)	Auction	S. Z. Refrigeration
- Philips Led Lights	248	186	62	25	(37)	Auction	S. Z. Refrigeration
Disposals having book value not exceeding Rs. 50,000 individually							
Furniture and fixtures	1,350	1,213	137	106	(31)	Negotiation	Various
Office equipment	7,788	6,700	1,088	819	(269)	Negotiation	Various
Tracker equipment	17,542	16,665	877	-	(877)	Write-off	Various
Computer equipment	2,103	1,818	285	234	(51)	Negotiation	Various
Motor vehicles	215	127	88	52	(36)	Negotiation	Various
2020	30,245	27,174	3,071	2,213	(858)		
2019	46,197	37,665	8,532	4,435	(4,097)		

5.2 Purchaser wise disposal of property and equipment

Particulars of buyer and asset	Category	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal
..... (Rupees in '000)							
Best Cooling Systems							
Air conditioners	Office equipment	1,368	1,162	206	190	(16)	Negotiation
		1,368	1,162	206	190	(16)	
Rana Kashif							
Wooden desk, paintings, wooden cabinet	Furniture and fixtures	920	828	92	79	(13)	Negotiation
Air conditioners, PABX system, stabilizers, digital camera	Office equipment	1,509	1,356	153	114	(39)	Negotiation
Desktop PCs and UPS	Computer equipment	1,173	1,056	117	117	-	Negotiation
		3,602	3,240	362	310	(52)	
S. Z. Refrigeration							
Visitor chairs, parking boards, iron grills	Furniture and fixtures	279	249	30	27	(3)	Auction
Air conditioners, PABX system, fax machines	Office equipment	3,987	3,405	582	336	(246)	Auction
Desktop PCs and UPS	Computer equipment	334	300	34	37	3	Auction
		4,600	3,954	646	400	(246)	

6. INTANGIBLE ASSETS

	Cost			Amortisation			Written down value as at December 31	Amortisation period
	As at January 1	Addition (Disposals)	As at December 31	As at January 1	For the year	As at December 31		
..... (Rupees in '000)								
Computer software - 2020	110,848	30,997 (23,789)	118,056	59,505	20,349 (23,789)	56,065	61,991	5 years
Computer software - 2019	110,848	-	110,848	42,356	17,149	59,505	51,343	5 years

6.1 Cost and accumulated amortisation in respect of fully amortised intangible assets still in use at the end of the year amounted to Rs. 10,290 thousands (2019: Rs. 10,290 thousands).

7. INVESTMENT PROPERTIES

	2020							Useful life
	Cost			Depreciation			Written down value as at December 31, 2020	
	As at January 01, 2020	Transfer / (disposal)	As at December 31, 2020	As at January 1, 2020	For the year	As at December 31, 2020		
	(Rupees in '000)							
Leasehold land	556,600	-	556,600	-	-	-	556,600	
Buildings on leasehold land	125,563	-	125,563	40,574	3,449	44,023	81,540	40-80 years
Lifts and other installations	36,564	-	29,187	27,011	1,797	21,431	7,756	10 years
		(7,377)			(7,377)			
	718,727	-	711,350	67,585	5,246	65,454	645,896	
		(7,377)			7,377			

	2019							Useful life
	Cost			Depreciation			Written down value as at December 31, 2019	
	As at January 01, 2019	Transfer / (disposal)	As at December 31, 2019	As at January 1, 2019	For the year	As at December 31, 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	

7.1 The market value of investment properties as per the valuations carried out by the professional valuers in 2019 and as ascertained by the management is Rs. 3,453,729 thousands (2019: Rs. 3,453,729 thousands).

8. INVESTMENTS IN ASSOCIATES

2020	2019	Face value per share (Rupees)	Note	2020	2019
Number of shares				(Rupees in '000)	
Quoted					
5,611,592	5,101,448	10	8.1	766,222	679,026
Jubilee Life Insurance Company Limited (JLICL) (Chief Executive Officer - Javed Ahmed)					
Unquoted					
29,250,000	29,250,000	1	8.2	144,837	147,556
Jubilee Kyrgyzstan Insurance Company Limited (JKIC) (incorporated in Kyrgyzstan) (Chief Executive Officer: Khagai V.I.)					
				911,059	826,582

8.1 JLICL is engaged in the business of life insurance. The market value of investment is Rs. 2,233,919 thousands (2019: Rs. 2,040,579 thousands) and percentage of holding in associate is 6.43% (2019: 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 the investment is Rs. 4.76 (2019: Rs. 4.85) per share and percentage of holding in associate is 19.5% (2019: 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, 2020 (2019: Rs. Nil).

8.3 Movement of investment in associates is as follows:

	JLICL		JKIC		Total	
	2020	2019	2020	2019	2020	2019
(Rupees in '000)						
Opening balance	679,026	642,605	147,556	126,605	826,582	769,210
Share of profit of associates	169,741	124,560	19,273	10,141	189,014	134,701
Dividend received	(85,704)	(89,276)	(2,274)	(3,197)	(87,978)	(92,473)
Foreign currency translation difference - net	(1,936)	2,576	(19,718)	14,007	(21,654)	16,583
Net unrealised appreciation / (diminution) on revaluation of available-for-sale investments	4,840	(1,463)	-	-	4,840	(1,463)
Actuarial gain on defined benefit plan	255	24	-	-	255	24
Closing balance	766,222	679,026	144,837	147,556	911,059	826,582

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

	JLICL		JKIC		
	September 30		December 31		
	2020	2019	2020	2019	
		(Note 8.4.1)		(Note 8.4.2)	
		(Rupees in '000)			
For the twelve months period / year ended					
Revenue	31,538,730	35,339,470	261,193	280,719	
Profit after tax	1,966,282	1,559,133	98,837	52,011	
Share of profit of associates	169,741	124,560	19,273	10,141	
Share of other comprehensive income / (loss)	3,159	1,137	(19,718)	14,007	
As at					
Total assets	184,379,051	151,688,551	1,056,951	1,037,503	
Total liabilities	172,462,696	141,128,277	342,261	307,531	
Net assets	11,916,355	10,560,274	714,690	729,972	
Share of net assets	766,222	679,026	139,365	142,344	
Fair value of consideration net of exchange translation	-	-	5,472	5,212	
Carrying value of investment	766,222	679,026	144,837	147,556	

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, 2020 (2019: September 30, 2019).

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, 2020. The functional and presentational currency of JKIC is Kyrgyz Som (KGS).

9. INVESTMENTS IN EQUITY SECURITIES

Note	2020			2019		
	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	1,268	-	5,078	1,268	-	5,761
Listed shares	620,975	-	564,836	620,975	-	672,183
	622,243	-	569,914	622,243	-	677,944
Others						
Listed shares / certificates	2,675,713	42,483	3,159,352	3,143,332	189,573	3,890,606
Unlisted shares						
- Matari Sugar Mills Limited [951,665 shares (2019: 951,665 shares)]						
Name of CEO: Syed Shafqat Ali Shah						
Break-up value: Rs. 46.89 (2019: Rs. 47.63)	2,500	-	2,500	2,500	-	2,500
	2,678,213	42,483	3,161,852	3,145,832	189,573	3,893,106
At fair value through profit or loss						
Listed shares	-	-	-	282,515	-	294,004
	3,300,456	42,483	3,731,766	4,050,590	189,573	4,865,054

9.1 Investments - Available-for-sale

9.1.1 Related parties

9.1.1.1 Mutual funds

Name of Fund	Number of units		2020		2019	
	2020	2019	Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)						
HBL Growth Fund Class B	142,500	142,500	457	2,602	457	2,719
HBL Investment Fund Class B	100,379	100,379	107	947	107	1,000
HBL Growth Fund Class A	142,500	142,500	607	1,211	607	1,630
HBL Investment Fund Class A	100,379	100,379	97	318	97	412
			1,268	5,078	1,268	5,761

9.1.1.2 Listed shares

Name of Investee Company	Number of shares		2020		2019	
	2020	2019	Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)						
Commercial Banks						
Habib Bank Limited	4,270,000	4,270,000	620,975	564,836	620,975	672,183

9.1.2 Others

9.1.2.1 Listed shares / certificates

Name of Investee Company	Number of shares		2020		2019	
	2020	2019	Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)						
MODARABAS						
Orix Modaraba	1,297,972	1,297,972	8,839	22,779	8,839	21,754
First Habib Modaraba	2,000,000	2,000,000	11,345	19,800	11,345	19,380
			20,184	42,579	20,184	41,134
LEASING COMPANIES						
Orix Leasing Pakistan Limited	456,526	434,787	2,300	12,326	2,300	11,413
COMMERCIAL BANKS						
Bank Al Habib Limited	962,500	962,500	33,904	66,990	33,904	73,304
National Bank of Pakistan	1,250,000	1,640,000	50,402	53,700	71,012	71,012
United Bank Limited	3,050,000	3,296,500	436,171	383,874	490,688	542,274
Bank Alfalah Limited	4,800,000	5,000,000	171,317	169,584	177,898	228,500
Bank of Punjab	1,175,000	-	11,152	10,892	-	-
Faysal Bank Limited	172,500	172,500	2,649	2,981	2,649	3,281
Habib Metropolitan Bank Limited	475,000	475,000	15,581	18,520	15,581	17,266
MCB Bank Limited	1,042,654	643,500	194,197	193,184	129,744	131,879
Allied Bank Limited	585,000	585,000	56,043	49,941	56,043	55,926
			971,416	949,666	977,519	1,123,442
TEXTILE COMPOSITE						
Nishat Mills Limited	900,000	633,389	78,899	91,594	56,898	67,228
TEXTILE SPINNING						
Service Textiles Industries Limited	199,420	199,420	100	2,947	100	1,845
AUTOMOBILE PARTS & ACCESSORIES						
Thal Limited	200,000	238,239	10,266	94,536	12,228	80,580
INSURANCE						
Adamjee Insurance Company Limited	871,000	925,000	33,826	34,248	38,933	38,933
CEMENT						
Fauji Cement Company Limited	-	2,200,000	-	-	43,821	34,232
Maple Leaf Cement Factory Limited	-	100,000	-	-	2,299	2,314
Pioneer Cement Limited	-	420,300	-	-	12,815	12,815
D. G. Khan Cement Company Limited	-	525,000	-	-	38,992	38,992
Lucky Cement Limited	-	177,650	-	-	76,105	76,105
			-	-	174,032	164,458
POWER GENERATION & DISTRIBUTION						
The Hub Power Company Limited	2,200,000	3,900,000	134,746	174,527	234,430	364,065
Kot Addu Power Company Limited	400,000	4,950,000	7,716	10,880	188,948	156,074
K-Electric Limited	2,000,000	2,300,000	8,740	7,820	10,051	10,051
			151,202	193,227	433,429	530,190
OIL & GAS MARKETING COMPANIES						
Attock Petroleum Limited	110,000	246,840	47,721	36,809	107,085	91,281
Pakistan State Oil Company Limited	250,000	320,400	33,429	53,826	36,849	61,401
			81,150	90,635	143,934	152,682
OIL & GAS EXPLORATION COMPANIES						
Pakistan Oilfields Limited	326,000	340,000	119,790	128,905	129,403	151,885
Pakistan Petroleum Limited	1,640,000	850,000	158,582	148,141	86,177	116,569
Oil & Gas Development Company Limited	2,400,000	1,500,000	284,695	249,048	212,763	213,480
Mari Petroleum Company Limited	56,918	56,918	71,771	76,260	71,771	74,568
			634,838	602,354	500,114	556,502
ENGINEERING						
International Industries Limited	1,600,000	1,920,284	82,773	282,560	53,205	212,844
Mughal Iron & Steels Industries Limited	650,000	935,000	26,347	49,225	38,307	38,307
Amreli Steels Limited	542,000	850,000	18,683	26,157	30,702	30,702
			127,803	357,942	122,214	281,853

Name of Investee Company	Number of shares		2020		2019	
	2020	2019	Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)						
AUTOMOBILE ASSEMBLER						
Millat Tractors Limited	100,000	149,000	9,706	109,409	14,462	104,959
AUTOMOBILE PARTS & ACCESSORIES						
The General Tyre and Rubber Company of Pakistan Limited	50,000	-	2,753	4,146	-	-
TECHNOLOGY & COMMUNICATION						
Pakistan Telecommunication Company Limited	8,250,000	10,006,500	77,220	75,076	93,661	93,661
FERTILIZER						
Fauji Fertilizer Company Limited	1,327,600	1,575,000	126,197	144,045	150,132	159,815
Fauji Fertilizer Bin Qasim Limited	200,000	200,000	3,904	5,064	3,904	3,904
Engro Corporation Limited	430,432	675,000	103,446	132,299	145,571	233,044
Engro Fertilizers Limited	2,850,000	2,695,000	208,344	180,206	201,142	197,894
			441,891	461,614	500,749	594,657
FOOD & PERSONAL CARE PRODUCTS						
Al Shaheer Corporation Limited	950,000	973,500	12,289	14,764	13,756	13,756
CABLE & ELECTRICAL GOODS						
Pak Elektron Limited	-	700,000	-	-	18,949	18,949
MISCELLANEOUS						
TPL Properties Limited	2,394,000	2,394,000	19,870	22,289	19,870	14,364
			2,675,713	3,159,352	3,143,332	3,890,606

9.2 At fair value through profit and Loss

Listed shares

Name of Investee Company	Number of shares		2020		2019	
	2020	2019	Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)						
FERTILIZER						
Engro Corporation Limited	-	100,000	-	-	26,512	34,525
Fauji Fertilizer Bin Qasim Limited	-	100,000	-	-	1,876	1,952
			-	-	28,388	36,477
POWER GENERATION & DISTRIBUTION						
K-Electric Limited	-	600,000	-	-	3,564	2,622
COMMERCIAL BANKS						
MCB Bank Limited	-	100,000	-	-	19,248	20,494
Bank Alfalah Limited	-	350,000	-	-	15,928	15,995
United Bank Limited	-	286,900	-	-	38,946	47,195
Allied Bank Limited	-	29,100	-	-	2,822	2,782
Bank Al Habib Limited	-	200,000	-	-	15,353	15,232
			-	-	92,297	101,698
TEXTILE COMPOSITE						
Nishat Mills Limited	-	77,500	-	-	8,589	8,226
FOOD & PERSONAL CARE PRODUCTS						
FrieslandCampina Engro Pakistan Limited	-	25,000	-	-	1,971	1,983
Al Shaheer Corporation Limited	-	97,000	-	-	2,321	1,371
			-	-	4,292	3,354

Name of Investee Company	Number of shares		2020		2019	
	2020	2019	Cost	Carrying value	Cost	Carrying value
(Rupees in '000)						
CEMENT						
D.G. Khan Cement Company Limited	-	200,000	-	-	15,450	14,854
Maple Leaf Cement Limited	-	375,000	-	-	10,815	8,678
Lucky Cement Limited	-	50,000	-	-	20,767	21,420
Pioneer Cement Limited	-	200,000	-	-	7,926	6,098
Kohat Cement Limited	-	37,800	-	-	3,211	2,926
			-	-	58,169	53,976
REFINERY						
Attock Refinery Limited	-	90,000	-	-	10,266	10,052
OIL & GAS MARKETING COMPANIES						
Sui Northern Gas Pipelines Limited	-	50,000	-	-	3,854	3,809
OIL & GAS EXPLORATION COMPANIES						
Oil & Gas Development Company Limited	-	75,000	-	-	10,303	10,674
Pakistan Petroleum Limited	-	100,000	-	-	13,703	13,714
Pakistan State Oil Company Limited	-	65,000	-	-	12,163	12,457
			-	-	36,169	36,845
ENGINEERING						
Aisha Steel Mills Limited	-	200,000	-	-	2,084	1,918
Crescent Steel & Allied Products Limited	-	45,000	-	-	2,500	2,494
			-	-	4,584	4,412
PHARMACEUTICALS						
The Searle Company Limited	-	115,000	-	-	22,034	21,705
CABLE & ELECTRICAL GOODS						
Pak Elektron Limited	-	400,000	-	-	10,309	10,828
			-	-	282,515	294,004

