



2021 ANNUAL REPORT

Here for you

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VISION

"Our vision is to establish a position as the premier choice for corporate and consumer sector."

MISSION



MISSION

"Our mission is to become a reputable general insurer of the country by providing dedicated service to our customers. This will be accomplished by recognizing the customer needs and providing suitable products at affordable prices and servicing the claims within optimum time frame."



VALUES



Service ■

Our hallmark is the excellence of our service to our external clients and internally to each other.



Collaboration ■

We value and support a spirit of teamwork, cooperation and encouragement, in an environment in which all employees can grow.



■ Integrity

Honesty and integrity consistently guide the conduct of our business and our relationships with those outside of the company and with each other.



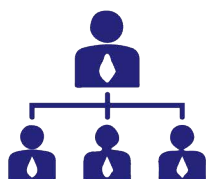
■ Respect

We respect individuality and the strength that flows from the diversity of backgrounds, experience and perspectives.



Protection

We take care of and protect our insured in a hostile legal environment better than any other company.



CORPORATE INFORMATION

Board of Directors:

Aameer Karachiwalla
Lord. Zameer Mohammed Choudrey, CBE, SI Pk
Rizwan Pervez
Sharjeel Shahid
Syed Farrukh Zaeem
Sajid Hussain
Saira Shah
Zeeshan Muhammad Raza

Chairman
Director
Director
Director
Director
Director
Director
Chief Executive Officer

Board Audit Committee:

Zameer Mohammed Choudrey
Rizwan Pervez
Sharjeel Shahid

Chairman
Member
Member

Board Investment Committee:

Syed Furrukh Zaeem
Zameer Mohammed Choudrey
Rizwan Pervez
Zeeshan Muhammad Raza

Chairman
Member
Member
Member

Ethics, Nomination, Human Resource & Remuneration Committee:

Sharjeel Shahid
Zameer Mohammed Choudrey
Rizwan Pervez
Zeeshan Muhammad Raza

Chairman
Member
Member
Member

Chief Financial Officer

Nadeem Raza

Company Secretary

Abdul Sattar Vaid

Company Registration No. & NTN No:

Current Registration # 00000012978/20060607
New CUIN Registration # 0057197
NTN # 2798420-6

Rating Agency:

JCR-VIS "AA" (Double A)

Status of Company:

MSC (Medium Sized Company)

Auditors:

A. F. Ferguson & Co.

Legal Advisors:

Warsi & Iqbal Associates

Shariah Advisor:

Mufti Muhammad Hanif

Website & Contact:

www.ublinsurers.com
[Email: info@ublinsurers.com](mailto:info@ublinsurers.com)
UAN 111-845-111
Fax Number +92-21-35314504

Registered Head Office:

126-C, Jami Commercial,
Street no. 14, Phase – VII,
DHA, Karachi.
Postal Code 75500

Regulator:

Securities and Exchange Commission of Pakistan

INSURANCE / TAKAFUL PRODUCTS



Fire & Allied Perils

Providing Corporate Clients with standard fire policy covering fire, lightening and explosion that may be extended to cover the allied perils like Earthquake (Fire and Shock), Atmospheric Disturbance Clause, Aircraft or Arial Devices falling there from, Impact (Collision) damage, Riot and Strike damage and Malicious damage.



Engineering

The Company indemnifies sudden and unforeseen physical loss or damage, resulting from: maladjustment, loosening of parts, failures or faults in protective devices, entry of foreign bodies, tearing apart due to centrifugal forces, Shortage of water in steam boilers or pressure vessels, over pressure or implosion, Short circuit and over voltage.



Private Car

Covering all the popular brands of Local and Imported vehicles that will be indemnified against loss or damage to the Motor Car and/or its accessories whilst thereon by Accidental external means, Fire external explosion, Burglary, Theft, Malicious act, Riot, Strike, Flood, Hail, Wind, Hurricane, Cyclone, Tornado, Typhoon, Earthquake and whilst in transit by air or road rail.



Marine Cargo

This insurance coverage protects the cargo being imported to or exported from Pakistan. With three levels of coverage available in Marine Cargo (Sea/Air), Institute Cargo Clause 'A', 'B' and 'C', and two levels of coverage available in Marine Cargo Inland, Road/Rail Cargo Clause 'A' and 'B', this protects the cargo from all aspects of marinerisks.



Health

At a time where the health and wellness services are inflating exponentially, health insurance has become a basic necessity for the well-being of every individual. The consistently growing healthcare sector calls for new innovations in the insurance industry to best fulfill the needs of customers. UBL Insurers Ltd. offers innovative and reliable health insurance plans. A health insurance policy not only covers your hospitalization expenses but also covers your pre and post-hospitalization expenses which include OPD visits, medications and tests.



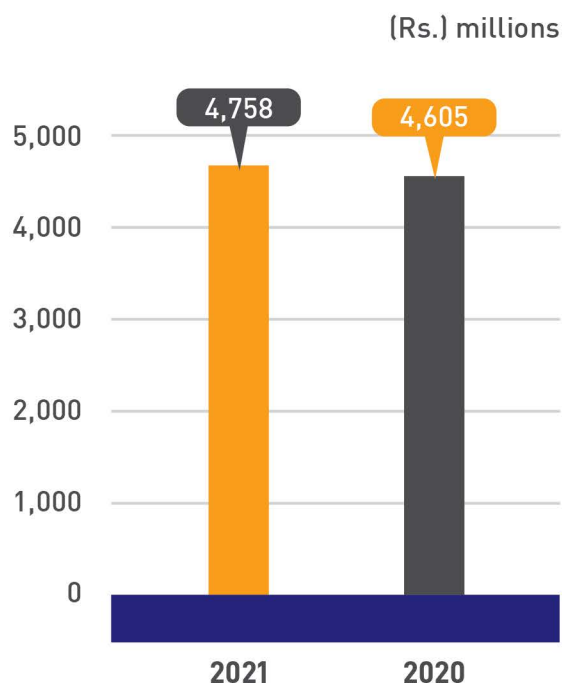
Travel

Travelling is an integral part of many people's lives. You need to plan well for a trip you will be taking so that everything goes smoothly for you. UBL Insurers "Traveller" makes it a lot easier for you to confront the uncertainties that may be met at one point or the other in the course of travelling e.g. complexities like illnesses, injury or losses. Having UBL Insurers Traveller means that you have a fall-back plan when you are confronted by such challenges that may make your travel experience not worth remembering. Traveller covers major areas of unanticipated occurrences that could lead you to sustain losses.