10. INVESTMENTS IN DEBT SECURITIES

	2020		2019		
	Cost	Carrying value	Cost	Carrying value	
Note (Rupees in '000)					
Government securities					
Held to maturity					
Pakistan Investment Bonds	10.1.1	208,568	208,568	202,427	202,427
Available-for-sale					
Pakistan Investment Bonds	10.2.1	3,285,975	3,534,550	2,857,447	2,942,566
Treasury Bills	10.2.2	6,003,818	6,004,506	4,195,839	4,192,537
		9,289,793	9,539,056	7,053,286	7,135,103
		9,498,361	9,747,624	7,255,713	7,337,530

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	2020		2019	
					Cost	Carrying value	Cost	Carrying value
(Rupees in '000)								
160,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	156,075	156,075	149,239	149,239
50,000,000	10	Semi annually	Pakistan Investment Bond - 20 years	20-01-2024	52,493	52,493	53,188	53,188
					208,568	208,568	202,427	202,427

10.1.1.1 The market value of these investments amounted to Rs 212,283 thousands (2019: Rs 196,528 thousands).

10.1.2 Pakistan Investment Bonds with face value of Rs. 210,000 thousands (2019: Rs. 210,000 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	2020		2019		
					Cost	Carrying value	Cost	Carrying value	
(Rupees in '000)									
125,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	120,852	125,038	113,716	115,975	
100,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	96,974	100,030	91,375	92,780	
50,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	48,405	50,015	45,593	46,390	
75,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	72,517	75,023	68,244	69,585	
37,500,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	36,577	37,511	34,969	34,793	
50,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	48,475	50,015	45,842	46,390	
125,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	120,772	125,038	113,503	115,975	
56,200,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	54,876	56,217	52,566	52,142	
37,500,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	36,617	37,511	35,075	34,793	
100,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	97,620	100,030	91,747	92,780	
50,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	48,417	50,015	45,687	46,390	
100,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	96,834	100,030	93,469	92,780	
50,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	48,393	50,015	45,656	46,390	
50,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	48,357	50,015	45,625	46,390	
50,000,000	7.25	Semi annually	Pakistan Investment Bond - 3 years	12-07-2021	48,381	50,015	45,531	46,390	
100,000,000	9.00	Semi annually	Pakistan Investment Bond - 3 years	19-09-2022	95,889	101,740	93,826	93,750	
100,000,000	9.00	Semi annually	Pakistan Investment Bond - 3 years	19-09-2022	95,908	101,740	93,854	93,750	
50,000,000	9.00	Semi annually	Pakistan Investment Bond - 3 years	19-09-2022	47,881	50,870	46,818	46,875	
50,000,000	9.00	Semi annually	Pakistan Investment Bond - 3 years	19-09-2022	47,952	50,870	46,921	46,875	
100,000,000	9.00	Semi annually	Pakistan Investment Bond - 3 years	19-09-2022	95,911	101,740	93,853	93,750	
50,000,000	9.00	Semi annually	Pakistan Investment Bond - 3 years	19-09-2022	47,915	50,870	46,867	46,875	
150,000,000	9.00	Semi annually	Pakistan Investment Bond - 3 years	19-09-2022	141,334	152,610	137,060	140,625	
135,000,000	9.00	Semi annually	Pakistan Investment Bond - 3 years	19-09-2022	128,827	137,349	-	-	
200,000,000	9.00	Semi annually	Pakistan Investment Bond - 3 years	19-09-2022	191,520	203,480	-	-	
100,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	88,155	99,550	84,217	90,350	
75,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	66,426	74,663	63,211	67,763	
100,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	87,971	99,550	84,462	90,350	
100,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	88,163	99,550	84,945	90,350	
100,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	88,541	99,550	84,452	90,350	
150,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	132,072	149,325	126,472	135,525	
50,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	44,130	49,775	42,293	45,175	
50,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	44,034	49,775	42,170	45,175	
50,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	43,986	49,775	42,109	45,175	
75,000,000	8.00	Semi annually	Pakistan Investment Bond - 5 years	12-07-2023	66,016	74,663	63,734	67,763	
200,000,000	9.50	Semi annually	Pakistan Investment Bond - 5 years	19-09-2024	188,437	204,000	186,049	188,980	
75,000,000	9.50	Semi annually	Pakistan Investment Bond - 5 years	19-09-2024	70,525	76,500	70,530	70,868	
100,000,000	9.50	Semi annually	Pakistan Investment Bond - 5 years	19-09-2024	91,643	102,000	89,958	94,490	
75,000,000	9.50	Semi annually	Pakistan Investment Bond - 5 years	19-09-2024	71,301	76,500	69,602	70,868	
37,500,000	8.75	Semi annually	Pakistan Investment Bond - 10 years	12-07-2028	29,830	35,471	29,258	32,903	
37,500,000	8.75	Semi annually	Pakistan Investment Bond - 10 years	12-07-2028	29,306	35,471	28,704	32,903	
50,000,000	10.00	Semi annually	Pakistan Investment Bond - 10 years	19-09-2029	44,323	50,215	46,314	47,045	
50,000,000	10.00	Semi annually	Pakistan Investment Bond - 10 years	19-09-2029	47,373	50,215	43,971	47,045	
50,000,000	10.00	Semi annually	Pakistan Investment Bond - 10 years	19-09-2029	46,539	50,215	47,199	47,045	
					3,285,975	3,534,550	2,857,447	2,942,566	

10.2.2 Treasury Bills

Face value (Rupees)	Profit rate %	Profit payment	Type of Security	Maturity date	2020		2019	
					Cost	Carrying value	Cost	Carrying value
..... (Rupees in '000)								
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
375,000,000	13.12	On maturity	Treasury Bills	14-01-2021	373,455	374,067	-	-
312,500,000	7.18	On maturity	Treasury Bills	14-01-2021	311,716	311,723	-	-
250,000,000	7.16	On maturity	Treasury Bills	28-01-2021	248,700	248,705	-	-
199,000,000	7.16	On maturity	Treasury Bills	28-01-2021	197,970	197,969	-	-
250,000,000	7.15	On maturity	Treasury Bills	11-02-2021	248,027	248,036	-	-
54,000,000	7.15	On maturity	Treasury Bills	11-02-2021	53,573	53,576	-	-
200,000,000	7.15	On maturity	Treasury Bills	11-02-2021	198,426	198,429	-	-
400,000,000	7.15	On maturity	Treasury Bills	11-02-2021	396,853	396,857	-	-
312,500,000	7.14	On maturity	Treasury Bills	25-02-2021	309,195	309,206	-	-
500,000,000	7.14	On maturity	Treasury Bills	25-02-2021	494,708	494,730	-	-
464,000,000	7.12	On maturity	Treasury Bills	11-03-2021	457,855	457,863	-	-
500,000,000	7.12	On maturity	Treasury Bills	11-03-2021	493,384	493,387	-	-
405,000,000	7.12	On maturity	Treasury Bills	11-03-2021	399,637	399,643	-	-
500,000,000	7.12	On maturity	Treasury Bills	11-03-2021	493,388	493,387	-	-
500,000,000	7.12	On maturity	Treasury Bills	11-03-2021	493,388	493,387	-	-
500,000,000	7.15	On maturity	Treasury Bills	25-03-2021	492,047	492,055	-	-
217,000,000	7.15	On maturity	Treasury Bills	25-03-2021	213,558	213,552	-	-
130,000,000	7.15	On maturity	Treasury Bills	25-03-2021	127,938	127,934	-	-
					6,003,818	6,004,506	4,195,839	4,192,537

11. INVESTMENTS IN TERM DEPOSITS

Held to maturity

Deposits maturing within 12 months

	Note	2020	2019
Term deposits - local currency	11.1 & 11.2	29,860	26,360
Term deposits - foreign currency	11.3	110,607	143,236
		140,467	169,596

11.1 These include an amount of Rs. 4,860 thousands (2019: Rs. 1,360 thousands) placed under lien with commercial banks against bank guarantees.

11.2 These include an amount of Rs. 25,000 thousands (2019: Rs. 25,000 thousands) held with a related party. Term deposit with related party carries profit rate of 9.50% (2019: 11.50%) per annum and having maturity of May 11, 2021.

11.3 Term deposits carry interest rates ranging from 5% to 9.50% (2019: 5% to 11.5%) per annum and having maturity upto October 20, 2021. Foreign deposits carry interest rates ranging from 0.1% to 1.3% (2019: 1.25% to 1.9%) per annum and having maturity upto January 16, 2021.

12. LOANS AND OTHER RECEIVABLES - Considered good

	Note	2020	2019
Rent receivable	12.1	2,547	-
Accrued investment income		134,089	120,052
Security deposit		66,912	28,928
Advance to suppliers		64,158	68,378
Loans to employees		726	1,256
Sales tax recoverable		18,385	20,639
Medical claims recoverable		8,406	6,689
Receivable against sale of investments		5,042	9,985
Other receivable		3,299	7,680
		303,564	263,607

12.1 This represents receivable from a related party.

		2020	2019
13.	INSURANCE / RE-INSURANCE RECEIVABLES	.....(Rupees in '000).....	
	Due from insurance contract holders	1,140,113	1,407,144
	Less: provision for impairment of receivables from Insurance contract holders	(174,961)	(174,961)
		965,152	1,232,183
	Due from other insurers / reinsurers	125,876	89,790
	Less: provision for impairment of due from other insurers / re-insurers	(17,000)	(17,000)
		108,876	72,790
		1,074,028	1,304,973

13.1 This includes Rs. 101,510 thousands (2019: Rs. 129,663 thousands) receivable from related parties.

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 9.75% (2019: 12.00%) per annum.
- Expected rate of increase in the salaries of the employees 9.75% (2019: 12.00%) per annum.
- Expected interest rate on plan assets 12.00% (2019: 12.25%) per annum.
- Average service length of the employees 11 years (2019: 10 years).

		2020	2019
14.1.1	Asset / (liability) appearing on the statement of financial position	.....(Rupees in '000).....	
	Present value of defined benefit obligation	367,833	368,427
	Fair value of plan assets	(367,833)	(368,427)
		-	-
14.1.2	Movement in asset / (liability) during the year		
	Opening balance	-	-
	Charge to the profit and loss account	33,242	29,219
	Charge to the statement of comprehensive income	(6,149)	15,594
	Contributions to the fund during the year	(27,093)	(44,813)
	Closing balance	-	-
14.1.3	Reconciliation of the present value of the defined benefit obligations		
	As at January 1	368,427	312,094
	Current service costs	33,242	29,219
	Interest costs	40,727	37,592
	Benefits paid	(58,068)	(10,447)
	Actuarial gain from changes in financial assumptions	(643)	(66)
	Experience adjustments	(15,852)	35
	As at December 31	367,833	368,427
14.1.4	Changes in the fair value of plan assets		
	As at January 1	368,427	312,094
	Interest income on plan assets	40,727	37,592
	Contribution to the Fund	27,093	44,813
	Benefits paid	(58,068)	(10,447)
	Return on plan assets, excluding interest income	(10,346)	(15,625)
	As at December 31	367,833	368,427

			2020	2019
14.1.5	Charge to the profit and loss account	Note	.....(Rupees in '000).....	
	Current service costs	14.1.3	33,242	29,219
	Interest costs	14.1.3	40,727	37,592
	Interest income on plan assets	14.1.4	(40,727)	(37,592)
			33,242	29,219
14.1.6	Remeasurements recognised in the statement of comprehensive income during the year			
	Actuarial gain from changes in financial assumptions	14.1.3	(643)	(66)
	Experience adjustments	14.1.3	(15,852)	35
	Return on plan assets, excluding interest income	14.1.4	10,346	15,625
			(6,149)	15,594

	2020		2019	
	Fair value	Percentage	Fair value	Percentage
14.1.7	(Rupees in '000)		(Rupees in '000)	
	11,257	3.06	13,078	3.55
	350,622	95.32	280,282	76.08
	5,954	1.62	75,067	20.37
	367,833	100.00	368,427	100.00

14.1.8	Historical data	2020	2019	2018	2017	2016
		..... (Rupees in '000)				
	Present value of defined benefit obligations	367,833	368,427	312,094	248,408	209,989
	Fair value of plan assets	(367,833)	(368,427)	(312,094)	(248,408)	(209,989)
	(Surplus) / deficit	-	-	-	-	-
	Experience adjustments					
	- Actuarial (gain) / loss on defined benefit obligation	(15,852)	35	31,100	17,431	(219)
	- Actuarial (loss) / gain on plan assets	(10,346)	(15,625)	2,782	13,777	(8,902)

14.1.9 The estimated charge to the profit and loss account in respect of defined benefit plan for the year ending December 31, 2021 would be Rs. 31,283 thousands.

14.1.10	Sensitivity analysis on significant actuarial assumptions - Actuarial liability	2020	2019
		.....(Rupees in '000).....	
	Discount rate +1%	334,090	342,513
	Discount rate -1%	391,628	395,317
	Future salary increases +1%	391,637	395,332
	Future salary increases -1%	333,586	342,054

14.1.12	Number of employees covered under the scheme	2020	2019
		.....(Number).....	
	Defined benefit plan	536	564

	2020	2019
14.2 Defined contribution plan	(Un-audited)	(Audited)
	.....(Rupees in '000).....	
14.2.1 Provident fund trust		
Size of the fund	679,242	624,101
Cost of investments made	633,873	519,888
Percentage of investments made (based on fair value)	96%	86%
Fair value of investments	650,882	539,736

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:

	2020	2019
	(Un-audited)	(Audited)
	.....(Rupees in '000).....	
Listed shares / mutual funds	61,508	62,846
Government securities	589,374	476,890
	650,882	539,736

	2020	2019
15. PREPAYMENTS		
	.....(Rupees in '000).....	
Prepaid reinsurance premium ceded	1,663,576	1,618,960
Prepaid rent	10,278	9,100
Prepaid miscellaneous expenses	14,899	14,845
	1,688,753	1,642,905

	2020	2019
16. CASH AND BANK		
Cash and cash equivalents		
- Cash in hand	31	149
- Policy and revenue stamps, bond papers	4,149	4,784
	4,180	4,933
Cash at bank		
- Current accounts	55,957	69,664
- Savings accounts	905,725	1,074,354
	961,682	1,144,018
	965,862	1,148,951

16.1 Savings accounts carry interest rates ranging from 5.50% to 6.75% (2019: 10.28% to 13.25%) per annum.

16.2 Cash at bank includes Rs. 55,418 thousands (2019: Rs. 57,018 thousands) held with related parties. Savings accounts with related parties carry profit rate of 5.51% (2019: 10.28% and 11.25%) per annum.

	2020	2019
17. WINDOW TAKAFUL OPERATIONS - OPERATOR'S FUND		
	.....(Rupees in '000).....	
Assets		
Cash and bank	210,422	193,740
Investments	54,786	71,035
Property and equipment and intangible assets	3,799	7,057
Other assets	149,306	137,449
Total assets	418,313	409,281
Total liabilities	232,625	221,918
Profit before tax	128,146	124,789

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, 2020.

18. SHARE CAPITAL**18.1 Authorised capital**

2020	2019		2020	2019
(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
198,281	180,237	Ordinary shares of Rs.10 each issued as fully paid bonus shares	1,982,812	1,802,365
<u>198,491</u>	<u>180,447</u>		<u>1,984,912</u>	<u>1,804,465</u>

Shares of the Company held by related parties amounted to Rs.1,460,559 thousands (146,055,929 shares of Rs. 10 each) [2019: Rs. 1,342,415 thousands (134,241,484 shares of Rs.10 each)].

19. RESERVES

	2020	2019
Capital reserves		
Reserve for exceptional losses	9,384	9,384
Net unrealised appreciation on revaluation of available-for-sale investments - net of tax	481,522	627,144
Foreign currency translation difference - net of tax	9,354	24,729
Revenue reserves		
General reserve	3,800,000	3,650,000
Special reserve	1,400,000	1,200,000
Company's share of retained earnings arising from business other than participating business attributable to shareholders Ledger D of an associate	241,605	209,752
Company's share of money ceded to waqf fund by an associate	32	32
	<u>5,941,897</u>	<u>5,721,041</u>

19.1 In accordance with the requirements of the repealed 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.

	2020	2019
19.2 General reserve		
Note	.....(Rupees in '000).....	
Balance at the beginning of the year	3,650,000	3,550,000
Transfer from unappropriated profit	150,000	100,000
Balance at the end of the year	<u>3,800,000</u>	<u>3,650,000</u>
19.3 Special reserve		
Balance at the beginning of the year	1,200,000	1,000,000
Transfer from unappropriated profit	200,000	200,000
Balance at the end of the year	<u>1,400,000</u>	<u>1,200,000</u>

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

		2020	2019
20.	DEFERRED TAXATION - net		
	Deferred tax (assets) / liabilities arising in respect of:		
	Accelerated tax depreciation	(3,065)	2,750
	Share of profit of associates	239,444	211,352
	Right-of-use asset - net	1,736	1,576
	Provision for doubtful debts	(55,669)	(55,669)
	Impairment on available-for-sale investments	(70,417)	(57,174)
	Other provisions	(57,393)	(45,877)
		54,636	56,958
	Foreign currency translation difference	3,564	9,282
	Unrealised appreciation on revaluation of available-for-sale investments	196,723	255,948
	Share in other comprehensive income of an associate	1,758	842
	Actuarial loss on defined benefit plan	(24,538)	(26,321)
		177,507	239,751
		232,143	296,709
21.	INSURANCE / REINSURANCE PAYABLES		
	Due to insurance contract holders	50,467	29,893
	Due to other insurers / reinsurers	1,938,768	1,661,129
		1,989,235	1,691,022
22.	OTHER CREDITORS AND ACCRUALS		
	Agent commission payable	469,240	521,183
	Federal excise duty / sales tax	45,317	58,283
	Federal insurance fee	2,941	3,981
	Sindh Workers' Welfare Fund	231,902	192,190
	Tax deducted at source	6,544	15,484
	Accrued expenses	50,957	22,690
	Claims payable - stale cheques	61,335	58,853
	Unpaid and unclaimed dividend	121,872	112,070
	Payable against purchase of investments	-	2,316
	Lease liability against right-of-use asset	5,097	21,753
	Others	30,724	23,799
		1,025,929	1,032,602
23.	DEPOSITS AND OTHER PAYABLES		
	Advance rent	22,210	30,032
	Security deposits against bond insurance	1,400,696	1,550,555
	Other deposits	1,592	1,592
		1,424,498	1,582,179
23.1	This includes advance rent from a related party amounting to Rs. 12,367 thousands (2019: Rs. 18,365 thousands).		
23.2	This represents margin deposit on account of performance and other bond policies issued by the Company.		
24.	TAXATION - PROVISION LESS PAYMENTS		
	Provision for taxation	4,449,791	3,867,472
	Less: advance tax including tax deducted at source	(4,276,291)	(3,616,877)
		173,500	250,595
24.1	The Company has filed returns up to tax year 2020. 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, 2018 and 2019. 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.		

- 24.2** In the assessment order for the assessment year 2002-2003, made in prior years, certain items had been disallowed and further additional tax had been levied. The appeal against the order filed before the Commissioner of Inland Revenue (Appeals) (CIRA) had been decided mostly in favour of the Company. The Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the disallowance of certain items amounting to Rs. 31,700 thousands. The ATIR has set aside disallowances and referred to Taxation Officer for reassessment proceedings. The management based on its legal advisor opinion, is confident of favourable outcome of the petition.
- 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 were 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 had 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. The management based on its legal advisor opinion, is confident of favourable outcome of the petition.
- 24.4** In prior years, the Taxation Officer passed an assessment order in respect of tax year 2008 consequent to finalisation of tax audit proceedings in which disallowances were made mainly on account of reserve for unexpired risks and allocation of expenses. The Company had 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 had 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. The 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 were 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. 47,748 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. 41,845 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 ended December 31, 2019, the ATIR decided the appeal in favour of the Company and deleted all disallowances made by Taxation Officer. The appeal effect order is pending. However, the tax department has filed an appeal in the High Court of Sindh against the deletion of the disallowances made by ATIR.
- 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 was decided in favour of the Company. The tax department has also filed petition with the High Court of Sindh against the decision of ATIR for proportion of expenses. During the year, the Honourable High Court has decided the petition in favour of the Company.
- 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 thousand and Rs. 42,878 thousand respectively. The Company had filed appeal before the Commissioner Inland Revenue (Appeals) (CIRA) for both the tax years and the CIRA had confirmed the additional tax demand created by ACIR in his orders pertaining to both the 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 during the year ended December 31, 2019.
- 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 had 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 all the three tax years.

In prior years, the appeals filed by the Company before 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 the appeals for the tax years 2011, 2012 and 2013 and accordingly, an aggregate provision of Rs. 183,054 has not been recorded in these financial statements.

24.9 In prior years, the ACIR passed an 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 filed an appeal before the CIRA against the order of the ACIR which was decided in favour of the Company. The Commissioner Inland Revenue (CIR) has filed an appeal with ATIR against the order of CIRA which is pending at adjudication. Based on opinion of the tax advisor, the management is confident of a favourable outcome of the appeal for the tax year 2014 and accordingly the provision of Rs. 50,133 thousands has not been recorded in these financial statements.

24.10 In prior years, the ACIR 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 also disallowed bad debts in both the tax years and made a disallowance of unpaid commission in the tax year 2016. The ACIR created tax demand of Rs. 76,406 thousands and Rs. 106,965 thousands for the assessment year 2015 and 2016 respectively.

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

24.11 In prior years, 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 filed an appeal with the CIRA who in its appellate order 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 filed an appeal before the ATIR against the order issued by the CIRA. The tax department also filed an appeal with ATIR against the order of the CIRA on the issue of commission payable which was decided in favour of the Company by the CIRA. 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 In prior year the ACIR 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 filed an appeal with the CIRA. The CIRA 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 filed an appeal before the ATIR against the order issued by the CIRA. The tax department also filed an appeal with ATIR against the order issued by CIRA on the issue of commission payable which was 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 Additional Commissioner Inland Revenue (ACIR) has passed an order under section 122(5A) for tax year 2019 and made certain disallowances / additions mainly on account of property related expenses, commission payable, claims payable and super tax, thereby creating a demand of Rs. 22,858 thousands. Subsequently, the Company has filed an appeal against these disallowances with the Commissioner of Inland Revenue (Appeals) (CIRA) which is pending adjudication. Based on the tax advisor's opinion, the management is confident of a favourable outcome of the appeal. Hence, no provision for Rs. 22,858 thousands has been made in these financial statements.

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. During the year, the Punjab Revenue Authority (PRA) vide notification No. SO(TAX)1-110/2020 (COVID-19) dated April 2, 2020 has revised the rate of sales tax on health insurance to zero percent for the period from April 2, 2020 till June 30, 2020. 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 periods from November 1, 2018 to April 1, 2020 and from July 1, 2020 till December 31, 2020. This matter is already taken up by the insurance industry with the Punjab Revenue Authority in the context of exemption available from the applicability of the sales tax on health insurance in other provinces and in federal territory as well. The management believes that the amount not yet billed aggregating to Rs. 133.369 million (2019: Rs. 55.73 million) by the Company would be recoverable from the customers accordingly in case of any adverse outcome of the aforementioned negotiations.

24.15 Similar matters of provincial sales tax relating to health and life insurance are pending at Jubilee Life Insurance Company Limited (JLIC – an associate) which are being contested at the level of High Courts. JLIC, based on the

legal opinion, has neither billed its customers, nor recognised the contingent liability for provincial sales tax and contends that the amount of sales tax would be charged to the policyholders in case of any adverse development. Further, there are certain open income tax assessments which are pending at the appellate tribunal and court level against which JLIC has not recognised provision based on the tax / legal opinions. The proportionate share in contingent liabilities of JLIC as per the latest available un-audited financial statements of JLIC for the period ended September 30, 2020 is Rs 356.63 million (2019: Rs 234.45 million).

25. CONTINGENCIES AND COMMITMENTS

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

26. NET INSURANCE PREMIUM

	2020	2019
	.....(Rupees in '000).....	
Written gross premium	9,109,975	9,375,269
Add: Unearned premium reserves opening	3,556,851	3,533,063
Less: Unearned premium reserves closing	3,465,728	3,556,851
Premium earned	9,201,098	9,351,481
Less: Reinsurance premium ceded	4,286,689	4,021,702
Add: Prepaid reinsurance premium ceded opening	1,618,960	1,669,551
Less: Prepaid reinsurance premium ceded closing	1,663,576	1,618,960
Reinsurance expense	4,242,073	4,072,293
	4,959,025	5,279,188

27. NET INSURANCE CLAIMS

Claims paid	3,649,795	3,489,678
Add: Outstanding claims including IBNR closing	4,807,405	4,240,397
Less: Outstanding claims including IBNR opening	4,240,397	4,362,199
Claims expense	4,216,803	3,367,876
Less: Reinsurance and other recoveries received	877,645	617,874
Add: Reinsurance and other recoveries against outstanding claims closing	3,259,888	2,978,912
Less: Reinsurance and other recoveries against outstanding claims opening	2,978,912	3,056,794
Reinsurance and other recoveries revenue	1,158,621	539,992
	3,058,182	2,827,884

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	2015 & prior	2016	2017	2018	2019	2020 (including IBNR)	Total
..... (Rupees in '000)							
Gross estimate of ultimate claims cost:							
- At end of accident year	2,647,217	4,489,286	3,462,817	4,937,574	4,001,491	4,844,896	
- One year later	2,423,539	4,503,782	3,694,646	4,370,222	3,899,748	-	
- Two years later	2,274,682	4,403,039	3,635,296	4,193,865	-	-	
- Three years later	2,092,801	4,401,517	3,556,431	-	-	-	
- Four years later	2,003,481	4,424,135	-	-	-	-	
- Five years later	1,979,145	-	-	-	-	-	
Current estimate of cumulative claims	1,979,145	4,424,135	3,556,431	4,193,865	3,899,748	4,844,896	22,898,220
Cumulative payment to date	(1,307,060)	(4,073,082)	(3,158,355)	(3,893,367)	(3,159,247)	(2,499,704)	(18,090,815)
Liability recognised in the statement of financial position	672,085	351,053	398,076	300,498	740,501	2,345,192	4,807,405

27.2 The provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2020 amounted to Rs 297,130 thousands (2019: Rs 269,638 thousands).

		2020	2019
28.	NET COMMISSION EXPENSE / ACQUISITION COST	Note .....(Rupees in '000).....	
	Commission paid or payable	554,968	664,371
	Add: Deferred commission expense / acquisition cost opening	247,849	280,970
	Less: Deferred commission expense / acquisition cost closing	210,288	247,849
	Net commission	592,529	697,492
	Less: Commission received or recoverable	242,970	336,501
	Add: Unearned reinsurance commission opening	117,594	102,536
	Less: Unearned reinsurance commission closing	108,839	117,594
	Commission from reinsurers	251,725	321,443
		340,804	376,049
29.	MANAGEMENT EXPENSES		
	Employees benefit cost	29.1 1,172,167	1,201,520
	Travelling expenses	5,522	29,481
	Advertisement and sales promotion	36,257	83,372
	Printing and stationery	91,364	83,886
	Depreciation	29.2 61,895	67,726
	Amortisation	29.3 19,147	17,149
	Rent, rates and taxes	21,489	25,651
	Legal and professional charges - business related	17,610	16,338
	Electricity, gas and water	16,253	20,830
	Entertainment	10,909	15,018
	Vehicle running expenses	2,663	3,803
	Office repairs and maintenance	7,428	11,561
	Bank charges	2,001	1,966
	Postage, telegrams and telephone	16,887	20,963
	Annual supervision fee to the SECP	17,202	15,298
	Bad and doubtful debts	-	10,000
	Directors' fee and expenses	6,422	4,725
	Statutory levies	4,818	4,753
	Inspection fee	5,881	8,708
	Insurance expense	1,965	4,465
	Other expenses	18,213	55,716
		29.4 & 29.5 1,536,093	1,702,929
29.1	Employee benefit cost		
	Salaries, allowance and other benefits	1,107,804	1,140,413
	Charges for post employment benefits	29.1.1 64,363	61,107
		1,172,167	1,201,520
29.1.1	This represents Rs. 31,121 thousands (2019: Rs. 31,888 thousands) being contribution for employee provident fund and Rs. 33,242 thousands (2019: Rs. 29,219 thousands) in respect of defined benefit plan - employee gratuity.		
		2020	2019
29.2	Depreciation	Note .....(Rupees in '000).....	
	Depreciation charged during the year	5 65,781	67,726
	Less: depreciation allocated to Window Takaful Operations	(3,886)	-
		61,895	67,726
29.3	Amortisation		
	Amortisation charged during the year	6 20,349	17,149
	Less: amortisation allocated to Window Takaful Operations	(1,202)	-
		19,147	17,149
29.4	This includes costs amounting to Rs. 40,020 thousands (2019: Rs. 38,402 thousands) in respect of accident and health business common back office operations jointly shared with Jubilee Life Insurance Company Limited, a related party.		
29.5	This includes costs amounting to Rs. 93,929 thousands (2019: Rs. 29,849 thousands) with respect to the allocation of expenses to Window Takaful Operations in accordance with the exercise carried out by the management.		