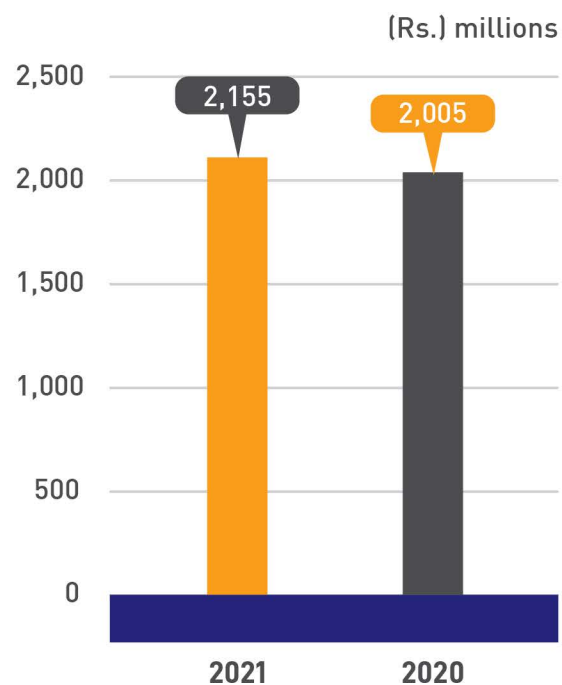
FINANCIAL HIGHLIGHTS

CONVENTIONAL & TAKAFUL

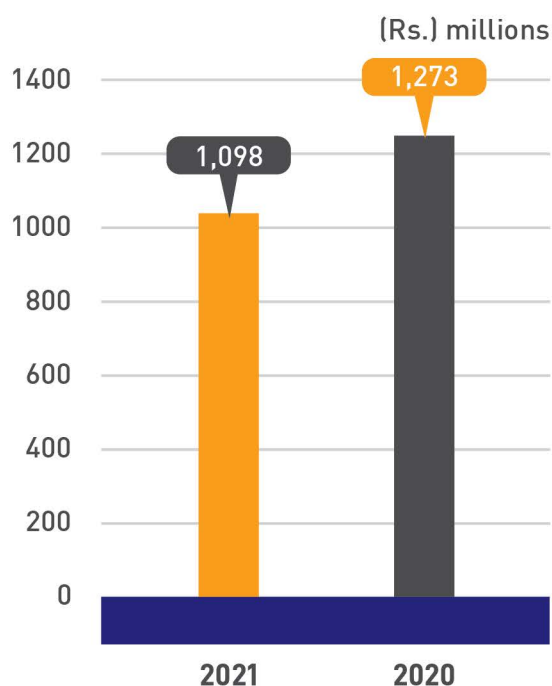
Gross Premium Written



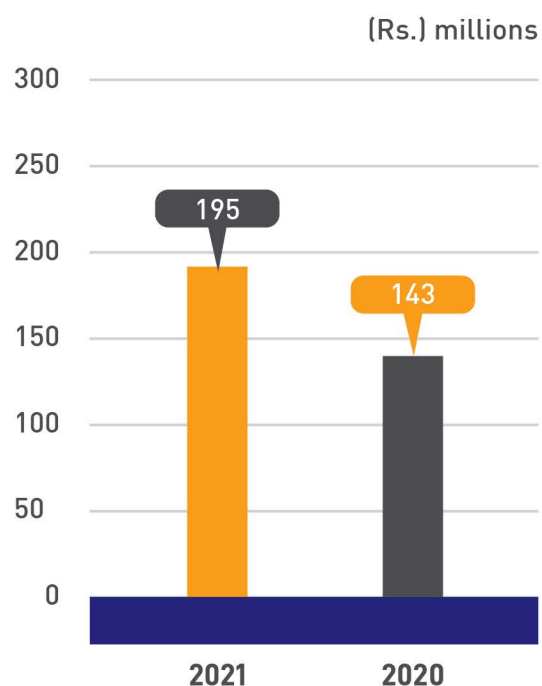
Net Premium Revenue



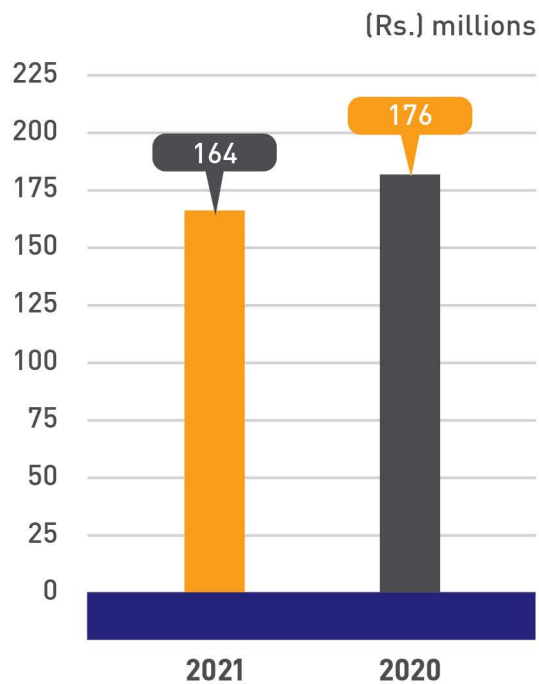
Net Claims



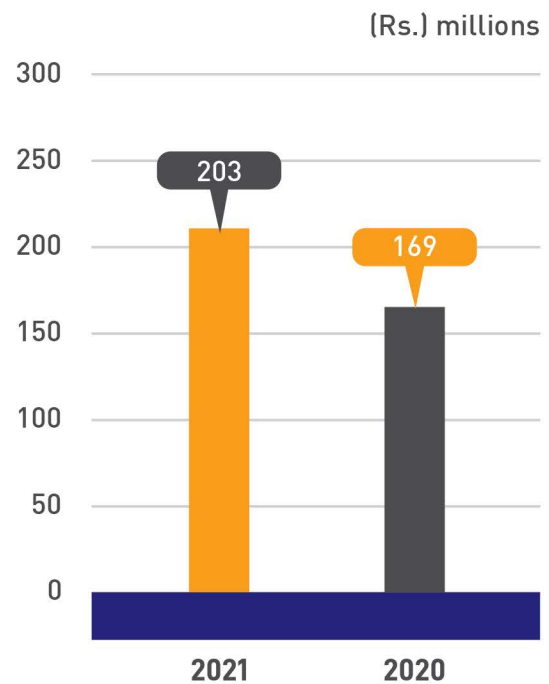
Underwriting Result



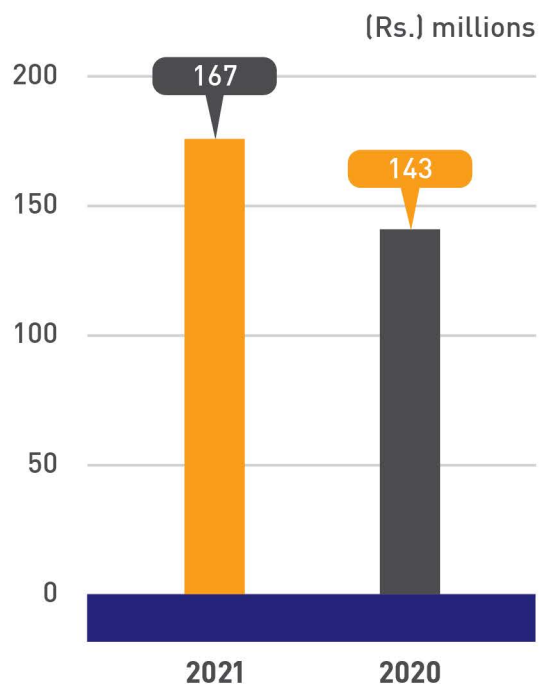
Investment & Other Income



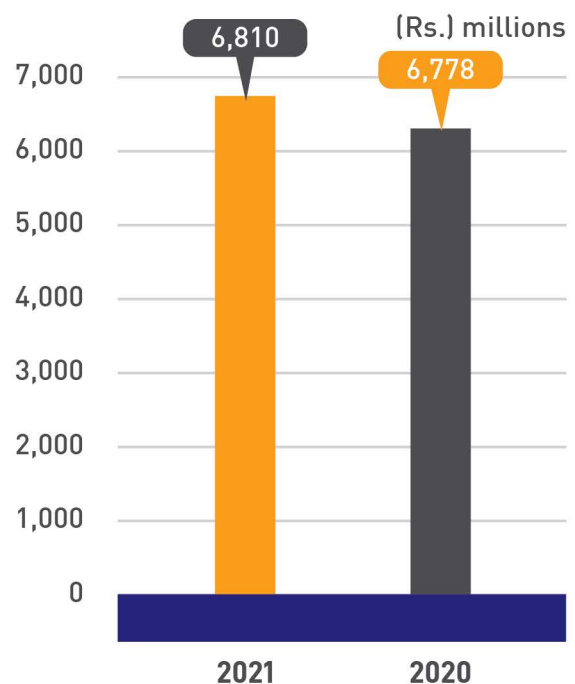
Profit Before Tax



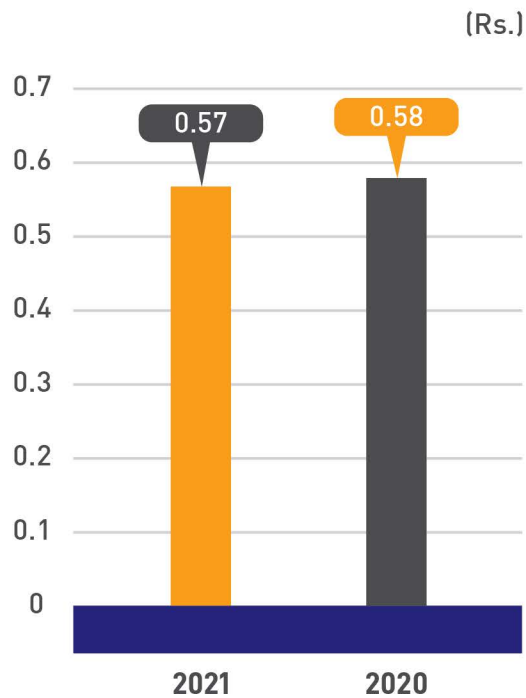
Profit After Tax



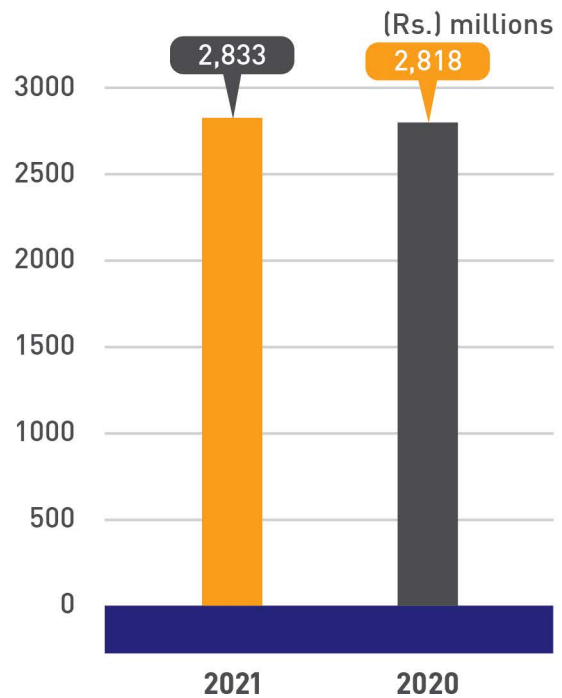
Total Assets



Earnings Per Share



Claims Paid



Notice of 16th Annual General Meeting

Notice is hereby given that the 16th Annual General Meeting (AGM) of UBL Insurers Limited will be held on Tuesday, 26th April, 2022 at 2:00 p.m. at UBL Insurers Limited Board Room Karachi to transact the following business:

Ordinary Business

1. To confirm minutes of the 15th Annual General Meeting held on March 26th, 2021.
2. To receive, consider and adopt the audited Financial Statements and Window Takaful Operations Financial Statements of the Company for the year ended December 31, 2021 and the Chairman's review, Directors' and Auditors' report thereon.
3. To consider and approve a final cash dividend at PKR 0.1149 i.e. 1.15% per share for the year ended December 31, 2021 as recommended by the Board of Directors.
4. To consider and, if thought fit, appoint external auditors to hold office from this AGM till the conclusion of the next AGM and to fix their remuneration for the year ending December 31, 2022. The Board Audit Committee and the Board of Directors have recommended the name of M/s. EY Ford Rhodes, Chartered Accountants.
5. To elect seven (7) directors as fixed by the Board of Directors of the Company under section 159 (1) of the Companies Act, 2017, in accordance with the provisions of the said Act, for a period of three years to commence from April 26, 2022. The names of the retiring directors are Mr. Aameer Karachiwalla, Lord Zameer Mohammad Choudrey, Mr. Rizwan Pervez, Mr. Sharjeel Shahid, Mr. Sajid Hussain, Ms. Saira Shah and Mr. Rizwan Malik.
6. To transact any other item with the permission of chair.

By Order of the Board



Abdul Sattar Vaid
Company Secretary

April 04, 2022

Notes

1. Any person who seeks to contest election of Directors shall file with the Companies a notice of his/her intention to offer himself/herself for election as a Director along with the consent to act as Director in Form 28 under section 159 (3) and section 167 respectively, of the Companies Act, 2017 and a detailed profile along with office address for placement onto the Company's website in terms of SRO 634(1)2014 dated July 10, 2014, not later than fourteen days before the date of meeting.
2. The share transfer books of the Company shall remain closed from Friday, April 15, 2022 to Tuesday April 26, 2022 (both days inclusive). The transfer received in order at the office of Company Secretary UBL Insurers Ltd. by the close of business (5.00 p.m.) on Thursday April 14, 2022 will be treated to have been in time for the purpose of payment of final dividend to the transferees and to attend and vote at the meeting.

CC to: 1. Mr. Zeeshan Muhammad Raza
Chief Executive Officer
2. Mr. Nadeem Raza
Chief Financial Officer

Director's Report

For the year ended December 31, 2021

On behalf of the Board of Directors, I present the Sixteenth (16th) annual report of UBL Insurers Limited for the year ended 31 December, 2021.

The financial highlights for the year under review are as follows:

'Rupees 000'

	31-Dec-21	31-Dec-20	%
Gross premium written	4,104,343	4,041,492	2%
Premium earned	4,112,270	4,073,406	1%
Net premium revenue	1,793,771	1,841,542	-3%
Net claim expense	(959,119)	(1,127,838)	-15%
Net commission	(191,931)	(107,637)	78%
Management expenses	(561,782)	(552,257)	2%
Underwriting results - Profit	80,962	53,807	50%
Investment and other income	127,062	141,614	-10%
General & administrative expenses	(129,818)	(127,013)	2%
Profit from window Takaful Operations	28,581	30,244	-5%
Profit before tax	102,022	93,538	9%

Economic Overview

Despite myriad of challenges i.e Covid-19, Pakistan's economy is moving progressively on higher inclusive and sustainable growth path on the back of various measures and achievements during the year 2021. With the economic growth, insurance sector is also improving and alleviated during the year 2021. Though the domestic economy has started to gradually recover from the impact of the COVID-19 pandemic which slowed down the activities but the impact of COVID-19 was absorbed in 2021 & we are progressive for 2022. Pandemics like COVID-19 are once-in-a-century event that distress global economies. Insurance sector did much better in coping up with the pandemic compared to many countries.

Government took several important policy decisions: On December 14, 2021 Monetary Policy Committee (MPC) decided to raise the policy rate by 100 basis points to 9.75 percent. The goal of this decision is to counter inflationary pressures and ensure that growth remains sustainable. The outlook for agriculture continues to be strong, supported by better seed availability and an expected increase in the area under wheat cultivation. Meanwhile, robust growth in sales tax on services also suggests that the tertiary sector is recovering well. While some activity indicators are moderating on a sequential basis, partly as a result of recent policy actions to restrain domestic demand, growth this fiscal year is expected to be close to the upper end of the forecast range of 4-5 percent. This projection factors in the expected impact of today's interest rate decision. The MPC noted that Pakistan had successfully coped with multiple waves of the virus, which supported a positive outlook for the economy.

Economy has witnessed a V – shaped recovery. The current economic recovery has been achieved without compromising internal and external stability. Policy actions such as automatic stabilizers, discretionary measures and financial sector measures, helped the global economy from further deterioration.

Company Performance Review

In the year 2021 company has posted a growth of 2% in gross premium written to close at Rs. 4,104 million while net premium revenue decreased by 3% to Rs. 1,793 million.

Premium earned recorded an increase of Rs. 39 million (1%) during the year ended December 31, 2021 and stood at Rs. 4,112 million as compared to Rs. 4,073 million as at December 31, 2020.

Net claim expense is decreased by 15% during the year ended December 2021 as compared to last year December 2020. The net claim ratio over net premium revenue is 53% compared to 61% last year.

The underwriting results reported a growth of 50% in profit and close at Rs. 81 million during the year ended 31 December 2021 as compared to a profit of Rs. 54 million for the year ended 31 December 2020.

Investments and other income decreased and stands at Rs. 127 million during the year ended December 2021 as compared to Rs. 142 million during the same period in 2020 and an amount of Rs. 0.31 million has been recorded as impairment on listed equity securities.

Profit before tax stands at Rs. 102 million for the current year as compared with last year profit of Rs. 94 million.

Portfolio Analysis (Conventional & Takaful)

Fire & Property

Fire and property class of business constitutes 39% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 1.8 billion (2020: Rs. 1.6 billion). The ratio of net claims to net premium is 29% this year as compared to 48% last year. The Company incurred an underwriting loss of Rs. 55 million as compared to loss of Rs. 42 million in 2020.

Marine and Transport

This class of business constitutes 11% of the total portfolio. The Company has underwritten a gross premium of Rs. 521 million in current year (2020: Rs.390 million). The net claims ratio is 15% as against 15% last year, which resulted in an underwriting profit of Rs. 9 million against Rs. 42 million last year.

Motor

During the year, the Company has underwritten gross premium of Rs. 1.4 billion (2020: Rs. 1.3 billion) which constitutes 30% of the total portfolio. The ratio of net claims to net premium for the current year is 43% as compared to 47% in 2020. The Company incurred an underwriting profit of Rs. 312 million as compared to Rs. 206 million in 2020.

Bankers & Blanket

This class of business constitutes 3% of the total portfolio. The Company has underwritten a gross premium of Rs. 123 million in current year (2020: Rs.170 million). The net claims ratio is 187% as against -4% last year, which resulted in an underwriting Loss of Rs. 21 million against profit of Rs. 27 million last year.

Health

This class of business constitutes 7% of the total portfolio. The Company has underwritten a gross premium of Rs. 333 million in current year (2020: Rs. 558 million). The net claims ratio is 98% as compared to last year 116%. This resulted in an underwriting loss of Rs. 34 million against underwriting loss of Rs. 146 million last year.

Other Classes

The other classes of business constitute 8% of the total portfolio. The gross premium written was Rs. 513 million (2020: Rs. 580 million). The ratio of net claims to net premium is 71% as against 51% last year. The portfolio showed an underwriting loss of Rs. 17 million in current year against an underwriting profit of Rs. 57 million in last year.

The earning per share in current year is 0.58 against a profit of Rs. 0.53 in the year 2020.

Window Takaful Operations

The year under review was the sixth year for Takaful business and the company was able to successfully grow gross written contribution to Rs. 653 million. The participant's Takaful fund reported a surplus before investment income of Rs. 77 million as compared to 52 million in the year 2020. Net investment and other income stands at Rs. 25 million in 2021 against Rs. 24 million for the year 2020. The improved underwriting resulted in achieving a surplus for the year of Rs. 101 million which stood at 76 million in the year 2020.