30. INVESTMENT INCOME

	2020	2019
Income from equity securities		
Note	(Rupees in '000).....	
Available-for-sale		
Dividend income	10,675	21,350
- related parties	201,856	267,651
- others	212,531	289,001
At fair value through profit or loss		
Dividend income	12,538	28,938
- others	225,069	317,939
Income from debt securities		
Held to maturity		
- return on government securities	16,579	25,075
- amortisation of discount	6,142	4,188
	22,721	29,263
Available-for-sale		
- return on government securities	723,011	571,883
- amortisation of discount	114,980	43,155
	837,991	615,038
At fair value through profit or loss		
- return on government securities	-	30,460
	860,712	674,761
Income from term deposits		
- return on term deposits	4,448	4,729
Net realised gains / (losses) on investments		
Available for sale		
- gain on sale of equity securities	694,258	136,735
- loss on sale of equity securities	(48,455)	(4,411)
- gain on sale of government securities	2,715	-
	648,518	132,324
At fair value through profit or loss		
- gain on sale of equity securities	70,687	49,719
- loss on sale of equity securities	(32,749)	(33,243)
- loss on sale of government securities	-	(458)
	37,938	16,018
Unrealised appreciation on revaluation of investments classified as at fair value through profit or loss	-	11,487
Total investment income	1,776,685	1,157,258
Less: impairment in value of available-for-sale equity securities	(42,483)	(189,573)
Less: investment related expenses	(24,517)	(17,776)
	1,709,685	949,909

30.1 This includes return on term deposits of Rs. 2,517 thousands (2019: Rs. 2,483 thousands) from a related party.

	2020	2019
31. RENTAL INCOME		
	(Rupees in '000).....	
Rental income	109,587	96,300
Less: expenses of investment property	(40,012)	(44,941)
	69,575	51,359

		2020	2019
32.	OTHER INCOME	.....(Rupees in '000).....	
	Return on bank balances	94,830	132,753
	Gain / (Loss) on sale of property and equipment and investment properties	142	(4,097)
	Return on loans to employees	34	26
	Exchange gain	4,555	15,216
	Others	2,636	1,332
		102,197	145,230

32.1 This includes return on bank balances of Rs. 28,760 thousands (2019: Rs. 24,792 thousands) from related parties.

		2020	2019
33.	OTHER EXPENSES	.....(Rupees in '000).....	
	Legal and professional fee other than business related	9,414	935
	Auditors' remuneration	4,604	4,264
	Subscription	3,338	3,056
	Donations	5,102	11,983
	Sindh Workers' Welfare Fund	39,711	31,986
	Write-off against advance to supplier	44,718	-
	Others	1,968	1,074
		108,855	53,298

33.1 Auditors' remuneration

Audit fee	1,100	775
Interim review fee	330	300
Special certifications and sundry advisory services	960	1,325
Tax and other advisory services	1,680	1,275
Out-of-pocket expenses including government levy	534	589
	4,604	4,264

33.2 Donations were not made to any donee in which a director or director's spouse had any interest at any time during the year.

		2020	2019
34.	TAXATION - net	.....(Rupees in '000).....	
	Current tax		
	- current year	613,148	534,965
	- prior tax	(29,856)	-
		583,292	534,965
	Deferred tax	(2,322)	(34,234)
		580,970	500,731

34.1 Relationship between tax expense and accounting profit

	2020	2019	2020	2019
	.....(Rupees in '000).....			
	(Effective tax rate) (Percentage)			
Profit before tax			2,113,708	1,725,016
Tax at the applicable rate of 29% (2019: 29%)	29.00	29.00	612,975	500,255
Effect of prior year adjustment	(1.41)	-	(29,856)	-
Tax effect of others	(0.10)	0.03	(2,149)	476
	27.49	29.03	580,970	500,731

	2020	2019
35. EARNINGS PER SHARE	.....(Rupees in '000).....	
Profit after tax for the year	1,532,738	1,224,285
	(Number of shares in '000)	
Weighted average number of shares of Rs.10 each	198,491	198,491
	(Rupees)	
Basic earnings per share	7.72	6.17

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.

35.2 Weighted average number of shares for comparative figures have been adjusted due to issue of bonus shares during the year.

36. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	.....(Rupees in '000).....							
Fees	-	-	6,825	4,725	-	-	6,825	4,725
Managerial remuneration	31,200	46,835	-	-	260,607	278,424	291,807	325,259
Leave encashment	1,300	2,840	-	-	9,276	8,939	10,576	11,779
Bonus	3,057	10,284	-	-	37,344	44,526	40,401	54,810
Charge for defined contribution plan	1,677	2,788	-	-	12,867	13,997	14,544	16,785
Medical	1,186	137	-	-	4,031	3,755	5,217	3,892
Conveyance	2,484	2,484	-	-	45,296	49,485	47,780	51,969
Others	763	1,113	-	-	22,591	40,536	23,354	41,649
	41,667	66,481	6,825	4,725	392,012	439,662	440,504	510,868
Number of persons	1*	1	9	8	49	55	59	64

* A new Chief Executive Officer of the Company was appointed with effect from January 1, 2020.

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:

	2020	2019
	.....(Rupees in '000).....	
Associated companies		
Insurance premium written (including government levies, administrative surcharge and policy stamps)	671,153	761,640
Insurance premium received / adjusted during the year	830,076	716,716
Commission paid	13,748	15,609
Insurance claims paid	444,983	191,125
Purchases of goods and services	20,525	20,463
Purchase of motor vehicle	-	1,150
Dividend income	10,675	21,350
Dividend received from associates under equity method (note 8)	87,978	92,473
Dividend paid	391,197	521,596
Rental income	58,294	51,653
Disposal of shares	139,455	-
Donations	-	3,000
Others		
Insurance premium written (including government levies, administrative surcharge and policy stamps)	592	368
Insurance premium received / adjusted during the year	347	376
Claims paid	358	112
Dividend paid	11,536	15,381
Contributions to staff retirement plans	82,964	94,702

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:

	2020						Total
	Fire and property damage	Marine, aviation and transport	Motor	Liability	Accident and health	Miscellaneous	
	(Rupees in '000)						
Premium receivable (inclusive of federal excise duty, federal insurance fee, administrative surcharge and others)	3,476,819	767,082	1,580,517	660,481	1,664,781	2,095,980	10,245,660
Less: federal excise duty / sales tax	419,230	82,019	188,354	76,360	-	256,796	1,022,759
federal insurance fee	30,207	6,519	13,738	5,779	16,478	18,126	90,847
others	(8,168)	25,040	3,354	69	547	1,237	22,079
Written gross premium (inclusive of administrative surcharge)	3,035,550	653,504	1,375,071	578,273	1,647,756	1,819,821	9,109,975
Gross direct premium	3,019,403	635,111	1,337,883	577,577	1,647,756	1,795,561	9,013,291
Facultative inward premium	7,250	-	-	-	-	17,839	25,089
Administrative surcharge	8,897	18,393	37,188	696	-	6,421	71,595
	3,035,550	653,504	1,375,071	578,273	1,647,756	1,819,821	9,109,975
Insurance premium earned	3,003,729	646,221	1,377,301	600,470	1,725,872	1,847,505	9,201,098
Insurance premium ceded to reinsurers (reinsurance expense)	2,070,348	114,547	41,428	572,720	3,037	1,439,993	4,242,073
Net insurance premium	933,381	531,674	1,335,873	27,750	1,722,835	407,512	4,959,025
Commission income from reinsurers	89,331	4,338	548	27,781	-	129,727	251,725
Net underwriting income	1,022,712	536,012	1,336,421	55,531	1,722,835	537,239	5,210,750
Insurance claims expense	1,538,210	235,456	550,524	185,329	1,537,896	169,388	4,216,803
Insurance claims recovered from reinsurers and other recoveries revenue	939,337	26,397	5,710	182,221	12,527	(7,571)	1,158,621
Net insurance claims	598,873	209,059	544,814	3,108	1,525,369	176,959	3,058,182
Commission expense	209,761	91,040	123,368	9,039	72,676	86,645	592,529
Management expense	375,024	194,045	394,526	30,925	182,248	359,325	1,536,093
Net insurance claims and expenses	1,183,658	494,144	1,062,708	43,072	1,780,293	622,929	5,186,804
Underwriting results	(160,946)	41,868	273,713	12,459	(57,458)	(85,690)	23,946
Net investment income							1,709,685
Rental income							69,575
Other income							102,197
Other expenses							(108,855)
Share of profit of associates							189,014
Profit from Window Takaful Operations - Operator's Fund							128,146
Profit before tax							2,113,708
Segment assets	2,262,546	170,284	274,710	1,447,793	228,847	1,832,006	6,216,186
Unallocated corporate assets							16,660,471
Unallocated assets of Window Takaful Operation - Operator's Fund							418,313
Total assets	2,262,546	170,284	274,710	1,447,793	228,847	1,832,006	23,294,970
Segment liabilities	3,697,386	585,691	1,242,150	1,601,219	1,447,009	2,752,869	11,326,324
Unallocated corporate liabilities							2,189,012
Unallocated liabilities of Window Takaful Operation - Operator's Fund							232,625
Total liabilities	3,697,386	585,691	1,242,150	1,601,219	1,447,009	2,752,869	13,747,961

	2019						Total
	Fire and property damage	Marine, aviation and transport	Motor	Liability	Accident and health	Miscellaneous	
(Rupees in '000)							
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	415,756	215,120	437,376	34,283	202,042	398,352	1,702,929
Net insurance claims and expenses	1,032,394	415,470	1,212,724	46,025	1,767,967	753,725	5,228,305
Underwriting results	200,313	172,687	238,220	(1,818)	(157,378)	(79,698)	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	1,304,483	250,742	2,225,008	6,157,383
Unallocated corporate assets							15,522,260
Unallocated assets of Window Takaful Operation - Operator's Fund							409,281
Total assets	1,878,163	168,314	330,673	1,304,483	250,742	2,225,008	22,088,924
Segment liabilities	3,001,147	505,663	1,252,091	1,413,394	1,442,415	3,082,424	10,697,134
Unallocated corporate liabilities							2,457,811
Unallocated liabilities of Window Takaful Operation - Operator's Fund							221,918
Total liabilities	3,001,147	505,663	1,252,091	1,413,394	1,442,415	3,082,424	13,376,863

39. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through Profit or Loss	Total
	(Rupees in '000)			
As at January 1, 2019	580,494	9,669,653	508,569	10,758,716
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	372,023	11,706,153	294,004	12,372,180
Additions	140,467	12,700,229	788,272	13,628,968
Disposals (sales and redemptions)	(169,596)	(11,436,566)	(1,082,276)	(12,688,438)
Fair value net loss (excluding net realised gains)	-	(204,219)	-	(204,219)
Interest income	-	432,727	-	432,727
Amortisation of discount	6,142	114,980	-	121,122
Impairment losses	-	(42,483)	-	(42,483)
As at December 31, 2020	349,035	13,270,821	-	13,619,856

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 3.4).

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	
	2020	2019
	(Rupees in '000)	
Fire and property damage	69,629,036	69,672,112
Marine, aviation and transport	2,469,317	2,825,059
Motor	80,000	80,000
Liability	122,250,000	160,290,000
Accident and health	10,235,920	12,666,770
Miscellaneous	104,908,495	104,908,496

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 the 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 IBNR, the Company follows the recommendation of an independent firm of actuaries (note 3.16).

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 3.7).

The assumed net of reinsurance loss ratios for each class of business for estimation of premium deficiency reserves is as follows:

Class	Assumed net loss ratio	
	2020	2019
Fire and property damage	38%	34%
Marine, aviation and transport	26%	22%
Motor	41%	41%
Liability	14%	17%
Accident and health	88%	85%
Miscellaneous	39%	38%

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)					
2020	+ 10%	421,680	305,928	299,930	212,950
2019	+ 10%	336,788	282,788	282,788	200,779

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	119,351	73,773	3,136	9,728	9,890	22,824

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	2020	2019
..... (Rupees in '000)					
Rating					
A or above including Pakistan Reinsurance Company Limited	23,870	3,170,652	80,907	3,275,429	2,963,115
BBB	-	43,606	-	43,606	18,729
Others	4,087	16,880	12	20,979	39,343
	27,957	3,231,138	80,919	3,340,014	3,021,187

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 Risk 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:

2020							
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	-	-	-	3,731,766	-	3,731,766	3,731,766
Debt securities	7.12-14.15	7,217,100	2,530,524	9,747,624	-	-	9,747,624
Term deposits	0.1-9.5	140,467	-	140,467	-	-	140,467
Loans and other receivables	6	163	212	375	220,646	-	221,021
Insurance / reinsurance receivables		-	-	-	1,074,028	-	1,074,028
Reinsurance recoveries against outstanding claims		-	-	-	3,231,138	-	3,231,138
Salvage recoveries accrued		-	-	-	28,750	-	28,750
Cash and bank	5.50 to 6.75	905,725	-	905,725	60,137	-	965,862
Total assets of Window Takaful Operations - Operator's Fund		210,422	-	210,422	138,275	-	348,697
		8,473,877	2,530,736	11,004,613	8,484,740	-	19,489,353
Financial liabilities							
Outstanding claims including IBNR		-	-	-	(4,807,405)	-	(4,807,405)
Insurance / reinsurance payables		-	-	-	(1,989,235)	-	(1,989,235)
Other creditors and accruals		-	-	-	(738,936)	-	(738,936)
Deposits and other payables		-	-	-	(1,402,288)	-	(1,402,288)
Total liabilities of Window Takaful Operations - Operator's Fund		-	-	-	(45,491)	-	(45,491)
		-	-	-	(8,983,356)	-	(8,983,356)
Interest risk sensitivity gap		8,473,877	2,530,736	11,004,613	(498,616)	-	10,505,997
Cumulative interest risk sensitivity gap		8,473,877	11,004,613				

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
Debt securities	7.25 to 14.25	4,192,537	3,144,993	7,337,530	-	-	7,337,530
Term deposits	1.25 to 11.5	169,596	-	169,596	-	-	169,596
Loans and other receivables	6	1,256	-	1,256	173,334	-	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	10.28 to 13.25	1,074,354	-	1,074,354	74,597	-	1,148,951
Total assets of Window Takaful Operations - Operator's Fund		193,740	-	193,740	215,036	-	408,776
		5,631,483	3,144,993	8,776,476	9,611,906	-	18,388,382
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)
Total liabilities of Window Takaful Operations - Operator's Fund		-	-	-	(40,067)	-	(40,067)
		-	-	-	(8,286,297)	-	(8,286,297)
Interest risk sensitivity gap		5,631,483	3,144,993	8,776,476	1,325,609	-	10,102,085
Cumulative interest risk sensitivity gap		5,631,483	8,776,476				

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 closing balances and rates:

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
	..... (Rupees in '000)		
December 31, 2020	100 (100)	9,057 (9,057)	6,430 (6,430)
December 31, 2019	100 (100)	10,744 (10,744)	7,628 (7,628)

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 deposit receipts (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, 2020 and 2019. 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, 2020	3,729,266 (3,729,266)	+5% -5%	186,463 (186,463)
December 31, 2019	4,865,054 (4,865,054)	+5% -5%	243,253 (243,253)

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.

2020				
	Within one year	Over one year to five years	Over five years	Total
.....(Rupees in '000).....				
Financial liabilities				
Outstanding claims including IBNR	4,807,405	-	-	4,807,405
Insurance / reinsurance payables	1,989,236	-	-	1,989,236
Other creditors and accruals	738,936	-	-	738,936
Deposits and other payables	1,402,288	-	-	1,402,288
Total liabilities of Window Takaful				
Operations - Operator's Fund	45,491	-	-	45,491
	<u>8,983,356</u>	<u>-</u>	<u>-</u>	<u>8,983,356</u>
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
Total liabilities of Window Takaful				
Operations - Operator's Fund	40,067	-	-	40,067
	<u>8,286,297</u>	<u>-</u>	<u>-</u>	<u>8,286,297</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 segments.

As at December 31, 2020, 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 represent 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	Long term rating	Short term rating	2020	2019
.....(Rupees in '000).....					
Soneri Bank Limited	PACRA	AA-	A1+	148,001	312,040
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+	683,175	730,014
Habib Bank Limited - a related party	VIS	AAA	A-1+	55,418	57,018
Bank Alfalah Limited	PACRA	AA+	A1+	30,436	7,584
United Bank Limited	VIS	AAA	A-1+	152,493	177,978
Khushhali Microfinance Bank Limited	VIS	A+	A-1	3,083	-
Silk Bank Limited	VIS	A-	A-2	364	364
MCB Islamic Bank Limited	PACRA	A	A1	71	72
MCB Bank Limited	PACRA	AAA	A1+	2,790	2,971
Samba Bank Limited	VIS	AA	A-1	1,050	461
Mobilink Microfinance Bank Limited	PACRA	A	A1	268	112
The First MicroFinance Bank Limited	VIS	A+	A-1	25,000	25,000
				<u>1,102,149</u>	<u>1,313,614</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. 965,152 thousands (2019: 1,086,559 thousands) and Rs. Nil (2019: Rs. 145,624 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 the 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, 2020, the Company's paid-up capital is in excess of the prescribed limit.

42. STATEMENT OF SOLVENCY

	2020	2019
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.....(Rupees in '000).....

Property and equipment	135,471	191,199
Intangible assets	61,991	51,343
Investment properties	645,896	651,142
Investments in associates	911,059	826,582
Investments		
Equity securities	3,731,766	4,865,054
Debt securities	9,747,624	7,337,530
Term deposits	140,467	169,596
Loans and other receivables	303,564	263,607
Insurance / reinsurance receivables	1,074,028	1,304,973
Reinsurance recoveries against outstanding claims	3,231,138	2,948,397
Salvage recoveries accrued	28,750	30,515
Deferred commission expense / acquisition cost	210,288	247,849
Prepayments	1,688,753	1,642,905
Cash and bank	965,862	1,148,951
Total assets of Window Takaful Operations - Operator's Fund	418,313	409,281
Total assets (A)	23,294,970	22,088,924

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

Property and equipment	131,199	186,699
Intangible assets	61,991	51,343
Investments	660,564	745,075
Term deposits	4,500	1,360
Loans and other receivables	67,638	30,184
Insurance / reinsurance receivables	639,621	799,656
Security deposits against bond insurance	1,400,696	1,550,555
Total assets of Window Takaful Operations - Operator's Fund	5,962	7,562
Total of in-admissible assets	2,972,171	3,372,434
Total admissible assets	20,322,799	18,716,490

	2020	2019
	.....(Rupees in '000).....	
Liabilities		
Underwriting provisions		
Outstanding claims including IBNR	4,807,405	4,240,397
Unearned premium reserves	3,465,728	3,556,851
Unearned reinsurance commission	108,839	117,594
Deferred taxation	232,143	296,709
Premium received in advance	288,059	386,996
Insurance / reinsurance payables	1,989,235	1,691,022
Other creditors and accruals	1,025,929	1,032,602
Deposits and other payables	1,424,498	1,582,179
Taxation - provision less payments	173,500	250,595
Total liabilities of Window Takaful Operations - Operator's Fund	232,625	221,918
Total liabilities	13,747,961	13,376,863
Total net admissible assets	6,574,838	5,339,627
Minimum solvency requirement (higher of following)	991,805	1,055,837
- Method A - U/s 36(3)(a)	150,000	
- Method B - U/s 36(3)(b)	991,805	
- Method C - U/s 36(3)(c)	841,171	
Excess in net admissible assets over minimum requirement	5,583,033	4,283,790

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.

2020										
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	3,729,266	-	-	-	-	3,729,266	3,724,188	5,078	-	3,729,266
- Debt securities	9,539,056	-	-	-	-	9,539,056	-	9,539,056	-	9,539,056
Assets of Window Takaful Operations -										
Operator's Fund	54,786	-	-	-	-	54,786	54,786	-	-	54,786
Financial assets not measured at fair value										
Investments										
- Equity securities*	2,500	-	-	-	-	2,500	-	-	-	-
- Debt securities	-	208,568	-	-	-	208,568	-	212,283	-	212,283
- Term deposits*	-	140,467	-	-	-	140,467	-	-	-	-
Loans and other receivables*	-	-	221,021	-	-	221,021	-	-	-	-
Insurance / reinsurance receivables*	-	-	1,074,028	-	-	1,074,028	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	3,231,138	-	-	3,231,138	-	-	-	-
Salvage recoveries accrued*	-	-	28,750	-	-	28,750	-	-	-	-
Cash and bank*	-	-	965,862	-	-	965,862	-	-	-	-
Assets of Window Takaful Operations -										
Operator's Fund*	-	-	293,911	-	-	293,911	-	-	-	-
Financial liabilities not measured at fair value										
Outstanding claims including IBNR*										
Insurance / reinsurance payables*	-	-	-	-	(4,807,405)	(4,807,405)	-	-	-	-
Other creditors and accruals*	-	-	-	-	(1,989,236)	(1,989,236)	-	-	-	-
Deposits and other payables*	-	-	-	-	(738,936)	(738,936)	-	-	-	-
Total liabilities of Window Takaful Operations -	-	-	-	-	(1,402,288)	(1,402,288)	-	-	-	-
Operator's Fund*	-	-	-	-	(45,491)	(45,491)	-	-	-	-
	13,325,607	349,035	5,814,710	-	(8,983,356)	10,505,996	3,778,974	9,756,417	-	13,535,391
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)*										
Insurance / reinsurance payables*	-	-	-	-	(4,240,397)	(4,240,397)	-	-	-	-
Other creditors and accruals*	-	-	-	-	(1,691,022)	(1,691,022)	-	-	-	-
Deposits and other payables*	-	-	-	-	(762,664)	(762,664)	-	-	-	-
Total liabilities of Window Takaful Operations -	-	-	-	-	(1,552,147)	(1,552,147)	-	-	-	-
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

* 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 23, 2021 have proposed a final cash dividend in respect of the year ended December 31, 2020 of Rs. 3.5 per share (35%) [December 31, 2019: Rs. 3 per share (30%)] and bonus shares Nil (December 31, 2019: 10%). In addition, the Board of Directors have also approved the transfer of Rs. 400,000 thousands (December 31, 2019: Rs. 200,000 thousands) to special reserve and Rs. 300,000 thousands (December 31, 2019: Rs. 150,000 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.

	2020	2019
46. NUMBER OF EMPLOYEES	.....(Number).....	
As at December 31	690	742
Average number of employees during the year	716	738

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 23, 2021.

48. GENERAL

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

49. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The World Health Organisation declared COVID-19 a global pandemic in March 2020. Like other parts of the world, Pakistan also went into lockdown which impacted the economies and businesses in different facets globally. After the outbreak of COVID-19, the Company had invoked necessary measures to ensure the safety and health of its staff and an uninterrupted service to its clients. These include implementing mandatory adherence to the recommended standard operating procedures within the Company. The remote work capabilities for critical staff have been assessed to make sure they are fully protected using virtual private network (“VPN”) connections. Further, the Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Company has made an assessment in order to evaluate the impact of COVID-19 pandemic over the business, operations and profitability of the Company as well as a going concern assessment. The management has evaluated that it does not foresee any going concern risk in the Company due to the pandemic and they believe that the Company’s operations, financial position and results will not be impacted significantly as the operations are gradually returning to normal and the market is still showing a positive outlook and upward trend subsequent to the financial year-end. Therefore, it has concluded that there are no material implications of COVID-19 on any balance in the financial statements.

				
R. Zakir Mahmood 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 of OPF and PTF as at December 31, 2020, and the profit and loss account, the statement of comprehensive income, the statement of changes in operator's fund and participants' takaful 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 of OPF and PTF, the profit and loss account, the statement of comprehensive income, the statement of changes in operator's fund and participants' takaful 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, 2020 and of the profit, total comprehensive income, the changes in operator's fund and participants' takaful 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.

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, the 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.

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>

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.

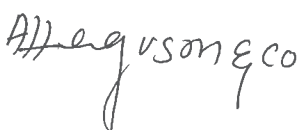
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 operator's fund and participants' takaful 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).

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: March 16, 2021

STATEMENT OF FINANCIAL POSITION OF OPF AND PTF

AS AT DECEMBER 31, 2020

	Note	OPF		PTF	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		(Rupees in '000)			
Assets					
Property and equipment	5	2,645	4,992	-	-
Intangible assets	6	1,154	2,065	-	-
Investments					
Equity securities	7	54,786	71,035	79,320	86,801
Loans and other receivables	8	370	1,173	4,100	3,870
Takaful / re-takaful receivables	9	-	-	224,958	208,768
Salvage recoveries accrued		-	-	4,840	5,500
Deferred taxation	11	2,163	505	-	-
Deferred wakala fee	22	-	-	159,231	152,118
Receivable from PTF	10	83,157	75,488	-	-
Re-takaful recoveries against outstanding claims / benefits		-	-	336,732	14,774
Deferred commission expense	21	62,536	59,116	-	-
Prepayments	12	1,080	1,167	80,104	74,947
Cash and bank	13	210,422	193,740	632,062	457,937
Total assets		418,313	409,281	1,521,347	1,004,715



R. Zakir Mahmood
Chairman



Hassan Khan
Chief Executive

Funds and Liabilities	Note	OPF		PTF	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Funds attributable to:		..... (Rupees in '000)			
Operator's Fund (OPF)					
Statutory fund		100,000	100,000	-	-
Reserves		(5,296)	(1,237)	-	-
Accumulated profit		90,984	88,600	-	-
Balance of Operator's Fund		185,688	187,363	-	-
Participants' Takaful Fund (PTF)					
Seed money		-	-	500	500
Reserves		-	-	(10,108)	(671)
Accumulated surplus		-	-	181,129	128,910
Balance of Participants' Takaful Fund		-	-	171,521	128,739
Liabilities					
PTF underwriting provisions					
Outstanding claims including IBNR	19	-	-	542,576	180,708
Unearned contribution reserves		-	-	482,542	452,799
Reserve for unearned re-takaful rebate	18	-	-	3,167	4,983
		-	-	1,028,285	638,490
Unearned wakala fee	22	159,231	152,118	-	-
Contribution received in advance		-	-	25,920	17,126
Takaful / re-takaful payables	14	-	-	193,992	130,171
Other creditors and accruals	15	45,593	42,348	18,472	14,701
Taxation - provision less payments		27,801	27,452	-	-
Payable to OPF	10	-	-	83,157	75,488
Total liabilities		232,625	221,918	1,349,826	875,976
Total funds and liabilities		418,313	409,281	1,521,347	1,004,715
Contingencies and commitments	16				

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 DECEMBER 31, 2020

		2020	2019
	Note	.....(Rupees in '000).....	
PTF			
Contribution earned		800,389	709,435
Less: Contribution ceded to retakaful		(212,127)	(158,862)
Net contribution revenue	17	588,262	550,573
Re-takaful rebate earned	18	8,405	5,255
Net underwriting income		596,667	555,828
Net claims - reported / settled - IBNR		(616,078) 15,582	(576,949) (21,899)
Other direct expenses	19	(600,496) (890)	(598,848) (2,045)
Deficit before investment income		(4,719)	(45,065)
Investment income	24	32,197	4,445
Other income	25	39,033	43,250
Less: Modarib's share of investment income	26	(14,292)	(9,576)
Surplus / (deficit) transferred to accumulated surplus		52,219	(6,946)
OPF			
Wakala fee	22	371,159	310,533
Commission expense	21	(133,952)	(108,376)
General, administrative and management expenses	23	(153,706)	(100,718)
		83,501	101,439
Modarib's share of PTF investment income	26	14,292	9,576
Investment income	24	16,164	305
Direct expenses	27	(1,976)	(1,423)
Other income	25	16,165	14,892
Profit before taxation		128,146	124,789
Taxation		(37,162)	(36,189)
Profit after taxation		90,984	88,600

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



R. Zakir Mahmood
Chairman



Hassan Khan
Chief Executive



Amyn Currimbhoy
Director



Akbarali Pesnani
Director



Nawaid Jamal
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	.....(Rupees in '000).....	
PTF		
Surplus / (deficit) during the year	52,219	(6,946)
Other comprehensive income / (loss) for the year:		
<i>Items that may be reclassified to the profit and loss account in subsequent years</i>		
Net unrealised (loss) / gain arising during the year on revaluation of available-for-sale investments	(8,278)	934
Reclassification adjustment for net (gain) / loss on available for sale investments included in the profit and loss account	(1,159)	185
Other comprehensive (loss) / income for the year	(9,437)	1,119
Total comprehensive income / (loss) for the year	42,782	(5,827)
OPF		
Profit after tax	90,984	88,600
Other comprehensive income:		
<i>Item that may be reclassified to the profit and loss account in subsequent years</i>		
Net unrealised (loss) / gain arising during the year on revaluation of available-for-sale investments - net of tax	(3,287)	2,312
Reclassification adjustment for net (gain) / loss on available for sale investments included in the profit and loss account - net of tax	(772)	34
Other comprehensive (loss) / income for the year	(4,059)	2,346
Total comprehensive income for the year	86,925	90,946

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



R. Zakir Mahmood
Chairman



Hassan Khan
Chief Executive



Aryn Currimbhoy
Director



Akbarali Pesnani
Director



Nawaid Jamal
Chief Financial Officer

STATEMENT OF CHANGES IN OPERATOR'S FUND AND PARTICIPANTS' TAKAFUL FUND

AS AT DECEMBER 31, 2020

	Attributable to Operator's Fund			Total
	Statutory Fund	Available for sale investment revaluation reserve	Unappropriated profit	
	.....(Rupees in '000).....			
Balance as at January 01, 2019	100,000	(3,583)	58,512	154,929
Profit after tax for the year	-	-	88,600	88,600
Transfer of profit to the Company	-	-	(58,512)	(58,512)
Other comprehensive income for the year	-	2,346	-	2,346
Balance as at December 31, 2019	100,000	(1,237)	88,600	187,363
Profit after tax for the year	-	-	90,984	90,984
Transfer of profit to the Company	-	-	(88,600)	(88,600)
Other comprehensive loss for the year	-	(4,059)	-	(4,059)
Balance as at December 31, 2020	100,000	(5,296)	90,984	185,688

	Attributable to participants of the PTF			Total
	Seed money	Available for sale investment revaluation reserve	Accumulated Surplus	
	.....(Rupees in '000).....			
Balance as at January 01, 2019	500	(1,790)	135,856	134,566
Deficit for the year	-	-	(6,946)	(6,946)
Other comprehensive income for the year	-	1,119	-	1,119
Balance as at December 31, 2019	500	(671)	128,910	128,739
Surplus for the year	-	-	52,219	52,219
Other comprehensive loss for the year	-	(9,437)	-	(9,437)
Balance as at December 31, 2020	500	(10,108)	181,129	171,521

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



R. Zakir Mahmood
Chairman



Hassan Khan
Chief Executive



Amyn Currimbhoy
Director



Akbarali Pesnani
Director



Nawaid Jamal
Chief Financial Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	OPF		PTF	
	2020	2019	2020	2019
Operating cash flows	Note (Rupees in '000)			
(a) Takaful activities				
Contribution received	-	-	1,171,066	1,052,114
Re-takaful contribution paid	-	-	(154,086)	(132,183)
Claims / benefits paid	-	-	(645,025)	(651,933)
Re-takaful and other recoveries received	-	-	108,551	59,745
Commission paid	(133,560)	(118,913)	-	-
Commission received	-	-	6,589	8,841
Wakala fee received	369,812	338,877	-	-
Wakala fee paid	-	-	(369,812)	(338,877)
Mudarib share received	15,083	8,073	-	-
Mudarib share paid	-	-	(15,083)	(8,073)
Net cash generated from / (used in) takaful activities	251,335	228,037	102,200	(10,366)
(b) Other operating activities				
Income tax paid	(624)	(5,322)	-	-
General and other expenses paid	(153,411)	(100,281)	(172)	(6,358)
Other operating payments	(36,251)	(25,244)	(132,418)	(123,026)
Other operating receipts	1,608	913	135,132	131,283
Net cash (used in) / generated from other operating activities	(188,678)	(129,934)	2,542	1,899
Total cash generated from / (used in) all operating activities	62,657	98,103	104,742	(8,467)
Investment activities				
Profit / return received	16,055	15,003	39,350	44,479
Dividend received	4,108	4,563	5,599	4,272
Payment for investments	(39,966)	(44,600)	(98,033)	(95,432)
Proceeds from investments	62,428	8,980	122,467	22,573
Total cash generated from / (used in) investing activities	42,625	(16,054)	69,383	(24,108)
Financing activities - profit paid to the Operator	(88,600)	(58,512)	-	-
Net cash generated from / (used in) all activities	16,682	23,537	174,125	(32,575)
Cash and cash equivalents at the beginning of year	193,740	170,203	457,937	490,512
Cash and cash equivalents at the end of year	210,422	193,740	632,062	457,937
Reconciliation to profit and loss account				
Operating cash flows	62,657	98,103	104,742	(8,467)
Depreciation expense	(2,347)	(2,403)	-	-
Amortisation	(911)	(987)	-	-
Profit / return received	16,055	15,003	39,350	44,479
Net realised gain on sale of investments	15,113	884	26,388	1,985
Dividend income	4,248	4,163	5,829	4,272
Impairment in value of available-for-sale securities	(3,182)	(4,717)	-	(1,782)
Increase in assets other than cash	10,059	33,264	342,648	109,277
Increase in liabilities other than borrowings	(10,708)	(54,710)	(466,738)	(156,710)
Net profit / surplus / (deficit) for the year	90,984	88,600	52,219	(6,946)

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



R. Zakir Mahmood
Chairman



Hassan Khan
Chief Executive



Amyn Currimbhoy
Director



Akbarali Pesnani
Director



Nawaid Jamal
Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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 the 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 (the SECP) under Takaful Rules, 2012 to carry on general takaful operations in Pakistan.