The Operator's Fund reported the profit before tax of Rs. 29 million in the year 2021 against profit of 30 million in the year 2020.

Related Parties Transactions

The Board of Directors approve Company's transactions with associated companies / related parties at each board meeting. All the transactions executed with related parties are on arm's length basis.

Insurer Financial Strength (IFS) Rating

The company's Financial Strength (IFS) rating stands at AA (Double A) with stable outlook by VIS Credit Rating Company Limited for the year 2021.

Compliance with Code of Corporate Governance

The requirement of the Code of Corporate Governance set out by the regulatory authorities has been duly complied with. A statement to this effect is annexed with the report.

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

Name of Directors	Meetings Attended
Mr. Aameer Karachiwalla	05
Mr. Lord Zameer M. Choudrey, CBE, Si Pk	03
Mr. Rizwan Pervez	02
Mr. Sharjeel Shahid	05
Mr. Syed Furrukh Zaeem (Resigned as on 14.12.2021)	04
Mr. Sajid Hussain	05
Ms. Saira Shah	05
Mr. Zeeshan Muhammad Raza – Chief Executive Officer	05

Leave of absence was granted to directors who could not attend Board meeting(s).

Board Committees

• Audit Committee

The committee consists of three members. During the year 2021, four (4) meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Lord Zameer M. Choudrey, CBE, Si Pk	03
Mr. Rizwan Pervez	02
Mr. Sharjeel Shahid	04

Leave of absence was granted to the members who could not attend Board's Audit Committee meeting(s).

• Ethics, Nominations, Human Resource & Remuneration Committee

The committee consists of four members. During the year one meeting of the committee was held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Sharjeel Shahid	01
Mr. Lord Zameer M. Choudrey, CBE, Si Pk	01
Mr. Rizwan Pervez	01
Mr. Zeeshan Muhammad Raza	01

• Investment Committee

The committee consists of four members. During the year 2021, four (4) meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Syed Furrukh Zaeem (Resigned as on 14.12.2021)	04
Mr. Lord Zameer M. Choudrey, CBE, Si Pk	03
Mr. Rizwan Pervez	03
Mr. Zeeshan Muhammad Raza	04

Leave of absence was granted to the members who could not attend Board's Audit Committee meeting(s).

Management Committee in Compliance with Code of Corporate Governance

The Underwriting committee consists of three members. During the year 2021, three meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Aameer Karachiwalla	03
Mr. Zeeshan Muhammad Raza	03
Mr. Rashid Jameel	03

The Claim committee consists of three members. During the year 2021, four meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Ms. Saira Shah	04
Mr. Zeeshan Muhammad Raza	04
Mr. Abdul Rauf Patel	04

The Re-Insurance & Co-Insurance committee consists of three members. During the year 2021, three meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Aameer Karachiwalla	03
Mr. Zeeshan Muhammad Raza	03
Mr. Rashid Jameel	03

The Risk Management & Compliance committee consists of five members. During the year 2021, three meetings of the committee were held and attended by the members as under:

Name of Member	Meetings Attended
Mr. Sajid Hussain	03
Mr. Zeeshan Muhammad Raza	03
Mr. Rashid Jameel Khan	03
Mr. Mathew Joel	03

Leave of absence was granted to the members who could not attend Board's Audit Committee meetings.

• Statement of Ethics and Business Practice

The Board has adopted the statement of ethics and business practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations.

• Future Outlook

Our strategy for 2022 is to further create a unique and personalized customer experiences and to move a way forward by delivering a great deal of innovation quickly to consumers through digitalization. Our Company has been and will continue to invest in the training of its employees to ensure the implementation of the relevant policies and directions of our competent regulators and other law authorities.

• Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of accounts have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- International accounting standards (IAS), International Financial Reporting Standards (IFRS) or any other regulation or law (including but not limited to the Shariah guidelines / principles) as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts on the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the code of corporate governance for insurers, 2016.
- No Premium Deficiency Reserve has been recorded during the year.
- Claims incurred but not reported has been reported on the bases of actuarial validation as per the SECP's guideline.

- j) During the sixth year of Takaful the Operator's Fund reported a profit of Rs. 29 million which is expected to be further improved in the upcoming years.
- k) The amount of outstanding on account of FED, FIF, EOBI, Withholding taxes, Sales taxes, and SECP fees are 65 million. Which are subsequently paid as per the requirement of concerned regulators or bodies.
- l) The key operating and financial data for the last six years is annexed.
- m) The board of Directors is pleased to recommend a final cash dividend of Rs 0.1149 per share at the rate 1.15% for the year ended December 31, 2021.
- n) The value of investments of provident and gratuity funds based on their unaudited accounts, as on December 31, 2021 were the following.
- o) Provident Fund Rs. 108 million
Gratuity Fund Rs. 66 million
- p) The statement of pattern of shareholding in the Company as at 31 December, 2021 is annexed with the report.

No material changes and commitments affecting the financial position of our Company have occurred between the end of financial year to which this balance sheet relates and the date of this report.

The present external auditors PWC A.F. Ferguson & Co. had retired and have offered themselves for re-appointment. The Board of Audit Committee recommends that E & Y to be appointed as the statutory auditors for the year 2022, and the Board endorses this recommendation.

The Company is a subsidiary of Bestway International Holdings Limited (BIHL) incorporated in London (U.K). The Bestway International Holdings Limited (BIHL) holds 55.6% of the issued share capital of UBL Insurers Limited.

The Directors of the Company would like to express their gratitude to Securities and Exchange Commission of Pakistan, Insurance Association of Pakistan and the panel of Re-insurers for their continued guidance, co-operation and support.

We also thank our valued clients for their continued patronage and support extended to our Company.

The Directors also wish to acknowledge the hard work and dedicated efforts of UBL Insurers team in achieving the goals of the Company.



Zeeshan Muhammad Raza
Chief Executive Officer



Aameer Karachiwalla
Chairman - Board of Directors

Date: March 09th, 2022

Key operating and financial data for the last six years

'Rupees 000'

	2021	2020	2019	2018	2017	2016
Gross premium Written	4,104,343	4,041,493	3,988,703	3,391,311	2,760,842	2,334,187
Net premium revenue	1,793,771	1,841,542	1,769,967	1,412,471	1,012,177	872,903
Net claims	(959,119)	(1,127,838)	(646,815)	(568,260)	(419,969)	(452,947)
Premium deficiency (expense) / reversal	-	(3)	18	(11)	10,880	(10,907)
Management Expenses	(561,782)	(552,257)	(516,562)	(478,684)	(345,490)	(240,114)
Net commission	(191,931)	(107,637)	(158,510)	13,188	63,369	67,760
Underwriting result	80,962	53,807	448,098	378,703	320,967	236,694
Investment income	97,333	102,026	79,661	60,557	44,115	73,992
Exchange gain / (Loss)	(1,598)	1,215	2,929	1,020	65	-
Other Income	31,327	38,373	33,253	13,928	6,173	3,256
General and administrative	(127,013)	(127,013)	(124,743)	(99,276)	(125,047)	(109,887)
Profit before tax from Windows Takaful Operations	28,581	30,244	14,329	11,079	1,163	(7,771)
Profit before tax	102,022	93,538	448,557	364,991	247,371	196,283
Taxation						
– Prior	(1,688)	1,017	(11,811)	1,622	-	-
– Current	(29,745)	(26,009)	(136,230)	(107,862)	84,913	63,815
– Deferred	(4,553)	(1,416)	7,359	826	(4,538)	(4,128)
Profit after tax	66,036	67,130	307,875	259,576	166,996	136,596

Pattern of Shareholding

As at December 31, 2021

Number of Shareholders	Shareholdings		Total Shares Held	Percentage %
	From	To		
7	1	100	7	0.000
1	2,495,001	2,500,000	2,500,000	2.170
1	14,000,001	14,500,000	14,088,199	12.227
1	30,000,001	35,000,000	34,565,213	30.000
1	60,000,001	65,000,000	64,063,972	55.603
11			115,217,391	100.000

Category of Shareholders

As at December 31, 2021

Categories of shareholders	Number of Shareholders	Shares held	Percentage
Directors, CEO & Children	7	7	0
NIT	0	-	0
Associated Companies, undertaking & related parties	3	112,717,384	97.83
Banks, DFI & NBFIs	0	-	0
Insurance Companies	0	-	0
Modarabas & Mutual Funds	0	-	0
Government of Pakistan	0	-	0
Govt. Owned Entities / Banks	0	-	0
Foreign Companies	0	-	0
Joint Stock Companies	0	-	0
Charitable Trusts	0	-	0
General Public (Local)	1	2,500,000	2.17
General Public (Foreign)	0	-	-
Others	0	-	0
Company Total	11	115,217,391	100

The aggregate shares held by the following are:

Categories of Shareholders	Shares held	Percentage
Directors		
1) Lord Zameer M. Choudrey, CBE, Si Pk	1	-
2) Rizwan Pervez	1	-
3) Aameer Karachiwalla	1	-
4) Sharjeel Shahid	1	-
5) Sajid Hussain	1	-
6) Syed Furrukh Zaeem	1	-
7) Saira Shah	1	-
Chief Executive Officer	-	-
Directors/CEO's Spouse	-	-
Executive / Executive's Spouse	-	-
Associated Companies, undertaking and related parties		
Bestway International Holdings Limited (BIHL)	64,063,972	55.603
United Bank Limited	34,565,213	30.000
Bestway Cement Limited	14,088,199	12.227
NIT and ICP	-	-
Banks, DFIs and NBFIs	-	-
Public sector companies and corporations	-	-
Insurance Companies	-	-
Modaraba	-	-
Mutual Funds	-	-
General Public- Individuals		
Local	2,500,000	2.170
	115,217,391	100.000
Shareholders holding 5% or more voting interest		
Bestway International Holdings Limited (BIHL)	64,063,972	55.603
United Bank Limited	34,565,213	30.000
Bestway Cement Limited	14,088,199	12.227



مندرجہ ذیل کے پاس رکھے ہوئے مجموعی شیئرز یہ ہیں

فیصد	شیئرز
-	1
-	1
-	1
-	1
-	1
-	1
-	1
-	-
-	-
-	-
55.603	64,063,972
30.000	34,565,213
12.227	14,088,199
-	-
-	-
-	-
-	-
-	-
-	-
2.170	2,500,000
100.00	115,217,391
55.603	64,063,972
30.000	34,565,213
12.227	14,088,199

شیئرز ہولڈرز کی کیٹگریاں

ڈائریکٹر

(۱) ضمیر محمد چودھری

(۲) رضوان پرویز

(۳) عامر کراچی والا

(۴) شرجیل شاہد

(۵) ساجد حسین

(۶) سید فرخ زعیم

(۷) سارہ شاہ

چیف ایگزیکٹو آفیسر

ڈائریکٹر/سی ای او کے شریک حیات

ایگزیکٹوز/شریک حیات کے ایگزیکٹوز

وابستہ کمپنیاں، وابستہ متعلقہ جمعیتیں

بیٹ وے لمیٹڈ

یونائیٹڈ بینک لمیٹڈ

بیٹ وے سیمنٹ لمیٹڈ

این آئی ٹی اور آئی سی پی

بینک، DFIs اور NBFIs

پبلک سیکر کی کمپنیاں اور کارپوریٹیشنز

انشورنس کمپنیاں

مودار با

مشترکہ فنڈز

عام پبلک - انفرادی

علاقائی

5 فیصد یا اس سے زیادہ ووٹنگ میں دلچسپی رکھنے والے شیئرز ہولڈرز

بیٹ وے انٹرنیشنل (ہولڈنگز) لمیٹڈ

یونائیٹڈ بینک لمیٹڈ

بیٹ وے سیمنٹ لمیٹڈ



UBL انشوررز لمیٹڈ
شیئر ہولڈنگ کا پیٹرن
31 دسمبر، 2021 تک

شیئر ہولڈرز کی تعداد	کل حصص داری		کل حصص	فیصد
	تک	سے		
7	100	1	7	0.000
1	2,500,000	2,495,001	2,500,000	2.170
1	14,500,000	14,000,001	14,088,199	12.227
1	35,000,000	30,000,001	34,565,213	30.000
1	65,000,000	60,000,001	64,063,972	55.603
11			115,217,391	100.000

شیئر ہولڈرز کی کیٹگریاں
31 دسمبر، 2021 تک

فیصد	شیئر حاصل	شیئر ہولڈرز کی تعداد	شیئر ہولڈرز کی کیٹگریاں
0	7	7	ڈائریکٹرز، CEO اور بچے
0	-	0	NIT
97.83	112,717,384	3	ماہقہ کمپنیاں، وابستہ اور متعلقہ پارٹیز
0	-	0	Banks, DFI & NBFI
0	-	0	انشورنس کمپنیاں
0	-	0	مودار بازار مشترکہ فنڈز
0	-	0	حکومت پاکستان
0	-	0	سرکاری ملکیت / ادارے
0	-	0	بیرونی کمپنیاں
0	-	0	مشترکہ اسٹاک کمپنیاں
0	-	0	قابل زکوٰۃ ٹرسٹ
2.17	2,500,000	1	عام عوام (علاقائی)
-	-	0	عام عوام (بیرونی)
0	-	0	دیگر
100	115,217,391	11	ٹوٹل کمپنیاں