The Operator transferred a 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 issued by the SECP. 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 seed money of Rs. 500 thousands. The seed 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 Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

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, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019 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 (PTF) in a manner that the assets, liabilities, income and expenses of the Operator 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 presentational 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 During 2019, the SECP vide its S.R.O. 1416 (I) / 2019 dated November 20, 2019 has issued the General Takaful Accounting Regulations, 2019 (the Regulations). These Regulations prescribe the format for the regulatory returns and published financial statements of the Window Takaful Operations applicable from January 1, 2020. The impact of these Regulations has been detailed in note 3.1 to these financial statements.

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, 2020 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 the 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, 2021:

Standards, amendments or interpretations	Effective date (period beginning on or after)
- IFRS 16 - 'Leases' (amendments)	June 1, 2020
- IAS 16 - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2023
- IFRS 9 - 'Financial Instruments'	January 1, 2023*

* 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. Further details relating to temporary exemption from the application of IFRS 9 are given in notes 2.5.1 and 2.5.1.1 to these financial statements.

The management is in the process of assessing the impacts of these standards and amendments on the financial statements of the Operator.

2.5.1 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 2.5.1.1 below.

2.5.1.1 Fair value of financial assets as at December 31, 2020 and changes in the fair values during year ended December 31, 2020

	As at December 31, 2020
Financial assets that do not meet the SPPI criteria	(Rupees in '000)
Operator's Fund	
<i>Equity Securities - Available for sale (note 7)</i>	
Opening fair value	71,035
Disposals during the year - net	(7,350)
Impairment during the year	(3,182)
Increase in fair value	(5,717)
Closing fair value	<u>54,786</u>
Participants' Takaful Fund	
<i>Equity Securities - Available for sale (note 7)</i>	
Opening fair value	86,801
Net additions during the year - net	1,956
Decrease in fair value	(9,437)
Closing fair value	<u>79,320</u>

2.5.2 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, 2021 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 except for the change disclosed in note 3.1 below:

- 3.1** During 2019, the Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 1416 (I) / 2019 dated November 20, 2019 has issued the General Takaful Accounting Regulations, 2019. The Regulations prescribe the format for the regulatory returns and the published financial statements of the Operator applicable from January 1, 2020. The Operator has prepared the financial statements for the current year based on the above mentioned Regulations. The comparative information has also been presented in line with the above mentioned Regulations. Further, the management has carried out a detailed exercise for determination of expenses that relate to Window Takaful Operations. Based on this exercise, the management has revised the basis of expense allocation during the current year and the revised basis will also be followed consistently in future years.

The changes in the statement of financial position, profit and loss account, statement of changes in funds and notes to the financial statements due to application of General Takaful Accounting Regulations, 2019 are given below:

1. Statement of financial position

- (a) "Wakala and modarib fee receivable" has been merged and presented as "receivable from PTF"
- (b) "Wakala and modarib fee payable" have been renamed as "payable to OPF"

2. Profit and loss account

- (a) Profit and loss account - PTF
"Other income" and "other expenses" have been merged into "other income".

- 3. "Statement of changes in funds" has been renamed to "statement of changes in operator's fund" and "participants' takaful fund"

4. Statement of cash flows

Modarib share received / paid has been classified under operating cash flows from takaful activities.

5. Notes to the financial statements

Notes 10 (receivable / payable) and 25 (other income) have been added.

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 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.

3.3 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 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

These are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over its estimated useful life as specified in note 6 to these financial statements after taking into account residual values, if significant. 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. The useful lives and amortisation method are reviewed and adjusted, if appropriate, at each reporting date.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss account when the asset is derecognised.

3.4 Takaful contracts

The takaful contracts are based on the principles of Wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

Contracts under which 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 the 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 mainly includes 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.

The contribution recognition policy, recording mechanism for liabilities against the above contracts and claims recognition have been disclosed in their respective notes to these financial statements.

3.5 Deferred commission expense

Commission expense incurred in obtaining and recording takaful policies are deferred and recognised as an asset. These costs are charged to the profit and loss account based on the pattern of recognition of contribution revenue.

3.6 Reserve for unearned contribution

Reserve 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.

3.7 Contribution deficiency reserve

The Operator 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.

3.8 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 rights 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.

3.9 Amount due to / from takaful contract holders

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.

3.10 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, the Insurance Accounting Regulations, 2017 and General Takaful Accounting Regulations, 2019. 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 3.4.

Assets and liabilities are allocated to particular segments on the basis of contribution earned. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Further, the management expenses were allocated to each segment on the basis disclosed in note 3.21.

3.11 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.

3.12 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 the 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 3.6).

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 a 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.

3.13 Investments

3.13.1 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.

3.13.2 Measurement

3.13.2.1 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.

3.13.2.2 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.

3.13.2.3 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.

3.13.3 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.

3.13.4 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.

3.14 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.

3.15 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.

3.16 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.

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 (IBNR) 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, 2020 has been carried out by an independent firm of actuaries for determination of IBNR for each class of business.

3.17 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Operator's profit and loss account, 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.

3.18 Defined contribution plan

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

3.19 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.

3.20 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 Management expenses

Management expenses are allocated to various classes of business and Window Takaful Operations as deemed equitable by the management. During the year, the management has carried out a detailed exercise for allocation of management expenses between the Company and Window Takaful Operations and its allocation amongst the various classes of business. The revised basis will be followed consistently in future periods.

3.22 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.

3.23 Provision for unearned wakala fee

The Operator manages the general takaful operations for the participants and charges wakala fee to PTF on gross contributions 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	33.5
Marine, aviation and transport	35
Motor	29
Motor Ijara	40
Health	25
Health Bancatakaful*	72
Miscellaneous	27.5

* 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.

3.24 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.

3.25 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 3.6 and 17);
- b) provision for receivables and payables related to takaful contracts (notes 3.9 and 9);
- c) provision for outstanding claims including IBNR (notes 3.16 and 19);
- d) contribution deficiency reserve (note 3.7);
- e) provision for unearned wakala fee (notes 3.23 and 22);
- f) classification and impairment of investments (notes 3.13, 3.20 and 7);
- g) residual values and useful lives of property and equipment and intangible assets (notes 3.2, 3.3, 5 and 6);
- h) allocation of management expenses (notes 3.21 and 23); and
- i) taxation (notes 3.17, 11 and 28).

2020	2019
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Note(Rupees in '000).....

5. PROPERTY AND EQUIPMENT - OPF

Operating assets	5.1	2,645	4,992
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5.1 Operating assets

	2020									
	Cost				Depreciation				Written down value as at December 31, 2020	Depreciation rate %
	As at January 01, 2020	Addition / (disposals)	Adjustment	As at December 31, 2020	As at January 01, 2020	For the year / (disposals)	Adjustment	As at December 31, 2020		
	..... (Rupees in '000)									
Furniture and fixtures	9,208	-	-	9,208	6,324	1,381	-	7,705	1,503	17%
Office equipment	6,111	-	-	6,111	4,178	917	-	5,095	1,016	17% - 25%
Computer equipment	816	-	-	816	641	49	-	690	126	25%
	16,135	-	-	16,135	11,143	2,347	-	13,490	2,645	

	2019									
	Cost				Depreciation				Written down value as at December 31, 2019	Depreciation rate %
	As at January 01, 2019	Addition / (disposals)	Adjustment	As at December 31, 2019	As at January 01, 2019	For the year / (disposals)	Adjustment	As at December 31, 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	

6. INTANGIBLE ASSETS - OPF

	2020									
	Cost				Amortisation				Written down value as at December 31, 2020	Amortisation period
	As at January 01, 2020	Additions	Disposals / adjustment	As at December 31, 2020	As at January 01, 2020	Charge for the year	Disposals / adjustment	As at December 31, 2020		
	..... (Rupees in '000)									
Computer software	4,933	-	-	4,933	2,868	911	-	3,779	1,154	5 years

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

6.1 Cost and accumulated amortisation in respect of a fully amortised intangible asset still in use at the end of the year amounted to Rs 644 thousands (2019: Nil).

7. INVESTMENT IN EQUITY SECURITIES - AVAILABLE-FOR-SALE

	Note	2020			2019		
		Cost	Impairment	Carrying value	Cost	Impairment	Carrying value
(Rupees in '000)							
OPF							
Others							
Listed shares	7.1	62,245	3,182	54,786	72,777	4,717	71,035
PTF							
Others							
Listed shares	7.2	89,428	-	79,320	87,474	1,782	86,801

7.1 Available-for-sale securities - OPF

2020	2019	Face value per share (Rupees)	Name of Investee Company	2020		2019	
				Cost	Carrying value	Cost	Carrying value
(Rupees in '000)							
Ordinary Shares							
TEXTILE COMPOSITE							
60,000	35,000	10	Nishat Mills Limited	7,047	6,106	4,798	3,715
CEMENT							
-	50,000	10	Fauji Cement Company Limited	-	-	1,251	778
-	75,000	10	Pioneer Cement Limited	-	-	1,435	2,287
-	55,000	10	Maple Leaf Cement Factory Limited	-	-	807	1,273
-	22,500	10	Lucky Cement Limited	-	-	10,052	9,639
PHARMACEUTICALS							
-	15,000	10	The Searle Company Limited	-	-	2,687	2,831
REFINERY							
4,000	4,000	10	National Refinery Limited	454	1,399	454	564
POWER GENERATION & DISTRIBUTION							
-	46,000	10	Hub Power Company Limited	-	-	3,255	4,294
OIL & GAS MARKETING COMPANIES							
60,000	60,000	10	Sui Northern Gas Pipelines Limited	2,665	2,665	5,848	4,570
OIL & GAS EXPLORATION COMPANIES							
70,000	30,000	10	Oil & Gas Development Company Limited	9,114	7,264	4,335	4,270
29,000	19,000	10	Pakistan Oilfields Limited	12,470	11,467	8,674	8,488
70,000	50,000	10	Pakistan Petroleum Limited	8,876	6,323	6,951	6,857
1,500	-	10	Mari Petroleum Company Limited	1,840	2,010	-	-
				32,300	27,064	19,960	19,615
ENGINEERING							
-	60,500	10	Mughal Iron & Steel Industries Limited	-	-	3,457	2,479
-	40,100	10	Amreli Steels Limited	-	-	875	1,448
				-	-	4,332	3,927
FERTILIZER							
15,000	10,000	10	Engro Corporation Limited	4,448	4,610	2,915	3,453
115,000	100,000	10	Engro Fertilizer Limited	7,737	7,272	6,799	7,343
				12,185	11,882	9,714	10,796
TECHNOLOGY & COMMUNICATION							
575,000	575,000	10	Pakistan Telecommunication Company Limited	6,933	5,233	6,933	5,382
FOOD & PERSONAL CARE PRODUCTS							
28,140	20,000	10	Al Shaheer Corporation Limited	661	437	580	283
CABLE & ELECTRICAL GOODS							
-	40,000	10	Pak Elektron Limited	-	-	671	1,081
				62,245	54,786	72,777	71,035

7.2 Available-for-sale securities - PTF

2020	2019	Face value per share (Rupees)	Name of Investee Company	2020		2019	
				Cost	Carrying value	Cost	Carrying value
(Rupees in '000)							
130,000	65,000	10	TEXTILE COMPOSITE Nishat Mills Limited	14,642	13,230	8,446	6,899
-	30,000	10	CEMENT D.G. Khan Cement Company Limited	-	-	2,582	2,228
-	35,000	10	Lucky Cement Limited	-	-	14,402	14,994
-	90,000	10	Maple Leaf Cement Factory Limited	-	-	2,083	2,083
-	90,000	10	Pioneer Cement Limited	-	-	2,867	2,744
-	-	-	-	-	-	21,934	22,049
-	46,000	10	POWER GENERATION & DISTRIBUTION Hub Power Company Limited	-	-	3,654	4,294
525,000	525,000	10	TECHNOLOGY & COMMUNICATION Pakistan Telecommunication Company Limited	6,281	4,778	6,281	4,914
-	20,000	10	PHARMACEUTICALS The Searle Company Limited	-	-	3,581	3,775
50,000	15,000	10	FERTILIZER Engro Corporation Limited	15,118	15,368	4,282	5,179
100,000	30,000	10	Engro Fertilizer Limited	6,659	6,323	2,209	2,203
-	-	-	-	21,777	21,691	6,491	7,382
52,210	30,000	10	FOOD & PERSONAL CARE PRODUCTS Al Shaheer Corporation Limited	1,017	811	763	424
-	15,000	10	OIL & GAS MARKETING COMPANIES Sui Northern Gas Pipelines Limited	-	-	924	1,143
115,000	75,000	10	OIL AND GAS EXPLORATION COMPANIES Oil & Gas Development Company Limited	15,341	11,934	10,713	10,674
35,000	20,000	10	Pakistan Oilfields Limited	14,420	13,839	8,689	8,934
85,000	90,000	10	Pakistan Petroleum Limited	11,066	7,678	12,736	12,343
4,000	2,000	10	Mari Petroleum Company Limited	4,884	5,359	2,420	2,620
-	-	-	-	45,711	38,810	34,558	34,571
-	50,000	10	CABLE & ELECTRICAL GOODS Pak Elektron Limited	-	-	842	1,350
				89,428	79,320	87,474	86,801

8. LOANS AND OTHER RECEIVABLES

	OPF		PTF	
	2020	2019	2020	2019
(Rupees in '000)				
Accrued investment income	140	-	843	697
Advance to suppliers	-	506	-	-
Sales tax recoverable	38	100	2,559	1,926
Medical claims recoverable	-	-	181	727
Other receivables	192	567	517	520
	370	1,173	4,100	3,870

		2020	2019
	Note	.....(Rupees in '000).....	
9.	TAKAFUL / RE-TAKAFUL RECEIVABLES - PTF		
	Due from takaful contract holders	187,172	147,530
	Due from other takaful / re-takaful operators	37,786	61,238
		224,958	208,768

9.1 This includes Rs. Nil (2019 : Rs. 2 thousands) receivable from a related party.

9.2 This includes Rs. 676 thousands (2019 : Rs. 740 thousands) receivable from a related party.

10. RECEIVABLE / PAYABLE (Current account between OPF and PTF)

	OPF		PTF	
	2020	2019	2020	2019
	..... (Rupees in '000)			
Wakala fee	80,891	72,431	(80,891)	(72,431)
Modarib fee	2,266	3,057	(2,266)	(3,057)
	83,157	75,488	(83,157)	(75,488)

11. DEFERRED TAXATION

Deferred debits arising in respect of revaluation of available-for-sale equity investments

OPF	
2020	2019
..... (Rupees in '000)	
2,163	505

12. PREPAYMENTS

Note

	OPF		PTF	
	2020	2019	2020	2019
	..... (Rupees in '000)			
Prepaid re-takaful contribution ceded	-	-	80,104	74,947
Prepaid miscellaneous expenses	1,080	1,167	-	-
	1,080	1,167	80,104	74,947

13. CASH AND BANK

Cash and cash equivalent

Policy, revenue stamps and bond papers

Cash at bank

Current accounts

Savings accounts

	3	5	957	188
Current accounts	-	-	23,266	7,000
Savings accounts	210,419	193,735	607,839	450,749
	13.1			
	210,419	193,735	631,105	457,749
	13.2 & 13.3			
	210,422	193,740	632,062	457,937

13.1 Savings accounts carry profit rates ranging from 3.60% to 6.50% (2019: 5.61% to 11.50%) per annum.

13.2 Cash at bank of OPF include Rs. 118,605 thousands (2019: Rs. 131,573 thousands) held with a related party. Savings accounts with related party carry profit rate of 6.10% (2019: 11%) per annum.