گذشتہ چھ سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار

2016	2017	2018	2019	2020	2021	
2,334,187	2,760,842	3,391,311	3,988,703	4,041,493	4,104,343	تحریری پریمیم آمدنی
872,903	1,012,177	1,412,471	1,769,967	1,841,542	1,793,771	خالص پریمیم آمدنی
(452,947)	(419,969)	(586,560)	(646,815)	(1,127,838)	(959,119)	خالص کلیم
(10,907)	10,880	(11)	18	(3)	-	پریمیم کمی (اخراجات / بدلاؤ)
(240,114)	(354,490)	(478,684)	(516,562)	(552,257)	(561,782)	انتظامی اخراجات
67,760	63,369	13,188	(158,510)	(107,637)	(191,931)	خالص آمدنی
236,694	320,967	378,703	448,098	53,807	80,962	انڈر رائٹنگ منافع
73,992	44,115	60,557	79,661	102,026	97,333	سرمایہ کاری آمدنی
-	65	1,020	2,929	1,215	(1,598)	متبادل فائدہ / نقصان
3,256	6,173	13,928	33,253	38,373	31,327	دیگر آمدنی
(109,887)	(125,047)	(99,276)	(124,743)	(127,013)	(127,013)	عمومی اور انتظامی
(7,771)	1,163	11,079	14,329	30,244	28,581	ونڈوز تکافل آپریشن سے ٹیکس سے قبل منافع
196,283	247,371	364,991	448,557	93,538	102,022	ٹیکس سے قبل منافع
						ٹیکس
-	-	1,622	(11,811)	1,017	(1,688)	- پہلے
63,815	84,913	(107,862)	(136,230)	(26,009)	(29,745)	- موجودہ
(4,128)	(4,538)	826	7,359	(1,416)	(4,553)	- موخر
136,596	166,996	259,576	307,875	67,130	66,036	ٹیکس کے بعد منافع

جی

کوئی بڑی تبدیلی جو کمپنی کی مالیاتی پوزیشن پر اثر انداز ہو یا مالیاتی سال کے دوران جو بیلنس شیٹ سے اور اس رپورٹ سے متعلق ہو عمل میں نہیں آئی۔ موجودہ پیر ونی آڈیٹرز M/s A.F Ferguson & Co. ریٹائرڈ ہو چکے ہیں۔ بورڈ آڈٹ کمیٹی نے سفارش کی ہے کہ ایک سال کی مدت 2022 کے لئے E&Y کو تقرر کیا جائے، اور بورڈ نے اس سفارش کی منظوری دے دی۔

کمپنی لندن (U.K) میں رجسٹرڈ بیسٹ وے انٹرنیشنل (ہولڈنگ) لمیٹڈ (BIHL) کی ایک ذیلی کمپنی ہے۔ بیسٹ وے انٹرنیشنل (ہولڈنگ) لمیٹڈ (BIHL) UBL انشوررز لمیٹڈ کے جاری کردہ حصص کا 55.6 فیصد رکھتا ہے۔

کمپنی کے ڈائریکٹرز سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان، انشورنس ایسوسی ایشن آف پاکستان اور بیمہ کنندگان کے پینل کا شکریہ ادا کرتے ہیں، ری انشوررز کی رہنمائی، تعاون اور حمایت کے لئے شکر گزار ہیں۔

ہم اپنے قابلِ قدر کسٹمرز کا بھی شکریہ ادا کرتے ہیں جنہوں نے اپنی معاونت کو جاری رکھا اور ہماری کمپنی سے تعاون کو بڑھایا۔ ڈائریکٹرز UBL انشوررز لمیٹڈ مینجمنٹ کی کمپنی کے مقاصد کے حصول میں کئے گئے کوششوں اور سخت محنت کو سراہتے ہیں۔



عامر کراچی والا

چیئر مین بورڈ آف ڈائریکٹرز



ذیشان محمد رضا

چیف ایگزیکٹو آفیسر



تاریخ: 9 مارچ 2022

2022 کیلئے ہماری حکمت عملی ایک منفرد اور ذاتی نوعیت کے صارفین کے تجربات کو مزید تخلیق کرنا اور ڈیجیٹلائزیشن کے ذریعے صارفین کو تیزی سے جدت طرازی کی ایک بڑی ڈیل فراہم کر کے آگے بڑھنا ہے۔ ہماری کمپنی اپنے ملازمین کی ٹریننگ میں سرمایہ لگاتی رہے گی تاکہ مجاز ریگولیٹرز اور دیگر قانونی حکام کی متعلقہ پالیسیوں اور ہدایات کو یقینی بنایا جاسکے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- ۱۔ کمپنی کی طرف سے تیار کردہ مالیاتی اسٹیٹمنٹس اپنے معاملات کو انصاف سے پیش کرتی ہے اور اس کے آپریشنز کے نتیجے میں کیش کا بہاؤ اور تبدیلیاں برابری کے حساب سے عمل میں آتی ہیں۔
- ۲۔ کمپنی کی طرف سے اکاؤنٹس کی مناسب کتابوں کو برقرار رکھا جائے گا۔
- ۳۔ مناسب اکاؤنٹنگ کی پالیسیاں مالیاتی بیانات کی تیاری میں مسلسل لاگو ہوتی ہیں اور اکاؤنٹنگ کے اندازے مناسب اور دانشمندانہ فیصلوں پر مبنی ہوتے ہیں۔
- ۴۔ انٹرنیشنل اکاؤنٹنگ کے معیار (IAS)، انٹرنیشنل مالیاتی رپورٹنگ کے معیار (IFRS) یا کسی دوسرے ضابطہ یا قانون (بشمول لیکن شرعی رہنمائی/اصولوں تک محدود نہیں ہیں) جو پاکستان میں نافذ العمل ہے مالیاتی اسٹیٹمنٹس کی تیاری میں ان کو مد نظر رکھا گیا اور اس کے علاوہ کسی بھی عمل کا مناسب طریقہ سے انکشاف کیا گیا ہے۔
- ۵۔ اندرونی کنٹرول کے نظام کا ڈیزائن واضح ہے اور مؤثر طریقے سے اس کا نفاذ اور اس کی نگرانی کی گئی۔
- ۶۔ کمپنی کو جاری رکھنے کے لئے اس کی قابلیت پر کوئی شک و شبہ نہیں ہونا چاہیے۔
- ۷۔ بیمہ کنندگان کیلئے کارپوریٹ گورننس کوڈ 2016 میں تفصیلی طور پر بہترین طریقوں میں سے کسی قسم کا کوئی انحراف نہیں کیا گیا۔
- ۸۔ کوئی پریمیم ڈیفینشنری ریزرو سال کے دوران ریکارڈ نہیں کی گئی۔
- ۹۔ انکرڈیٹڈ نوٹ رپورٹنگ SECP کی ہدایات کے مطابق ایکچوری (Actuarial) سے کرائی گئی۔
- ۱۰۔ نکافل آپریشن فنڈ کے چھٹے سال 29 ملین روپے کا منافع رپورٹ کیا گیا جس میں آنے والے سال میں مزید بہتری کی امید ہے۔
- ۱۱۔ FED, FIF, EOBI, Withholding taxes، سیلز ٹیکس اور SECP فیس کی مد میں واجب الادا رقم 65 ملین روپے ہے جو متعلقہ ریگولیٹرز یا اداروں کی ضرورت کے مطابق ان کی ادائیگی بعد میں کی جاتی ہیں۔
- ۱۲۔ گزشتہ چھ سالہ نمایاں آپریشننگ اور مالیاتی ڈیٹا منسلک ہے۔
- ۱۳۔ 2021 میں کمپنی نے 0.534 فی حصص اور مجموعی 62 ملین روپے سال 2020 کے منافع پر حتمی ڈیویڈنڈ کا اعلان کیا۔
- ۱۴۔ پراویڈنٹ اور گریجویٹ فنڈز کے unaudited اکاؤنٹس کی بنیاد پر 31 دسمبر 2021 کی سرمایہ کاری کی قدر مندرجہ ذیل ہیں:
 - ۱۔ پروویڈنٹ فنڈ 108 ملین روپے
 - ۲۔ گریجویٹ فنڈ 66 ملین روپے
- ۱۵۔ کمپنی میں 31 دسمبر 2021 کو شیئر ہولڈنگ کی صورت حال کا اسٹیٹمنٹ رپورٹ کے ساتھ منسلک ہے۔

محمد

کلیم کمیٹی تین ممبران پر مشتمل ہے۔ اس سال 2021 میں کمیٹی کی چار میٹنگز منعقد کی گئیں اور ممبران نے اس طرح شرکت کی۔

ممبران کے نام	منعقدہ میٹنگز کی تعداد
محترمہ سائرہ شاہ	04
جناب ذیشان محمد رضا	04
جناب عبدالروف ٹیل	04

Re-insurance & Co-insurance کمیٹی تین ممبران پر مشتمل ہے۔ اس سال 2021 میں کمیٹی کی تین میٹنگز منعقد کی گئیں اور ممبران نے اس طرح سے شرکت کی۔

ممبران کے نام	منعقدہ میٹنگز کی تعداد
جناب عامر کراچی والا	03
جناب ذیشان محمد رضا	03
جناب راشد جمیل	03

رِسک مینجمنٹ اینڈ کمپلائنس کمیٹی پانچ ممبران پر مشتمل ہے۔ اس سال 2021 میں کمیٹی کی تین میٹنگز منعقد کی گئیں اور ممبران نے اس طرح سے شرکت کی۔

ممبران کے نام	منعقدہ میٹنگز کی تعداد
جناب ساجد حسین	03
جناب ذیشان محمد رضا	03
جناب راشد جمیل	03
جناب میتھیو جوئل	03

اخلاقیات اور کاروباری عمل کا بیان

بورڈ نے اخلاقیات اور کاروباری طرز عمل کے بیان کو اپنایا ہے۔ تمام ملازمین کو اس بیان کے بارے میں معلومات ہے اور کاروبار اور قواعد و ضوابط کے سلسلے میں طرز عمل کے ان قوانین پر عمل کرنے کی ضرورت ہے۔



اخلاقیات، کاغذاتِ نامزدگی، انسانی وسائل اور معاوضے کی کمیٹی:

یہ کمیٹی چار ممبران پر مشتمل ہے۔ سال کے دوران، کمیٹی کی ایک میٹنگ منعقد کی گئی اور ممبران نے اس طرح سے شرکت کی۔

ممبران کے نام	منعقدہ میٹنگز کی تعداد
جناب شرجیل شاہد	01
جناب لارڈ ضمیر محمد چودھری، CBE, Si Pk	01
جناب رضوان پرویز	01
جناب ذیشان محمد رضا	01

سرمایہ کاری کمیٹی:

یہ کمیٹی چار ممبران پر مشتمل ہے۔ اس سال 2021 کے دوران، کمیٹی کی (04) میٹنگز منعقد کی گئیں اور ممبران نے اس طرح سے شرکت کی۔

ممبران کے نام	منعقدہ میٹنگز کی تعداد
جناب سید فرخ زعیم (مستعفی 14-12-2021)	04
جناب لارڈ ضمیر محمد چودھری، CBE, Si Pk	03
جناب رضوان پرویز	03
جناب ذیشان محمد رضا	04

غیر حاضری کے لیے منظوری ان ممبران کو دی گئی بورڈ آف کمیٹی میٹنگ میں حاضری نہ ہو سکے۔

کارپوریٹ گورننس کے کوڈ کی تعمیل میں انتظامی کمیٹی:

یہ ذمہ داری کمیٹی تین ممبران پر مشتمل ہے۔ اس سال 2021 کے دوران، کمیٹی کی تین میٹنگز منعقد کی گئیں اور ممبران نے اس طرح سے شرکت کی۔

ممبران کے نام	منعقدہ میٹنگز کی تعداد
جناب عامر کراچی والا	03
جناب ذیشان محمد رضا	03
جناب راشد جمیل	03

انشورر کی مالیاتی مضبوطی (IFS) کی شرح

کمپنی نے مالیاتی مضبوطی (IFS) کی شرح بذریعہ VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (AA (Double A) کے طور پر کمپنی کی درجہ بندی کو برقرار رکھا ہے۔

کارپوریٹ گورننس کے کوڈ کے ساتھ تعمیل:

ریگولیریٹی اتھارٹی کی طرف سے مقرر کارپوریٹ گورننس کے کوڈ کی ضروریات کو حسبِ ضابطہ تعمیل کیا گیا ہے۔ اس سلسلے میں ایک اسٹیٹمنٹ اس رپورٹ کے ساتھ منسلک ہے۔

بورڈ آف ڈائریکٹرز کی (5) میٹنگز میں ڈائریکٹرز کی حاضری اس طرح سے رہی۔

ڈائریکٹرز کے نام	منعقدہ میٹنگز کی تعداد
جناب عامر کراچی والا	05
جناب لارڈ ضمیر محمد چودھری، CBE, Si Pk	03
جناب رضوان پرویز	02
جناب شرجیل شاہد	05
جناب سید فرخ زعیم (مستعفی 14-12-2021)	04
جناب ساجد حسین	05
محترمہ سائرہ شاہ	05
جناب ذیشان محمد رضا۔ چیف ایگزیکٹو آفیسر	05

بورڈ کی کمیٹیاں:

آڈٹ کمیٹی:

یہ کمیٹی تین ممبران پر مشتمل ہے۔ اس سال 2021 کے دوران، کمیٹی کی چار میٹنگز منعقد کی گئیں اور ممبران نے اس طرح سے شرکت کی۔

ممبران کے نام	منعقدہ میٹنگز کی تعداد
جناب لارڈ ضمیر محمد چودھری، CBE, Si Pk	03
جناب رضوان پرویز	02
جناب شرجیل شاہد	04

غیر حاضری کے لیے رخصت ان ڈائریکٹرز کو دی گئی جو بورڈ میٹنگ میں حاضری نہ ہو سکے۔



سال کے دوران، کمپنی نے 1.4 بلین روپے مجموعی پریمیم کی ذمہ نویسی کی (2020 میں 1.3 بلین روپے) جو کہ ٹوٹل پورٹ فولیو کا 30 فیصد ہے۔ خالص کلیم سے خالص پریمیم کا تناسب پچھلے سال 47 فیصد کے مقابلے میں 43 فیصد ہے۔ کمپنی نے 2020 میں 206 ملین روپے کے مقابلے میں اس سال 312 ملین روپے کی ذمہ نویسی منافع کیا۔

بینکرز اور بلیٹنٹ

کاروبار کی یہ کلاس ٹوٹل پورٹ فولیو کا 3 فیصد ہے۔ کمپنی نے موجودہ سال 123 ملین روپے کا مجموعی پریمیم کی ذمہ نویسی کی (2020 میں 170 ملین روپے)۔ خالص کلیم کا تناسب پچھلے سال کے 4- فیصد کے مقابلے میں 187 فیصد ہے۔ جس کے نتیجے میں 21 ملین روپے کا ذمہ نویسی نقصان ہوا جو پچھلے سال 27 ملین روپے تھا۔

حیلت

بزنس کی یہ کلاس ٹوٹل پورٹ فولیو کا 7 فیصد ہے۔ کمپنی نے موجودہ سال میں 333 ملین روپے کی ذمہ نویسی قبول کی ہے (2020 میں 558 ملین روپے)۔ خالص کلیم کا تناسب پچھلے سال 116 فیصد کے مقابلے میں 98 فیصد ہے۔ اس کے نتیجے میں 34 ملین روپے کا ذمہ نویسی نقصان ریکارڈ کیا گیا ہے جو پچھلے سال 146 ملین روپے تھا۔

دیگر کلاسز

کاروبار کی دیگر کلاسز ٹوٹل پورٹ فولیو کا 8 فیصد ہے۔ مجموعی تحریری پریمیم 513 ملین روپے رہا (2020 میں 580 ملین روپے)۔ خالص کلیم سے خالص پریمیم کا تناسب پچھلے سال 51 فیصد کے مقابلے میں 71 فیصد ہے۔ اس پورٹ فولیو نے 17 ملین روپے کا ذمہ نویسی نقصان ظاہر کیا جو پچھلے سال 57 ملین روپے فائدے میں تھا۔ موجودہ سال میں فی شیئر آمدنی 0.58 روپے رہی جبکہ پچھلے سال 2020 میں 0.53 روپے تھی۔

ونڈ و تکافل آپریشن:

یہ تکافل کاروبار کیلئے چھٹا سال ہے اور کمپنی نے کامیابی کے ساتھ 653 ملین روپے کی مجموعی کٹریبیویشن حاصل کی۔ پارٹنیشنٹ تکافل فنڈ میں سرمایہ کاری آمدنی سے قبل سرپلس 77 ملین روپے رپورٹ ہوا جو پچھلے سال 2020 میں 52 ملین روپے تھا۔ خالص سرمایہ کاری اور دیگر آمدنی 25 ملین روپے ریکارڈ کی گئی جو پچھلے سال 2020 میں 24 ملین روپے تھی۔ بہتر ذمہ نویسی کے نتیجے میں 101 ملین روپے سرپلس اس سال ریکارڈ کیا گیا جو 2020 میں 76 ملین روپے تک تھا۔

آپریٹرز فنڈ میں منافع قبل از وقت ٹیکس 29 ملین روپے رپورٹ کیا گیا جو پچھلے سال 30 ملین روپے کا منافع تھا۔

متعلقہ پارٹیز کے ساتھ لین دین:

بورڈ آف ڈائریکٹرز ہر بورڈ کی میٹنگ میں متعلقہ /الحاق شدہ کمپنیوں کے ساتھ لین دین کی منظوری دیتے ہیں۔ متعلقہ فریقین کے ساتھ تمام لین دین دونوں فریقین کی خود مختاری اور معیار پر منحصر کرتی ہے۔

جی

بدستور بیج کی بہتر دستیابی کی مدد سے مضبوط ہے اور گندم کے زیر کاشت رقبہ میں اضافہ متوقع ہے۔ اسی اثناء میں، سروسز پر سیکلز ٹیکس میں زبردست اضافہ یہ بھی بتاتا ہے کہ تیسرے درجہ کا شعبہ اچھی طرح سے بحال ہو رہا ہے جبکہ کچھ سرگرمی کے اشارے ترتیب وار بنیادوں پر اعتدال میں آ رہے ہیں۔ جزوی طور پر گھریلو مانگ کو روکنے کیلئے حالیہ پالیسی اقدامات کے نتیجے میں اس مالی سال میں نمود قریب 5-4 فیصد کی پیشنگوئی تک متوقع ہے۔ یہ پروجیکشن آج کے شرح سود کے فیصلے کے متوقع اثر میں اہم ہے۔ MPC نے نوٹ کیا کہ پاکستان نے وائرس کی متعدد لہروں کا کامیابی سے مقابلہ کیا، جس سے معیشت کیلئے مثبت نقطہ نظر میں مدد ملی۔

معیشت V شکل بحالی کی گواہ ہے۔ موجودہ معاشی بحالی اندرونی اور بیرونی استحکام پر سمجھوتہ کیے بغیر حاصل کی گئی ہے۔ پالیسی اقدامات جیسے آٹوینک اسٹیبلائزرز، صوابدیدی اقدامات اور مالیاتی شعبے کے اقدامات نے عالمی معیشت کو مزید بگاڑ سے بچانے میں مدد کی۔

کمپنی کی کارکردگی کا تجربہ:

2021 میں تحریری پریمیم ریونیو میں (2%) کا اضافہ ریکارڈ کیا گیا جو کہ 4,104 ملین کے قریب ہے جبکہ خالص پریمیم ریونیو میں 3% کمی ہوئی جو 1,793 ملین روپے ہے۔

سال کے آخر تک 31 دسمبر 2021 کو پریمیم آمدنی میں 39 ملین روپے (1%) اضافہ ریکارڈ کیا گیا اور 4,112 ملین روپے رہا جو پچھلے سال اسی دوران 4,073 ملین روپے تھا۔

سال کے آخر تک 31 دسمبر 2021 کو خالص کلیم اخراجات میں پچھلے سال کی نسبت اس سال 15% کمی پائی گئی۔ خالص کلیم کی شرح پچھلے سال 61% کی نسبت اس سال 53% تک پہنچی۔

سال کے آخر تک 31 دسمبر 2021 کو ذمہ نویسی نتائج سے ترقی میں 50% منافع رپورٹ کیا گیا جو کہ 81 ملین روپے کے قریب رہا جو کہ پچھلے سال اسی دوران 54 ملین روپے منافع کے ساتھ تھا۔

سال کے آخر تک 31 دسمبر 2021 کو سرمایہ کاری اور دیگر آمدنی میں کمی ہوئی اور 127 ملین روپے تک رہی جو پچھلے سال اسی دوران 142 ملین تھی اور 0.31 ملین روپے کی خرابی ریکارڈ کی گئی۔

قبل از ٹیکس منافع پچھلے سال 94 ملین روپے کی نسبت اس سال 102 ملین روپے ریکارڈ کیا گیا۔

پورٹ فولیو کا تجزیہ (روایتی اور نکافل)

فائر اینڈ پراپرٹی

فائر اینڈ پراپرٹی ٹوٹل پورٹ فولیو کا 39 فیصد ہے۔ سال کے دوران، کمپنی نے 1.8 بلین روپے کی مجموعی پریمیم کی انڈر رائٹنگ کی (2020 میں 1.6 بلین روپے)۔ خالص کلیم سے خالص پریمیم کا تناسب 29 فیصد رہا جبکہ پچھلے سال 48 فیصد تھا۔ کمپنی نے 55 ملین روپے کا ذمہ نویسی نقصان اپنے ذمہ لیا جو پچھلے سال 42 ملین روپے نقصان میں تھا۔

میرین اور ٹرانسپورٹ:

کاروبار کی یہ کلاس ٹوٹل پورٹ فولیو کا 11 فیصد ہے۔ کمپنی نے 521 ملین روپے موجود سال کے مجموعی پریمیم کی ذمہ نویسی کی ہے (2020 میں 390 ملین روپے) تھی۔ خالص کلیمز کا تناسب پچھلے سال 15 فیصد کے مقابلے میں اس سال 15 بھی فیصد ہے جس کے نتیجے میں ذمہ نویسی منافع پچھلے سال 42 ملین روپے کے مقابلے میں 9 ملین روپے ہے۔



سالانہ ڈائریکٹرز رپورٹ برائے سال 2021

بورڈ آف ڈائریکٹرز کی جانب سے UBL Insurer کی 16th سالانہ رپورٹ برائے سال دسمبر 2021 پیش کرتا ہوں۔
زیر غور سال کے لئے مالیاتی جھلکیاں مندرجہ ذیل ہیں۔

فیصد	31 دسمبر 2020	31 دسمبر 2021	
2%	4,041,492	4,104,343	تحریری پریم آمدنی
1%	4,073,406	4,112,270	پریم آمدنی
-3%	1,841,542	1,793,771	خالص پریم آمدنی
-15%	(1,127,838)	(959,119)	کلیم کے اخراجات
78%	(107,637)	(191,931)	خالص منافع
2%	(552,257)	(561,782)	انتظامی اخراجات
50%	53,807	80,962	انڈر رائٹنگ نتائج۔ منافع
-10%	141,614	127,062	سرمایہ کاری و دیگر آمدنی
2%	(127,013)	(129,818)	عام اور انتظامی اخراجات
-5%	30,244	28,581	ٹیکس سے قبل منافع ونڈو کا فیل آپریشنز سے
9%	93,538	102,022	منافع ٹیکس سے قبل

معاشی جائزہ

کوویڈ 19 کے سبب ہزاروں مشکلات کے باوجود، پاکستان کی معیشت سال 2021 کے دوران مختلف اقدامات اور کامیابیوں کی وجہ سے وسیع، جامع اور پائیدار ترقی کی راہ پر گامزن ہے۔ معاشی ترقی کے ساتھ انشورنس کا شعبہ بھی بہتر اور اونچائی پر رہا۔ اگرچہ ملکی معیشت کوویڈ 19 وبائی امراض کے اثرات سے آہستہ آہستہ بحال ہونا شروع ہو گئی ہے جس نے سرگرمیاں سست کر دی تھیں لیکن کوویڈ 19 کا اثر 2021 میں قابو کر لیا گیا تھا اور ہم 2022 کیلئے ترقی پسند ہیں۔ کوویڈ 19 جیسی بیماریاں صدی میں ایک بار پیش آنے والا واقعہ ہے جو عالمی معیشتوں کو پریشان کرتا ہے۔ انشورنس کے شعبے نے کئی ممالک کے مقابلے وبائی مرض سے نمٹنے میں بہت بہتر کارکردگی کا مظاہرہ کیا۔

حکومت نے 14 دسمبر 2021 کو کئی اہم پالیسی فیصلے لئے۔ مانیٹری پالیسی کمیٹی (MPC) نے پالیسی ریٹ کو 100 بنیادی پوائنٹس سے بڑھا کر 9.75 فیصد کرنے کا فیصلہ کیا۔ اس فیصلے کا مقصد افراط زر کے دباؤ کا مقابلہ کرنا اور اس بات کو یقینی بنانا ہے کہ ترقی پائیدار رہے۔ زراعت کیلئے نقطہ نظر



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

UBL Insurers Limited

For the year ended December 31, 2020

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) for the purpose of establishing a framework of good governance, whereby UBL Insurers Limited (the Insurer), an unlisted insurer is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Directors	None
Executive Directors	Mr. Zeeshan Muhammad Raza
Non-Executive Directors	Mr. Aameer Karachiwalla
	Mr. Lord Zameer M. Choudrey, CBE, Si Pk
	Mr. Rizwan Pervez
	Mr. Sharjeel Shahid
	Mr. Sajid Hussain
	Ms. Saira Shah
	Syed Furrukh Zaeem*

* Syed Furrukh Zaeem has resigned from the Board with effect from December 14, 2021.