13.3 Cash at bank of PTF includes Rs. 113,993 thousands (2019: Rs. 158,648 thousands) held with a related party. Savings accounts with related party carry profit rate of 6.10% (2019: 11%) per annum.

PTF	
2020	2019

..... (Rupees in '000)

14. TAKAFUL / RE-TAKAFUL PAYABLES

Due to takaful participants / re-takaful payable	193,992	130,171
--	---------	---------

15. OTHER CREDITORS AND ACCRUALS

	OPF		PTF	
	2020	2019	2020	2019

..... (Rupees in '000)

Agents commission payable	43,690	39,878	-	-
Federal excise duty / sales tax	-	-	7,396	8,147
Federal insurance fee	-	-	739	718
Accrued expenses	1,309	2,281	3,073	2,137
Other tax payables	102	-	1,210	815
Miscellaneous	492	189	6,054	2,884
	<u>45,593</u>	<u>42,348</u>	<u>18,472</u>	<u>14,701</u>

16. CONTINGENCIES AND COMMITMENTS**16.1 Contingencies**

16.1.1 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. During the year, the Punjab Revenue Authority (PRA) vide notification No. SO(TAX)1-110/2020 (COVID-19) dated April 2, 2020 has revised the rate of sales tax on health insurance to zero percent for the period from April 2, 2020 till June 30, 2020. The Operator has not yet billed its customers for health insurance services provided in the province of Punjab for the provincial sales tax for the periods from November 1, 2018 to April 1, 2020 and from July 1, 2020 till December 31, 2020. This matter is already taken up by the insurance industry with the Punjab Revenue Authority in the context of exemption available from the applicability of the sales tax on health insurance in other provinces and in federal territory as well. The management believes that the amount not yet billed aggregating to Rs. 3.776 million (2019: Rs. 1.424 million) by the Operator would be recoverable from the customers accordingly in case of any adverse outcome of the aforementioned negotiations.

16.1.2 There were no contingencies and commitments outstanding as at December 31, 2020 and December 31, 2019 other than those disclosed above.

17. NET CONTRIBUTION REVENUE

	PTF	
	2020	2019

..... (Rupees in '000)

Written gross contribution	1,201,291	1,101,336
Less: Wakala fee	378,272	348,652
Contribution net of Wakala Fee	823,019	752,684
Add: Unearned contribution reserve - opening	300,681	257,432
Less: Unearned contribution reserve - closing	323,311	300,681
Contribution earned	800,389	709,435
Less:		
Re-takaful contribution ceded	217,284	183,708
Add: Prepaid re-takaful contribution - opening	74,947	50,101
Less: Prepaid re-takaful contribution - closing	80,104	74,947
Re-takaful expense	212,127	158,862
Net contribution	<u>588,262</u>	<u>550,573</u>

		PTF	
		2020	2019
18.	RE-TAKAFUL REBATE EARNED	..... (Rupees in '000)	
	Retakaful rebate / commission received	6,589	8,841
	Add: Unearned retakaful rebate / commission - opening	4,983	1,397
	Less: Unearned retakaful rebate / commission - closing	3,167	4,983
		<u>8,405</u>	<u>5,255</u>
19.	NET CLAIMS		
	Benefits / claims paid	645,025	651,933
	Add: Outstanding benefits / claims including IBNR - closing	542,576	180,708
	Less: Outstanding benefits / claims including IBNR - opening	180,708	114,527
	Claims expense	1,006,893	718,114
	Less:		
	Re-takaful and other recoveries received	85,099	115,306
	Add: Re-takaful and other recoveries in respect of outstanding claims - closing	341,572	20,274
	Less: Re-takaful and other recoveries in respect of outstanding claims - opening	20,274	16,314
	Re-takaful and other recoveries revenue	406,397	119,266
	Net claims expense	<u>600,496</u>	<u>598,848</u>

20. BENEFIT / 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	2020
..... (Rupees in '000)					
Gross estimate of ultimate claims cost:					
- At end of accident year	127,598	281,984	387,629	618,559	1,055,627
- One year later	137,541	287,063	468,314	617,622	-
- Two years later	136,750	284,153	466,081	-	-
- Three years later	136,603	283,985	-	-	-
- Four years later	136,603	-	-	-	-
Current estimate of cumulative claims	<u>136,603</u>	<u>283,985</u>	<u>466,081</u>	<u>617,622</u>	<u>1,055,627</u>
Cumulative payments to date	(136,603)	(280,859)	(460,724)	(597,804)	(541,352)
Liability recognised in the statement of financial position	<u>-</u>	<u>3,126</u>	<u>5,357</u>	<u>19,818</u>	<u>514,275</u>

20.1 The provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2020 amounted to Rs 29,814 thousands (2019: Rs 45,396 thousands).

		OPF	
		2020	2019
21.	COMMISSION EXPENSE	..... (Rupees in '000)	
	Commission paid or payable	137,372	130,105
	Add: Deferred commission expense - opening	59,116	37,387
	Less: Deferred commission expense - closing	62,536	59,116
		<u>133,952</u>	<u>108,376</u>

		OPF	
		2020	2019
22.	WAKALA FEE INCOME	..... (Rupees in '000)	
	Gross Wakala fee	378,272	348,652
	Add: Unearned Wakala fee - opening	152,118	113,999
	Less: Unearned Wakala fee - closing	159,231	152,118
		<u>371,159</u>	<u>310,533</u>

22.1 Wakala fee has been charged by OPF to PTF for managing the general takaful operations. Rates of Wakala fee for each class of business has been disclosed in note 3.23 to these financial statements.

		OPF		
		2020	2019	
23.	GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES	..... (Rupees in '000)		
	Note	..... (Rupees in '000)		
	Employee benefit cost	23.1	113,455	70,216
	Travelling expenses		354	244
	Advertisement and sales promotion		2,276	9,307
	Printing and stationery		10,711	5,982
	Depreciation	23.2	6,233	2,403
	Amortisation	23.3	2,113	987
	Rent, rates and taxes	23.4	3,707	2,143
	Legal and professional charges - business related		1,742	-
	Electricity, gas and water		1,699	1,257
	Entertainment		837	237
	Office repairs and maintenance		565	189
	Bank charges		179	57
	Postage, telegrams and telephone		1,343	545
	Shariah Advisor's fee		2,732	2,480
	Annual supervision fee to the SECP		2,894	1,285
	Miscellaneous		2,866	3,386
		23.4 & 23.5	<u>153,706</u>	<u>100,718</u>

23.1 Employee benefit cost

	Salaries, allowance and other benefits	23.1.1	110,195	67,165
	Charges for post employment benefit	23.1.2	3,260	3,051
			<u>113,455</u>	<u>70,216</u>

23.1.1 This includes Rs. 13,151 thousands (2019: Rs. 13,168 thousands) in respect of remuneration of key management personnel and allocation of personnel expenses amounting to Rs. 69,918 thousands (2019: Rs. 27,876 thousands) by the Operator.

23.1.2 This represents Rs. 1,235 thousands (2019: Rs. 1,078 thousands) being contribution for employee provident fund and allocation of Rs. 2,025 thousands (2019: Rs. 1,973 thousands) by the Operator in respect of defined benefit plan - employee gratuity.

23.2 Depreciation

		OPF		
		2020	2019	
	Note	..... (Rupees in '000)		
	Depreciation charged during the year	5	2,347	2,403
	Add: depreciation allocated by the Company		3,886	-
			<u>6,233</u>	<u>2,403</u>

23.3 Amortisation

	Amortisation charged during the year	6	911	987
	Add: amortisation allocated by the Company		1,202	-
			<u>2,113</u>	<u>987</u>

- 23.4** This includes rent amounting to Rs. 2,358 thousands (2019: Rs. 2,143 thousands) paid to the Operator.
- 23.5** This includes costs amounting to Rs. 93,929 thousands (2019: Rs. 29,849 thousands) with respect to the allocation of expenses to the Operations by the Company in accordance with the exercise carried out by the management.

24. INVESTMENT INCOME	OPF		PTF	
	2020	2019	2020	2019
Note	..... (Rupees in '000)			
Income from equity securities				
Available-for-sale				
Dividend income	4,248	4,163	5,829	4,272
Net realised gains / (losses) on investments				
Available-for-sale				
Realised gain on sale of equity securities	15,307	884	27,553	1,985
Realised loss on sale of equity securities	(194)	-	(1,165)	-
	15,113	884	26,388	1,985
Total investment income	19,361	5,047	32,217	6,257
less: Impairment in value of available-for-sale equity securities	(3,182)	(4,717)	-	(1,782)
less: Investment related expenses	(15)	(25)	(20)	(30)
	16,164	305	32,197	4,445

25. OTHER INCOME

Return on bank balances	25.1 & 25.2	16,055	14,805	39,266	43,435
Miscellaneous		110	87	(233)	(185)
		16,165	14,892	39,033	43,250

- 25.1** This includes Rs. 10,267 thousands (2019: Rs. 11,299 thousands) profit on bank balances - OPF held with a related party.
- 25.2** This includes Rs. 9,960 thousands (2019: Rs. 10,215 thousands) profit on bank balances - PTF held with a related party.

26. MODARIB'S FEE

The Operator manages the participants' investments as a Modarib and charges 20% Modarib's share of the investment income earned by PTF.

27. DIRECT EXPENSES

27. DIRECT EXPENSES	OPF		
	2020	2019	
Note	..... (Rupees in '000)		
Auditors' remuneration (other than shariah audit)	27.1	1,304	828
Shariah audit fee		550	500
Subscription		-	19
Non-shariah compliant income		122	76
		1,976	1,423
27.1 Auditors' remuneration			
Audit fee		1,020	700
Out-of-pocket expenses		284	128
		1,304	828

28. TAXATION

The current tax charge for the year is Rs. 37,162 thousands at the tax rate of 29 percent (2019: Rs. 36,189 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. COMPENSATION OF HEAD OF WINDOW TAKAFUL OPERATIONS AND EXECUTIVES

	Head of Window Takaful Operations		Executives	
	2020	2019	2020	2019
	..... (Rupees in '000)			
Managerial remuneration	9,810	9,617	3,406	2,357
Leave encashment	425	-	57	43
Bonus	1,202	1,400	380	155
Contribution to defined contribution plan	527	517	180	127
Medical	57	82	79	69
Conveyance	1,049	1,049	1,246	1,256
Others	81	503	60	54
	<u>13,151</u>	<u>13,168</u>	<u>5,408</u>	<u>4,061</u>
Number of persons	<u>1</u>	<u>1</u>	<u>3</u>	<u>2</u>

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:

		2020	2019
		..... (Rupees in '000)	
Associated companies / undertakings	Note		
Contribution due but unpaid		-	2
Takaful contribution received / adjusted during the year		17	340
Rent	30.1	3,707	2,143
Reimbursement of expenses	30.2	94,417	34,125
Sale proceeds against salvage vehicle sold	30.3	-	1,150
Others			
Contributions to staff retirement plans		3,260	3,051

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 an allocation of management expenses including personnel expenses from the Company to the Operations.

30.3 This represents a salvage vehicle sold to the Operator having carrying value of Rs Nil (2019: Rs 1,150 thousands).

31. SEGMENT INFORMATION

Segment information is prepared in accordance with the requirements of the Insurance Ordinance, 2000 and the General Takaful Accounting Regulations, 2019 for class wise revenues, results, assets and liabilities:

	2020 - PTF					
	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 , Federal Takaful Fee and Administrative surcharge)	218,093	114,054	586,255	339,078	81,481	1,338,961
Less: Federal excise duty	26,308	12,124	70,608	-	9,364	118,404
Federal takaful fee	1,899	956	5,082	3,355	711	12,003
Others	256	5,278	1,503	189	37	7,263
Gross written contribution (inclusive of administrative surcharge)	189,630	95,696	509,062	335,534	71,369	1,201,291
Gross direct contribution	187,898	92,689	494,686	335,534	70,753	1,181,560
Administrative surcharge	1,732	3,007	14,376	-	616	19,731
	189,630	95,696	509,062	335,534	71,369	1,201,291
Takaful contribution earned	126,548	61,359	355,697	209,642	47,143	800,389
Takaful contribution ceded to re-takaful	(125,001)	(34,659)	(25,098)	-	(27,369)	(212,127)
Net takaful contribution	1,547	26,700	330,599	209,642	19,774	588,262
Re-takaful rebate	6,887	229	72	-	1,217	8,405
Net underwriting income	8,434	26,929	330,671	209,642	20,991	596,667
Takaful claims	(483,137)	(47,845)	(239,335)	(203,719)	(32,857)	(1,006,893)
Takaful claims recovered from re-takaful	399,730	1,993	3,156	-	1,518	406,397
Net claims	(83,407)	(45,852)	(236,179)	(203,719)	(31,339)	(600,496)
Other direct expenses	-	-	(890)	-	-	(890)
(Deficit) / surplus before investment income	(74,973)	(18,923)	93,602	5,923	(10,348)	(4,719)
Net investment income						32,197
Other income						39,033
Modarib share of investment income						(14,292)
Deficit transferred to balance of PTF						52,219
Corporate segment assets	437,779	28,740	192,173	102,482	44,872	806,046
Corporate unallocated assets						715,301
Total assets	437,779	28,740	192,173	102,482	44,872	1,521,347
Corporate segment liabilities	513,159	73,707	436,415	242,170	84,375	1,349,826
Corporate unallocated liabilities						-
Total liabilities	513,159	73,707	436,415	242,170	84,375	1,349,826