As per clause (iii) of the Code of Corporate Governance for Insurers, 2016, the appointment of an independent director on the Board is preferred but is not mandatory. Hence, no independent director has been appointed on the Board of Directors of the Company.

2. The Directors have confirmed that none of them is Serving as a Director in more than seven (7) listed companies, including this Insurer,

3. All the resident Directors of the Insurer are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.

4. A casual vacancy occurred during the year upon resignation of Syed Farrukh Zaeem on December 14, 2021. The Board of Directors through a circular resolution dated January 12, 2022 have nominated Mr. Muhammad Rizwan Malik as director with immediate effect subject to clearance from the Securitisation and Exchange Commission of Pakistan (SECP).

5. The Insurer has prepared a Code of Conduct, which has been disseminated among all the Directors and employees of the Insurer.

6. The Board has developed a vision / mission statement, overall corporate strategy, and significant policies of the Insurer. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive Directors, and the Key officers, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Insurer. The Insurer has adopted and complied with all the necessary aspects of internal controls given in the Code.
10. The Board was not required to arrange an orientation course during the year since there were no new appointments on the Board.
11. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment
12. The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.
13. The financial statements of the Insurer were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
14. The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Insurer other than disclosed in the pattern of shareholding.
15. The Insurer has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.
16. The Board has formed the following Management Committees:

Underwriting Committee

Name of Member	Category
Mr. Aameer Karachiwalla	Chairman
Mr. Zeeshan Muhammad Raza	Member
Mr. Rashid Jameel Khan	Member

Claim Settlement Committee

Name of Member	Category
Ms. Saira Shah	Chairman
Mr. Zeeshan Muhammad Raza	Member
Mr. Abdul Rauf Patel	Member



Reinsurance & Co-insurance Committee

Name of Member	Category
Mr. Aameer Karachiwalla	Chairman
Mr. Zeeshan Muhammad Raza	Member
Mr. Rashid Jameel Khan	Member

Risk Management & Compliance Committee

Name of Member	Category
Mr. Sajid Hussain	Chairman
Mr. Zeeshan Muhammad Raza	Member
Mr. Rashid Jameel Khan	Member
Mr. Mathew Joel	Member

17. The Board has formed the following Board Committee;

Ethics, Nominations, Human Resource & Remuneration Committee

Name of Member	Category
Mr. Sharjeel Shahid	Chairman
Mr. Lord Zameer M. Choudrey, CBE, Si Pk	Member
Mr. Rizwan Pervez	Member
Mr. Zeeshan Muhammad Raza	Member

Investment Committee

Name of Member	Category
Mr. Syed Furrakh Zaeem (Resigned with effect from December 14 th , 2021)	Chairman
Mr. Lord Zameer M. Choudrey, CBE, Si Pk	Member
Mr. Rizwan Pervez	Member
Mr. Zeeshan Muhammad Raza	Member

18. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive Directors. The Chairman of the Committee is a non-executive Director. The composition of the Audit Committee is as follows:

Audit Committee

Name of Member	Category
Mr. Lord Zameer M. Choudrey, CBE, Si Pk	Chairman
Mr. Rizwan Pervez	Member
Mr. Sharjeel Shahid	Member



19. The meeting of the Audit Committee, Board of Directors and Investment Committee were held at least once every quarter prior to approval of interim and final results of the Insurer and as required by the Code of Corporate Governance for Insurers, 2016. The terms of references of the committees have been formed and advised to the committees for compliance. However, the meetings of Reinsurance & Co-insurance Committee, Underwriting Committee, Claim Settlement Committee and Risk Management & Compliance Committee were not held once in every quarter.

20. The Board has outsourced the internal audit function to BDO Ebrahim & Co. Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Insurer and they (or their representative) are involved in the internal audit functions.

21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer, and the Head of Internal Audit possess such qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016. Moreover, the persons heading the underwriting, claim, and reinsurance, 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.

Name of the Person	Designation
Mr. Zeeshan Muhammad Raza	Chief Executive Officer
Mr. Nadeem Raza	Chief Financial Officer
Mr. Mathew Joel	Compliance Officer
Mr. Abdul Sattar Vaid	Company Secretary
Mr. Ehsan-Ul-Haq	Head of Internal Audit
Mr. Fahad Hussain Khan	Head of Non-Motor Underwriting
Mr. Tipoo Zafar Iqbal	Head of Motor Underwriting
Mr. Abdul Rauf Patel	Head of Non-Motor Claims & Head of Grievance Department
Mr. M. Amin Najmuddin	Head of Motor Claims
Mr. Ashfaq Sharif	Head of Reinsurance
Ms. Sidra Nasir	Head of Risk Management

22. The statutory auditors of the Insurer have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Insurer and that the firm and all its partners are in compliances

23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

24. The Board ensures that the investment policy of the Insurer has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.

25. The Board ensures that the risk management system of the Insurer is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.

26. The Insurer has set up a risk management function / department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.

27. The Board ensures that as part of the risk management system, the Insurer gets itself rated from VIS Credit Rating Company Limited which is being used by its risk management function / department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on December 28, 2021 is AA (Double A) with stable outlook

28. The Board has set up a grievance department / function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.

29. The Insurer has not obtained any exemptions from SECP in respect of any of the requirements of the Code.

30. We confirm that the material principles contained in the Code of Corporate Governance have been complied with except for the below mentioned non-compliance: towards which reasonable progress is being made by the insurer to seek compliance by the end of the next accounting year.

S.No.	Requirement	Explanation for Non-Compliance	Regulation No.
1.	The Head of Internal Audit shall attend meetings of the Audit Committee at which issues relating to accounts and audit are discussed.	The internal audit function of the Insurer is outsourced to BDO Ebrahim & Co. Chartered Accountants who have attended the meetings of the Audit Committee. The Head of Internal Audit will attend meetings in the ensuing year.	iv
2.	All committees (whether management committees or the Board committees) shall meet at least once in every quarter except for Ethics, Nomination, Human Resource & Remuneration Committee which shall be required to meet on need basis and not on a quarterly basis. However, the meetings of Reinsurance & Co-insurance Committee, Underwriting Committee, Claim Settlement Committee and Risk Management & Compliance Committee were not held once in every quarter.	The meetings of the Claim Settlement Committee, Underwriting Committee, Reinsurance & Co-insurance Committee and Risk Management & Compliance Committee were not held for every quarter during the year due to COVID-19, but they were held with sufficient enough frequency to effectively carry out the functions of the respective committees.	xliii



Zeeshan Muhammad Raza
Chief Executive officer

Dated: March 09th, 2022

Independent Auditors Review Report

To the members of UBL Insurers Limited

Review Report on Statement of Compliance contained in the Code of Corporate Governance for insurers, 2016

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 ('the Code') prepared by the Board of Directors of **UBL insurers Limited** ('the Company') for the year ended December 31, 2021 in accordance with the requirements of Code of Corporate Governance for Insurers, 2016 applicable to insurance companies as issued by the Securities and Exchange Commission of Pakistan (SECP).

The responsibility for compliance with the Code 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 Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

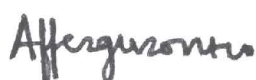
As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control 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 Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. 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 Code as applicable to the Company for the year ended December 31, 2021.

Further, we highlight below the instances of non-compliance with the requirement of the Code as reflected in paragraph references where these are stated in the statement of compliance.

Paragraph Reference	Description
30	During the year, the Head of Internal Audit did not attend any meetings of the Audit Committee.
30	The meetings of Reinsurance & Co-insurance Committee, Underwriting Committee, Claim Settlement Committee and Risk Management & Compliance Committee were not held once in every quarter.



A. F. Ferguson & Co.
Chartered Accountants

Date: April 1, 2022

Karachi.

UDIN: CR202110068bYsAm2a5h

Independent Auditor's Report

To the members of UBL Insurers Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **UBL Insurers Limited** (the "Company"), which comprise the statement of financial position as at December 31, 2021, 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 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, 2021 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

AT

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.



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) 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 **Shahbaz Akbar**.



A. F. Ferguson & Co.
Chartered Accountants

Karachi

Date: April 1, 2022

UDIN: AR2021100688aX24IIGK

UBL Insurers Limited

Statement of Financial Position

As at December 31, 2021

	Note	2021	2020
Assets			
Property and equipment	5	67,391	69,832
Right-of-use-assets	6	46,765	46,541
Intangible assets	7	1,909	3,764
Investments			
Equity securities	8	81,157	30,363
Debt securities	9	1,006,296	1,036,688
Loans and other receivables	10	58,072	58,496
Insurance / Reinsurance receivables	11	1,594,923	1,791,268
Reinsurance recoveries against outstanding claims		1,219,610	1,347,852
Salvage recoveries accrued		52,999	62,612
Deferred commission expense / acquisition cost		180,289	155,019
Deferred taxation		13,866	21,061
Taxation - payment less provisions	13	57,079	62,770
Prepayments	32	810,230	729,888
Cash and bank	14	225,530	214,296
	15	5,416,116	5,630,450
Total assets of Window Takaful Operations - Operator's fund	22	287,170	236,065
Total Assets		5,703,286	5,866,515
Equity and liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary Share Capital	16	1,152,174	1,152,174
Discount on issue of right shares		(352,174)	(352,174)
Reserves	17	2,228	(1,504)
Unappropriated profit		940,652	871,783
Total Equity		1,742,879	1,670,279
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	24	1,480,367	1,669,471
Unearned premium reserves	23	1,428,843	1,436,772
Premium deficiency reserves		-	23
Unearned reinsurance commission	25	176,562	163,675
Retirement benefit obligations	12	3,039	6,828
Lease liabilities	18	56,867	51,174
Insurance / reinsurance payables	19	369,426	510,196
Other Creditors and Accruals	20	263,390	207,042
		3,778,494	4,045,181
Total liabilities of Window Takaful Operations - Operator's fund	22	181,913	151,055
Total Liabilities		3,960,407	4,196,236
Total Equity and Liabilities		5,703,286	5,866,515
Contingencies and commitments			
	21		

The annexed notes 1 to 43 form an integral part of these financial statements.

Affirm



Chief Executive Officer



Director



Director



Chairman



UBL Insurers Limited

Profit & Loss Account

For the year ended December 31, 2021

	Note	2021	2020
----- (Rupees in '000) -----			
Net insurance premium	23	1,793,771	1,841,542
Net insurance claims	24	(959,119)	(1,127,838)
Premium deficiency (expense) / reversal		23	(3)
Net commission and other acquisition costs	25	(191,931)	(107,637)
Insurance claims and acquisition expenses		(1,151,027)	(1,235,478)
Management expenses	26	(561,782)	(552,257)
Underwriting results		80,962	53,807
Investment income	27	97,333	102,026
Other income	28	29,729	39,588
Other expenses	29	(129,818)	(127,013)
Results of operating activities		78,206	68,408
Finance costs	30	(4,765)	(5,114)
Profit from Window Takaful Operations	22	28,581	30,244
Profit before tax		102,022	93,538
Income tax expense	31	(35,844)	(26,408)
Profit after tax		66,178	67,130
Earnings (after tax) per share - Rupees	33	0.57	0.58

The annexed notes 1 to 43 form an integral part of these financial statements.

Affirm



Chief Executive Officer



Director



Director



Chairman



UBL Insurers Limited

Statement of Comprehensive Income

For the year ended December 31, 2021

	2021 ----- (Rupees in '000) -----	2020
Profit after tax	66,178	67,130
Other comprehensive income		
Item to be reclassified to profit and loss account in subsequent years		
Unrealised gain on available-for-sale investments	5,319	(2,090)
Related tax impact	(1,542)	606
	3,777	(1,484)
Other comprehensive income from Window Takaful Operations	(45)	(21)
Item that will never be reclassified to profit and loss account in subsequent years		
Re-measurement gain on defined benefit obligation	3,789	386
Related tax impact	(1,099)	(112)
	2,690	274
Net other comprehensive income for the year	6,422	(1,231)
Total comprehensive income for the year	72,600	65,899

The annexed notes 1 to 43 form an integral part of these financial statements.

Affix



Chief Executive Officer



Director



Director



Chairman



Statement of Changes in Equity

For the year ended December 31, 2021

	Attributable to equity holders of the Company				Total
	Ordinary Share Capital	Capital Reserve	Revenue Reserve		
		Discount on issue of right share	Available-for- sale investment revaluation reserve	Unappropri- ated profit	
----- (Rupees in '000) -----					
Balance as at January 01, 2020	1,152,174	(352,174)	1	865,952	1,665,953
Total comprehensive income					
Profit after tax	-	-	-	67,130	67,130
Final cash dividend at Rs. 0.534 (5.34%) per share for the year ended december 31, 2019	-	-	-	(61,573)	(61,573)
Other comprehensive (loss) / income - net of tax	-	-	(1,505)	274	(1,231)
	-	-	(1,505)	5,831	4,326
Balance as at December 31, 2020	1,152,174	(352,174)	(1,504)	871,783	1,670,279
Total comprehensive income					
Profit after tax	-	-	-	66,178	66,178
Dividend	-	-	-	-	-
Other comprehensive income - net of tax	-	-	3,732	2,690	6,422
	-	-	3,732	68,868	72,600
Balance as at December 31, 2021	1,152,174	(352,174)	2,228	940,651	1,742,879

The annexed notes 1 to 43 form an integral part of these financial statements.

Affirm

Chief Executive Officer

Director

Director

Chairman

UBL Insurers Limited

Statement of Cash Flow

For the year ended December 31, 2021

2021

2020

Operating Cash Flows

(a) Underwriting activities

Insurance premium received	
Reinsurance premium paid	
Claims paid	
Reinsurance and other recoveries received	
Commission paid	
Commission received	
Management expenses paid	

Net cash inflow from underwriting activities

(b) Other operating activities

Income tax paid	
General expenses paid	
Loan advanced	
Loan repayments received	
Payment against unclaimed insurance benefits	

Net cash outflow from other operating activities

Total cash (outflow) / inflow from all operating activities

Investment activities

Profit / return received	
Dividend received	
Payment for investments	
Proceeds from investments	
Proceeds from sale of property and equipment	
Fixed capital expenditure	

Total cash inflow / (outflow) from investing activities

Financing activities

Dividend paid	
Principal portion of lease liability paid	
Interest paid	

Total cash outflow from financing activities

Net cash inflow / (outflow) from all activities

Cash and cash equivalents at beginning of the year

Cash and cash equivalents at end of the year

Reconciliation to profit and loss account

Operating cash flows	
Depreciation expense	
Financial charges expense	
Profit on disposal of investments	
Profit on disposal of property and equipment	
Dividend income	
Profit from window takaful operations	
Decrease in assets other than cash	
Decrease / (increase) in liabilities other than borrowings	
Amortisation expense	
Provision for impairment against listed equity securities	
Income tax expense	
Interest on government securities / term finance certificates / sukuk	
Return on term deposits	
Exchange (loss) / gain	
Return on bank balances	
Other income	

Profit after taxation

(Rupees in '000)

4,231,879	3,975,722
(2,492,310)	(2,222,477)
(2,559,949)	(2,604,234)
1,549,581	1,631,268
(878,648)	(522,623)
518,251	449,804
(312,047)	(479,381)
56,757	228,079
(17,311)	(80,622)
(103,095)	(122,255)
(6,617)	(7,535)
7,037	7,648
(9,478)	(8,156)
(129,464)	(210,920)
(72,707)	17,159
45,568	75,555
6,752	3,571
(364,083)	(675,049)
389,222	920,344
22,678	48,060
(26,901)	(13,589)
73,236	358,892
-	(61,573)
(9,142)	(12,618)
(4,765)	(5,114)
(13,907)	(79,305)
(13,378)	296,746
864,107	567,361
850,729	864,107
(72,707)	17,159
(31,783)	(41,213)
(4,765)	(5,114)
1,541	16
10,649	14,789
6,752	3,571
28,581	30,244
(240,053)	(37,205)
297,541	(9,536)
(1,855)	(2,412)
(309)	(5,972)
(35,844)	(26,408)
89,349	84,640
-	19,772
(1,598)	1,215
16,628	22,038
4,051	1,546
66,178	67,130

The annexed notes 1 to 43 form an integral part of these financial statements.

Affix



Chief Executive Officer



Director



Director



Chairman

1 LEGAL STATUS AND NATURE OF BUSINESS

UBL Insurers Limited ("the Company"), a subsidiary of Bestway International (Holdings) Limited, was incorporated as an unlisted public limited company on June 29, 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 126-C, Jami Commercial Street Number 14, D.H.A., Phase VII, Karachi. The Company currently operates a network of 24 (2020: 22) branches in various cities. The Company received Certificate of Registration under Section 6 of the Insurance Ordinance, 2000 on January 05, 2007. The objects of the Company include providing general insurance services (in spheres of Fire, Marine, Aviation and Transport, Motor, Health, Bankers Blanket and Miscellaneous) and general takaful services.

The Company was granted authorisation on December 29, 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operations in respect of general takaful products by the Securities and Exchange Commission of Pakistan (SECP) and subsequently the Company commenced Window Takaful Operations on January 1, 2016.

2 BASIS OF PREPARATION & STATEMENT OF COMPLIANCE

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) as are notified under Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulation, 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, Takaful Rules, 2012, and General Takaful Accounting Regulation, 2019 shall prevail.

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

2.1.2 A separate set of financial statements of the general Window Takaful Operations has been reported which is annexed to these financial statements as per the requirements of the SECP Takaful Rules, 2012.

2.2 Basis of Measurement

The financial statements have been prepared under the historical cost convention basis except for available-for-sale investments that have been measured at fair value and the obligations under employee benefits that have been measured at fair value of plan assets less the present value of defined benefit obligation and right-of-use assets and their related liability which are measured at present values

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation 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 There are certain 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 do not have any significant effect on the Company's operations and therefore, have not been stated in these financial statements.

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

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2022:

Standards, amendments or interpretations	Effective date (period beginning on or after)
• IAS 16 - 'Property plant and equipment' (amendments)	January 1, 2022
• IAS 37 - 'Provisions, contingent liabilities and Contingent assets' (amendments)	January 1, 2022
• IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
• IAS 12 - 'Income taxes' (amendments)	January 1, 2023
• IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024
• IFRS 9 - 'Financial Instruments'	January 1, 2023*

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023 and yet to be notified by the Securities and Exchange Commission of Pakistan.

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 as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. 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, 2021 and change in the fair values during the year

Financial assets with contractual cash flows that meet the SPPI criteria, excluding those held for trading

Debt securities - Held to maturity (note 9) - January 31, 2021
 Opening fair value - January 31, 2021
 Disposals during the year - net
 Addition during the year - net
 Increase in fair value
 Closing fair value - December 31, 2021

Debt securities - Available for sale (note 9) - January 31.
 Opening fair value - January 31, 2021
 Disposals during the year - net
 Decrease in fair value
 Closing fair value - December 31, 2021

Financial assets that do not meet the SPPI criteria

Equity Securities - Available for sale (note 8) - January 31.
 Opening fair value - January 31, 2021
 Disposals during the year - net
 Addition during the year - net
 increase in fair value
 Closing fair value - December 31, 2021

(Rupees in '000)

991,219
(950,319)
909,379
547
<u>950,826</u>
50,000
-
-
<u>50,000</u>
30,363
(5,300)
51,084
5,010
<u>81,157</u>

The fair value of the remaining financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate change.

2.5.2 There are certain other amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do 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 any accumulated impairment losses, if any.

Depreciation is calculated and charged to profit and loss so as to write off the depreciable amount of the assets over their expected economic lives at the rates specified in note 5.1 to the financial statements, after taking into account residual value, if any. The useful lives, residual values and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged on a straight line method from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

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

Gains and losses on disposal, if any, of assets are included in the profit or loss account in the year the asset is derecognized.

The carrying value of tangible property and equipment is reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

Maintenance and normal repairs are charged to the profit and loss account as and when incurred. Major renewals and improvements are capitalised and assets so replaced, if any, are retired.

3.2 Intangible assets

These are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of intangible assets is charged to profit and loss account applying the straight line method useful period as specified in note 7 to these financial statements after taking into account residual value, if any.

Full month's amortisation is calculated from the month the assets are available for use using the straight-line method and on disposals upto the month preceding the month of disposal. The cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortisation method are reviewed, and adjusted if appropriate, at each reporting date.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable, if any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

3.3 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 lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

Insurance contracts of the Company 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.

b) Marine, aviation and transport

Marine and transport insurance covers the loss or damage of ships, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination.

c) Motor

Motor insurance is to provide protection against losses incurred as a result of traffic accidents and against liability that could be incurred in an accident.

d) Bankers' blanket

Bankers' blanket insurance covers losses as a result of dishonest or fraudulent acts by officers and employees of the bank, including on premises coverage of cash, coverage of cash during transit and coverage of forged cheques.

e) Health

Health insurance includes coverage of in-patient-hospital, out-patient-department, medical and other related expenses of disease, sickness or accidental injury incurred during the period of insurance.

f) Miscellaneous

Miscellaneous insurance includes various types of coverage mainly burglary, loss of cash in safe and cash in transit, engineering losses, personal accident, money and other coverage.

These contracts are normally one year insurance contracts except marine and some contracts of fire and property and miscellaneous class. Normally all marine insurance contracts and some fire and property contracts have three months period. In miscellaneous class, some engineering insurance contracts have more than one year period whereas normally travel insurance contracts expire within one month time.

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

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

3.4 Deferred commission expense / acquisition cost

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

3.5 Unearned premium reserve

Unearned premium reserve represents the portion of premium written relating to the unexpired period of coverage at the reporting date and is recognised as a liability by the Company. This liability is calculated by applying the 1/24th method as specified in the Insurance Rules, 2017.

3.6 Premium deficiency reserve

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is determined. Further actuarial valuation has been carried out to determine the amount of premium deficiency reserve in respect of Accident and Health insurance as required by Insurance Rules issued by Securities and Exchange Commission of Pakistan on February 9, 2017. Based on the advice of actuary, no provision for premium deficiency reserve is required for any class.

3.7 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 arrangements contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognises the entitled benefits under contracts as various reinsurance assets and liabilities.

Reinsurance assets represent balances due from reinsurance companies and reinsurance recoveries against outstanding claims. Amounts due from reinsurance companies are carried at cost less any provision for impairment. Cost represents the fair value of the consideration to be received. Reinsurance recoveries against outstanding claims are measured at the amount expected to be received based on reinsurance treaties.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance assets.

Reinsurance liabilities represent balances due to reinsurance companies. Due to reinsurance companies are carried at cost which is the fair value of the consideration to be paid.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired.

3.8 Receivables and payables related to insurance contracts

Receivables related to insurance contracts are known as premium due but unpaid. These are recognised when due and at cost, which is the fair value of the consideration to be received less provision for impairment, if any. Premiums received in advance is recognised as liability till the time of issuance of insurance contract thereagainst.

If there is an objective evidence that any receivable 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.

3.9 Segment reporting

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

The Company presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the 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, banker's blanket and miscellaneous. The nature and business activities of these segments are disclosed in note 3.3.

Assets and liabilities are allocated to particular segments on the basis of gross written premium. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated assets and liabilities.

3.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consists of cash in hand, stamps in hand, bank deposits, term deposits and market treasury bill having maturity of three months or less.

3.11 Revenue recognition

3.11.1 Premium

Premium received / receivable under a policy / cover note is recognised as written from the date of attachment of the risk to the policy / cover note to which it relates. Where the pattern of incidence of risk varies over the period of the policy, premium is recognised as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognised as unearned premium by the Company. This liability is calculated by applying 1/24 method as specified in the Insurance Rules, 2017.



For facultative acceptance, the basis of recognizing premium and determining the unearned premium reserve is the same as for the direct policies.

3.11.2 Commission income

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to statement of comprehensive income as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission from reinsurers is arrived at after taking the impact of opening and closing unearned commission. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognised on accrual basis.

For facultative acceptance the basis of recognizing commission and determining the unearned commission reserve is the same as for the direct policies.

3.11.3 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.
- 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.

3.12 Investments

3.12.1 Classification and measurement

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

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

3.12.2 Investments 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 net profit or loss for the period in which it arises.

3.12.3 Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost being the fair value of the consideration given and include transaction cost. At subsequent reporting dates, these are measured at amortised cost using the effective yield method.

Income from held to maturity investments including any premium or discount is recognised on a time proportion basis using the effective yield method and taken to the profit and loss account.



3.12.4 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. Subsequent to initial recognition, these are stated at market value. The unrealised gains / losses on available for sale investments are recognised in other comprehensive income and recycled to profit and loss on disposal.

Dividend income and entitlement of bonus shares are recognised when the Company's right to receive such dividend and bonus shares is established.

Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to profit and loss account. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities.

3.13 Off setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set-off and the Company intends either to settle the assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

3.14 Provisions

A provision is 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 resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

3.15 Reinsurance expense

Premium Ceded to reinsurers is recognized as an expense. For reinsurance contracts operating on a proportionate basis, on attachment of the underlying policies reinsured; and for reinsurance contracts operating on a non-proportionate basis, on inception of the reinsurance contract.

The portion of reinsurance premium ceded not yet recognized as an expense is recognized as a prepayment. The prepaid portion of premium ceded is recognized as an asset. Such asset is calculated by applying the one by twenty-fourth method, whereby the liability shall equal $\frac{1}{24}$ of the premium ceded relating to reinsurance contract commencing in the first month of the insurer's financial year, $\frac{3}{24}$ of the premiums ceded relating to policies commencing in the second month of the insurer's financial years, and so on.

3.16 Taxation

3.16.1 Current

Provision for current taxation is the higher of the amount computed on prevailing tax rate or tax rates expected to apply on taxable income after taking into account tax credits / rebates, if any, and the minimum tax computed at the prescribed rate on turnover. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized during the current year for such years.