	2020 - OPF					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	(Rupees in '000)					
Wakala fee	63,775	33,042	153,300	103,175	17,867	371,159
Commission expense	(28,635)	(15,029)	(48,302)	(38,110)	(3,876)	(133,952)
Management expenses	(19,461)	(15,297)	(74,349)	(34,447)	(10,152)	(153,706)
	15,679	2,716	30,649	30,618	3,839	83,501
Mudarib share of PTF investment income						14,292
Investment income						16,164
Direct expenses						(1,976)
Other income						16,165
Profit before tax						128,146
Taxation						(37,162)
Profit after tax						90,984
Corporate segment assets	28,978	9,680	58,614	42,158	6,263	145,693
Corporate unallocated assets						272,620
Total assets	28,978	9,680	58,614	42,158	6,263	418,313
Corporate segment liabilities	38,707	8,399	89,994	56,053	11,671	204,824
Corporate unallocated liabilities						27,801
Total liabilities	38,707	8,399	89,994	56,053	11,671	232,625

2019 - PTF						
	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 , Federal Takaful Fee and Administrative surcharge)	204,604	95,322	578,235	275,627	78,757	1,232,545
Less: Federal excise duty	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
Gross written contribution (inclusive of administrative surcharge)	178,016	80,921	500,790	272,733	68,876	1,101,336
Gross direct contribution	176,108	78,202	485,536	272,733	68,285	1,080,864
Administrative surcharge	1,908	2,719	15,254	-	591	20,472
	178,016	80,921	500,790	272,733	68,876	1,101,336
Takaful contribution earned	94,038	50,444	346,821	171,267	46,865	709,435
Takaful contribution ceded to re-takaful	(79,971)	(27,755)	(21,006)	-	(30,130)	(158,862)
Net takaful contribution	14,067	22,689	325,815	171,267	16,735	550,573
Re-takaful rebate	2,644	251	21	-	2,339	5,255
Net underwriting income	16,711	22,940	325,836	171,267	19,074	555,828
Takaful claims	(172,483)	(62,904)	(219,240)	(246,751)	(16,736)	(718,114)
Takaful claims recovered from re-takaful	111,935	2,794	2,188	-	2,349	119,266
Net claims	(60,548)	(60,110)	(217,052)	(246,751)	(14,387)	(598,848)
Other direct expenses	-	-	(2,045)	-	-	(2,045)
(Deficit) / surplus before investment income	(43,837)	(37,170)	106,739	(75,484)	4,687	(45,065)
Net investment income						4,445
Other income						43,250
Modarib share of investment income						(9,576)
Surplus / (Deficit) transferred to Balance of PTF						(6,946)
Corporate segment assets	112,372	24,588	192,838	89,752	37,284	456,834
Corporate unallocated assets						547,881
Total assets	112,372	24,588	192,838	89,752	37,284	1,004,715
Corporate segment liabilities	156,233	56,214	403,783	200,071	59,675	875,976
Corporate unallocated liabilities						-
Total liabilities	156,233	56,214	403,783	200,071	59,675	875,976

2019 - OPF						
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
(Rupees in '000)						
Wakala fee	47,203	27,098	143,838	74,643	17,751	310,533
Commission expense	(21,285)	(13,113)	(44,119)	(24,570)	(5,289)	(108,376)
Management expenses	(12,752)	(10,024)	(48,718)	(22,572)	(6,652)	(100,718)
	13,166	3,961	51,001	27,501	5,810	101,439
Mudarib share of PTF investment income						9,576
Investment income						305
Direct expenses						(1,423)
Other income						14,892
Profit before tax						124,789
Taxation						(36,189)
Profit after tax						88,600
Corporate segment assets	25,553	8,323	57,641	36,582	6,505	134,604
Corporate unallocated assets						274,677
Total assets	25,553	8,323	57,641	36,582	6,505	409,281
Corporate segment liabilities	37,557	7,585	90,381	48,805	10,138	194,466
Corporate unallocated liabilities						27,452
Total liabilities	37,557	7,585	90,381	48,805	10,138	221,918

32. MOVEMENT IN INVESTMENTS

	Available for sale	
	OPF	PTF
	..... (Rupees in '000)	
Balance as at January 1, 2019	35,944	12,620
Additions	44,600	95,432
Disposals	(8,096)	(20,588)
Fair value net gains (excluding net realised gains)	3,304	1,119
Impairment losses	(4,717)	(1,782)
Balance as at January 1, 2020	71,035	86,801
Additions	39,966	98,033
Disposals	(47,316)	(96,077)
Fair value net gains (excluding net realised gains)	(5,717)	(9,437)
Impairment losses	(3,182)	-
Balance as at December 31, 2020	54,786	79,320

33. MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK**33.1 Takaful risk**

The risk under any takaful contract is the possibility that the covered event occurs and the uncertainty in the amount of compensation to the participant. Generally, most takaful contracts carry the takaful risk for a period of one year (refer note 3.4).

The 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 class wise major risk exposure is as follows:

Class	Maximum gross risk exposure	
	2020	2019
	..... (Rupees in '000)	
Fire and property damage	5,168,000	9,908,057
Marine, aviation and transport	851,597	691,159
Motor	40,246	35,000
Accident and health	2,487,027	2,196,184
Miscellaneous	5,178,360	5,168,000

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 Incurred But Not Reported (IBNR) claims reserve, the Operator follows the recommendation of an independent firm of actuaries (note 3.16).

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	
	2020	2019
Fire and property damage	50%	34%
Marine, aviation and transport	74%	69%
Motor	47%	48%
Accident and health	84%	95%
Miscellaneous	49%	37%

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 equity (the Fund)
..... (Rupees in '000)					
2020	± 10%	100,689	60,050	60,050	60,050
2019	± 10%	71,811	59,885	59,885	59,885

33.2 Financial risk

Maturity profile of financial assets and liabilities:

2020							
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	-	-	-	134,106	-	134,106	134,106
Loans and other receivables	-	-	-	1,873	-	1,873	1,873
Takaful / re-takaful receivables	-	-	-	224,958	-	224,958	224,958
Receivable from PTF	-	-	-	83,157	-	83,157	83,157
Re-takaful recoveries against outstanding claims	-	-	-	336,732	-	336,732	336,732
Salvage recoveries accrued	-	-	-	4,840	-	4,840	4,840
Cash and bank	3.60% to 6.50%	818,258	-	818,258	24,226	-	24,226
		818,258	-	818,258	809,892	-	809,892
Financial liabilities							
Outstanding claims including IBNR	-	-	-	(542,576)	-	(542,576)	(542,576)
Payable to OPF	-	-	-	(83,157)	-	(83,157)	(83,157)
Takaful / re-takaful payables	-	-	-	(193,992)	-	(193,992)	(193,992)
Other creditors and accruals	-	-	-	(54,618)	-	(54,618)	(54,618)
		-	-	(874,343)	-	(874,343)	(874,343)
Interest risk sensitivity gap		818,258	-	818,258	(64,451)	-	(64,451)
Cumulative interest risk sensitivity gap		818,258	818,258				

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 other receivables	-	-	-	2,511	-	2,511	2,511
Takaful / re-takaful receivables	-	-	-	208,768	-	208,768	208,768
Receivable from PTF	-	-	-	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	5.61% to 11.50%	644,484	-	644,484	7,193	-	7,193
		644,484	-	644,484	472,070	-	472,070
Financial liabilities							
Outstanding claims including IBNR	-	-	-	(180,708)	-	(180,708)	(180,708)
Payable to OPF	-	-	-	(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)
		-	-	(433,736)	-	(433,736)	(433,736)
Interest risk sensitivity gap		644,484	-	644,484	38,334	-	38,334
Cumulative interest risk sensitivity gap		644,484	644,484				

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 current year balances and rates:

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on Operator's funds
(Rupees in '000)			
December 31, 2020	100 (100)	2,104 (2,104)	1,494 (1,494)
December 31, 2019	100 (100)	1,937 (1,937)	1,375 (1,375)

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.

33.3 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.

33.3.1 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, 2020, 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	2020	2019
.....(Rupees in '000).....					
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+	82,506	36,891
Habib Bank Limited - a related party	VIS	AAA	A-1+	232,598	253,330
Soneri Bank Limited	PACRA	AA-	A1+	168,170	108,590
Faysal Bank Limited	VIS	AA	A-1+	5,226	4,648
Bank Alfalah Limited	PACRA	AA+	A1+	14,342	9,963
Dubai Islamic Bank Pakistan Limited	VIS	AA	A-1+	117,848	86,881
BankIslami Pakistan Limited	PACRA	A+	A1	216,909	149,832
MCB Islamic Bank Limited	PACRA	A	A1	3,925	1,349
				<u>841,524</u>	<u>651,484</u>

34. STATEMENT OF SOLVENCY - PTF

Assets	Note	2020	2019
.....(Rupees in '000).....			
Investments			
Equity securities		79,320	86,801
Loans and other receivables		4,100	3,870
Takaful / Re-takaful receivables		224,958	208,768
Salvage recoveries accrued		4,840	5,500
Deferred wakala fee		159,231	152,118
Re-takaful recoveries against outstanding claims		336,732	14,774
Prepayments	34.1	80,104	74,947
Cash and bank		632,062	457,937
Total assets		<u>1,521,347</u>	<u>1,004,715</u>
In-admissible assets as per following clauses section 32(2) of the Insurance Ordinance, 2000.			
Takaful / re-takaful receivables		55,276	48,193
Total of admissible assets		<u>1,466,071</u>	<u>956,522</u>
Liabilities			
PTF underwriting provisions			
Outstanding claims including IBNR		542,576	180,708
Unearned contribution reserves		482,542	452,799
Reserve for unearned re-takaful rebate		3,167	4,983
Contribution received in advance		25,920	17,126
Takaful / re-takaful payables		193,992	130,171
Other creditors and accruals		18,472	14,701
Payable to OPF		83,157	75,488
Total liabilities		<u>1,349,826</u>	<u>875,976</u>
Total net admissible assets		<u>116,245</u>	<u>80,546</u>

34.1 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. CORRESPONDING FIGURES

No significant rearrangements or reclassifications have been made in these financial statements during the current year other than those disclosed in note 3.1 to these financial statements.

37. 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 23, 2021.

38. GENERAL

38.1 The figures in the financial statements may be rounded off to the nearest thousand.

39. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The World Health Organisation declared COVID-19 a global pandemic in March 2020. Like other parts of the world, Pakistan also went into lockdown which impacted the economies and businesses in different facets globally. After the outbreak of COVID-19, the Operator had invoked necessary measures to ensure the safety and health of its staff and an uninterrupted service to its clients. These include implementing mandatory adherence to the recommended standard operating procedures within the Operations. The remote work capabilities for critical staff have been assessed to make sure they are fully protected using virtual private network (“VPN”) connections. Further, the Operations has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Operator has made an assessment in order to evaluate the impact of COVID-19 pandemic over the business, operations and profitability of the Operations as well as a going concern assessment. The management has evaluated that it does not foresee any going concern risk in the Operations due to the pandemic and they believe that the operations, financial position and results of the Operations will not be impacted significantly as the operations are gradually returning to normal and the market is still showing a positive outlook and upward trend subsequent to the financial year-end. Therefore, it has concluded that there are no material implications of COVID-19 on any balance in the financial statements.



R. Zakir Mahmood
Chairman



Hassan Khan
Chief Executive



Aryn Currimbhoy
Director



Akbarali Pesnani
Director



Nawaid Jamal
Chief Financial Officer

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 mixes	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.
Catastrophe	An event causing great and usually sudden damage or suffering.
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.
COVID-19	Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus.
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 server 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.
Pandemic	An epidemic occurring worldwide, or over a very wide area, crossing international boundaries and usually affecting a large number of people.
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.
Socio-economic	A study relating to or concerned with the interaction of social and economic factors. It links financial and social issues together.
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.





GEOGRAPHICAL PRESENCE

BRANCH NETWORK

GEOGRAPHICAL PRESENCE - BRANCH NETWORK

HEAD OFFICE

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Website: www.jubileegeneral.com.pk

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SOUTHERN ZONE

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LAHORE ZONE**MAIN BRANCH, (SALES UNIT-I)**

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Fax: (9242) 36283292

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GEOGRAPHICAL PRESENCE - 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 April 12, 2021 at 09:00
a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2021.

WITNESS

1. Signature: _____
Name: _____
Address: _____
CNIC No: _____

Signature

Revenue
Stamp

2. Signature: _____
Name: _____
Address: _____
CNIC No: _____

Note:

1. Signature should agree with the specimen signature registered with the Company.
2. The Proxy Form must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the Meeting.
3. No person shall act as proxy unless he/she is a member of the Company.
4. CDC Shareholders and their proxies are each requested to attach an attested Photocopy of their Computerised National Identity Card or Passport with this proxy form before submission to the Company.

مختار نامہ (پراکسی فارم)

جوبلی جنرل انشورنس کمپنی لمیٹڈ
جوبلی انشورنس ہاؤس
آئی آئی چندریگر روڈ
کراچی۔

میں رہم _____ ساکن _____ بحیثیت رکن
جوبلی جنرل انشورنس کمپنی لمیٹڈ اور حامل _____ حصص۔ برطانیہ ریجرٹرڈ فوئیو نمبر۔ _____ اور ری ای سی ڈی سی پارٹنرسپٹ (شرکت)
آئی ڈی نمبر _____ اور سب اکاؤنٹ (ذیلی کھاتے) نمبر۔ _____
محترمہ محترمہ _____ ساکن _____ یا ان کی غیر حاضری کی صورت میں
محترمہ محترمہ _____ ساکن _____ جو کہ خود بھی جوبلی جنرل انشورنس کمپنی لمیٹڈ کا رکن ہے۔

۱۱۲ اپریل، ۲۰۲۱ء، صبح ۹:۰۰ بجے منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء میں اپنا ہمارا بطور مختار (پراکسی)
مقرر کرتا ہوں کرتے ہیں۔

آج بروز _____ بتاریخ _____، ۲۰۲۱ء کو دستخط کئے گئے۔
گواہان:

۱۔ دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر:

۲۔ دستخط: _____

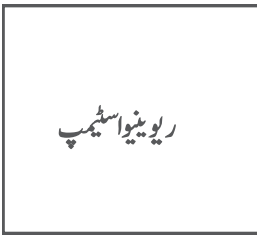
نام: _____

پتہ: _____

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر:

نوٹ:

- ۱۔ دستخط کمپنی کے پاس پہلے سے محفوظ۔ دستخطی نمونے کے مطابق ہونے ضروری ہیں۔
- ۲۔ یہ پراکسی فارم مکمل پر شدہ کمپنی کے رجسٹرڈ آفس میں میٹنگ سے ۴۸ گھنٹے قبل جمع کرایا جانا لازمی ہے۔
- ۳۔ ضروری ہے کہ پراکسی جس کو دی جائے وہ بھی کمپنی کا ممبر ہو۔
- ۴۔ CDC میں اکاؤنٹ رکھنے والے کارپوریٹ ممبران کیلئے مندرجہ بالا کے علاوہ درج ذیل شرائط کو پورا کرنا بھی ضروری ہے۔
ا۔ پراکسی جس کے حق میں ہو اس کا شناختی کارڈ یا پاسپورٹ کی ایک تصدیق شدہ نقل پراکسی کے ساتھ لگائی جائے۔
ب۔ پراکسی اجلاس میں شریک ہوتے وقت اصل شناختی کارڈ یا پاسپورٹ پیش کرے۔



دستخط

ریونیو اسٹیٹیمپ



Email: info@jubileegeneral.com.pk
Website: www.jubileegeneral.com.pk

Jubilee General Insurance Company Limited

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