3.16.2 Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

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

3.17 Staff retirement benefits

3.17.1 Defined benefit plan

The Company operates an approved funded gratuity fund for all permanent employees who have completed minimum 3 years of service under the scheme. Contributions are made to the scheme on the basis of independent actuarial recommendations using "Projected Unit Credit Method". Remeasurement of the defined benefit liability / (asset), which comprises actuarial gain and losses are recognised immediately in other comprehensive income. The Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the net defined benefit liability / (asset), taking into account and change in the net defined benefit liability / (asset) during the year as a result of contribution and benefit payments. Net interest expense, current service cost and other expense related to defined benefit plans are recognised in profit and loss account.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in the profit and loss account. The Company recognises gain and loss on the settlement of a defined benefit plan when the settlement occurs.

3.17.2 Defined contribution plan

The Company operates a recognised provident fund scheme for all its eligible employees. Equal contributions are made by the Company and the employees at the rate of 8.33% of basic salary.

3.18 Lease liability and right-of-use asset

The Company enters into leasing arrangements for its branches. 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 contains 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 lease term and that are

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

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

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment. Finance cost so calculated using the effective interest rate method is charged to profit and loss account. Any lease payments made reduces the lease liability.

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

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

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

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

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

3.19 Impairment of assets

The carrying amount of the assets is reviewed at each statement of financial position date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such assets is estimated and the impairment losses are recognised in the profit and loss account currently.

Provisions for impairment are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Changes in the provisions are recognised as income / expense currently.



3.20 Dividend Distribution

Dividends, if any, declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends are declared and transfers are made.

3.21 Management and other expenses

Management and other expenses are allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium written. Expenses not allocable to the underwriting business are charged as other expenses.

Expenses allocated to the takaful business represent directly attributable expenses. Expenses not directly attributable to takaful business are allocated between the conventional business and takaful business of the Operator on the basis of reasonable and supportable information available for determining such allocation.

3.22 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, 2021.

3.23 Foreign currency

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

3.24 Earnings per Share

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

3.25 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.

3.26 Claims expense

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

The Company recognises liability in respect of all claims incurred upto the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an takaful contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

The provision for Incurred But Not Reported (IBNR) claims is determined by the Company as required under circular No. 9 of 2016 issued by the SECP. As per the SECP circular No. 9 of 2016, a Company shall estimate IBNR claims reserve based on the prescribed method provided in the guidelines. Guidelines also allows the use of any other alternative method of determining IBNR, if found more suitable for the risk class, provided that the amount estimated under the alternative method shall not be less than the amount calculated under prescribed method. The prescribed method for estimating IBNR claim reserve is the chain ladder method based on paid claims hereinafter called 'Incurred But Not Paid' or 'IBNP'. The Basic Chain Ladder (BCL) method uses a run off triangle to estimate the development factors for each accident period which are further used to estimate the ultimate paid claims. Data from settlement registers is used in the BCL models. Lags are determined to be the difference between the 'date of loss' and 'date of claim payment'. Monthly lags are used since it reflects the claim development pattern within a given year and the back testing supports the same. Once IBNP has been determined using BCL, the outstanding claims are deducted to arrive at IBNR on paid basis.

Under alternative method IBNR is determined on reported basis. IBNR (reported basis) is much similar to IBNR (paid basis) but is calculated using a different methodology. It does not use either IBNP or outstanding claims to estimate IBNR rather, is determined using BCL method. Development factors are determined for each accident period to estimate the ultimately reported claims directly. Intimation registers are used in the BCL model where lags are calculated as the difference between the 'date of loss' and 'date of intimation'.

The analysis is carried out separately for each class of business and results determined through this alternative method are compared to the results of prescribed method and higher of the two are set as the final reserve.

3.27 Re-insurance recoveries against claims

Claim recoveries receivable from the reinsurer are recognised as assets at the same time as the claims which give rise to the right of recovery are recognized as liability and are measured at the amount expected to be received.

3.28 Salvage recoveries accrued

Salvage is recognised at the same time as the claims to which they relate. Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims. The allowance is the amount that can reasonably be recovered from the disposal of the salvage.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the 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. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements, or judgment was exercised in application of accounting policies, are as follows:

- Provision for outstanding claims including IBNR (note 3.26)
- Unearned premium reserve (note 3.5)
- Premium deficiency reserve (note 3.6)
- Defined benefit plan (note 3.17.1)
- Classification and measurement of investments (note 3.12.1)
- Useful lives of assets and methods of depreciation and amortisation (note 3.1 and 3.2)
- Provision for current and deferred tax (note 3.16)
- Insurance / reinsurance receivables and payables (note 3.8)
- Lease liability and right-of-use asset (note 3.18)
- Allocation of management and other expenses (note 3.21)

5 PROPERTY AND EQUIPMENT

	Note	December 31, 2021	December 31, 2020
		----- (Rupees in '000) -----	
Operating fixed assets	5.1	67,391	69,832
		-	-
		67,391	69,832

5.1 Operating fixed assets

	2021							
	Cost			Accumulated Depreciation			Written down value as at December 31, 2021	Depreciation rate
	As at January 1, 2021	Additions / (disposals)	As at December 31, 2021	As at January 1, 2021	For the year / (on disposals)	As at December 31, 2021		
----- (Rupees in '000) -----								%
Furniture and fixtures	20,905	1,235 (173)	21,967	12,179	1,373 (173)	13,379	8,588	10
Office equipment	21,564	2,166 (500)	23,230	13,939	2,578 (480)	16,037	7,193	20
Computer and accessories	18,896	4,394 (2,407)	20,883	11,947	3,344 (2,295)	12,996	7,887	25
Motor vehicles	65,989	18,629 (30,717)	53,901	33,341	6,830 (18,797)	21,374	32,527	20
Mobile phones	2,011	365 (410)	1,966	1,242	462 (314)	1,390	576	33
Leasehold improvements	36,733	112 (80)	36,765	23,618	2,544 (17)	26,145	10,620	10
<div>166,09826,901158,71296,26617,13191,32167,391</div> <div>(34,287)(22,075)</div>								

Affix

	2020							
	Cost			Accumulated Depreciation			Written down value as at December 31, 2020	Depreciation rate
	As at January 1, 2020	Additions / (disposals)	As at December 31, 2020	As at January 1, 2020	For the year / (on disposals)	As at December 31, 2020		
(Rupees in '000)								%
Furniture and fixtures	19,195	1,710 -	20,905	10,958	1,221 -	12,179	8,726	10
Office equipment	16,801	5,077 (314)	21,564	11,840	2,380 (281)	13,939	7,625	20
Computer and accessories	16,027	2,869 -	18,896	9,142	2,805 -	11,947	6,949	25
Motor vehicles	144,546	397 (78,954)	65,989	59,853	19,180 (45,693)	33,341	32,648	20
Mobile phones	1,763	443 (195)	2,011	919	486 (163)	1,242	769	33
Leasehold improvements	35,933	800 -	36,733	21,096	2,522 -	23,618	13,116	10
<div><div>234,26511,296166,098113,80828,59496,26669,832</div><div>(79,463)(46,137)</div></div>								

5.1.1 Disposal of fixed assets

Fixed Assets	2021				
	Cost	Book value	Sale proceeds	Mode of sale	Particulars of purchaser
(Rupees in '000)					
Office Equipment	500	19	45	Negotiation	Various
Computer Hardware	2,407	112	54	Negotiation	Various
Furniture & Fixture	173	-	30	Negotiation	Various
Motor vehicles	30,717	11,922	22,461	Car Policy	Various
Office Premises	80	62	20	Negotiation	Various
Mobile phones	410	96	114	Negotiation	Various
	34,287	12,211	22,724		

Alpha

5.1.2 Disposal of fixed assets

Particulars of Assets	Category	Cost	Net Book Value	Sales Proceeds	Mode of disposals	Particulars of Buyers
-----------------------	----------	------	----------------	----------------	-------------------	-----------------------

----- (Rupees in '000) -----

Disposals having original cost exceeding Rs. 1,000,000 individually

Car	Motor Vehicle	1,359	768	1,080	Car Policy	Syed Abid Hussain Zaidi
Car	Motor Vehicle	1,056	106	600	Car Policy	Mr. Ijaz Mahmood Chaudhrey
Car	Motor Vehicle	1,054	105	600	Car Policy	Mr. Humayun Pervez Hashmi
Car	Motor Vehicle	1,767	1,316	1,650	Car Policy	Mr. Salman Qaiser
Car	Motor Vehicle	1,502	1,119	1,465	Car Policy	Mr. Fahad Hussain Khan
Car	Motor Vehicle	1,767	1,343	1,650	Car Policy	Mr. Farhan Raza Zaidi
Car	Motor Vehicle	1,054	105	800	Car Policy	Mr. Sahaista Kamil
Car	Motor Vehicle	2,204	1,311	1,851	Car Policy	Syed Amir Bukhari
Car	Motor Vehicle	2,204	1,311	1,851	Car Policy	Mr. Shahid Khan
Car	Motor Vehicle	2,631	1,960	2,100	Car Policy	Mr. Zahid Hussain
Car	Motor Vehicle	1,717	172	1,630	Car Policy	Mr. Rahat un Nisa Zaidi
Car	Motor Vehicle	1,117	145	800	Car Policy	Mr. Nadir Ali Bukhari
Car	Motor Vehicle	1,319	726	1,250	Car Policy	Mr. Siddique Ahmed
Car	Motor Vehicle	1,040	104	350	Car Policy	Mr. Tahir Abbas Sindhu
Car	Motor Vehicle	1,746	175	1,600	Auction	Mr. Naseer Ahmed
Car	Motor Vehicle	2,712	597	597	Car Policy	Mr. Nadeem Raza
Car	Motor Vehicle	1,651	165	700	Auction	Mr. Muhammad Ali
Car	Motor Vehicle	1,605	160	1,300	Auction	Mr. Muhammad Waqas
		29,503	11,689	21,874		

Disposals having book value exceeding Rs. 250,000 individually

Car	Motor Vehicle	939	-	400	Car Policy	Mr. Rao Tariq Jameel
		30,441	11,689	22,274		

5.2 The cost and accumulated depreciation of fully depreciated property and equipment still in use amounts to Rs. 32.929 million (2020: Rs. 36.840 million).

6 RIGHT-OF-USE-ASSETS

Buildings

Opening cost
Addition
Disposal
Closing cost

Accumulated Depreciation opening
Depreciation for the period
Depreciation for disposals
Accumulated Depreciation closing

Written Down Value

Signature

December 31,
2021

December 31,
2020

----- (Rupees in '000) -----

66,739	48,856
15,224	21,589
(2,781)	(3,706)
79,182	66,739
20,198	10,531
14,652	12,619
(2,433)	(2,952)
32,417	20,198
46,765	46,541

7 INTANGIBLE ASSETS

Cost			Amortisation			Written down value as at December 31	Amortisation period
As at January 1	Additions / (disposals)	As at December 31	As at January 1	For the Year / (on disposals)	As at December 31		

(Rupees in '000)

Computer softwares

2021	18,917	-	18,917	15,153	1,855	17,008	1,909	4 years
2020	16,625	2,292	18,917	12,741	2,412	15,153	3,764	4 years

7.1 Fully amortised intangible assets still in use amounted Rs. 13.397 million (2020: Rs. 10.437 million).

8 INVESTMENTS IN EQUITY SECURITIES

Note	31 December 2021			31 December 2020		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value

Available-for-sale

(Rupees in '000)

Listed shares

Saif Power Limited
Nishat Chunian Power Limited
Dolmen City REIT
Kot Addu Power Company Limited

	18,877	(11,566)	7,311	18,877	(11,566)	7,311
	-	-	-	21,047	(15,747)	5,300
	14,901	(309)	14,592	14,901	-	14,901
	17,519	(12,487)	5,032	17,519	(12,487)	5,032
8.1	51,297	(24,362)	26,935	72,344	(39,800)	32,544
		3,138				(2,181)
(Deficit) / Surplus on revaluation		30,073				30,363

31 December 2021			31 December 2020		
Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value

Mutual Funds

(Rupees in '000)

Pakistan Cash Management Fund	51,084	-	51,084	-	-	-
8.2			51,084			-
Total investment in equity securities		81,157				30,363

8.1 Listed shares (Available for sale)

Note

2021

2020

(Rupees in '000)

Cost		51,297	72,344
Provision for impairment	8.1.1	(24,362)	(39,800)
		26,935	32,544

8.1.1 Provision for impairment

Opening provision	39,800	39,209
Charge for the year	309	5,972
Disposal for the year	(15,747)	(5,381)
Closing provision	24,362	39,800

8.1.2 Mutual Funds (Available for sale)

	No. of Units		Face Value	Value of Units	
	2021	2020		2021	2020
			---(Rupees)---	----- (Rupees in '000) -----	
Pakistan Cash Management Fund	1,012,205	-	50	51,084	-

9 INVESTMENTS IN DEBT SECURITIES

Note	December 31, 2021		December 31, 2020	
	Cost	Carrying value	Cost	Carrying value
----- (Rupees in '000) -----				
Available-for-Sale				
Term Finance Certificates				
The Habib Bank Limited	9.1	50,000	50,000	50,000
Deficit on revaluation		-	-	-
Total investment - available for sale		50,000	50,000	50,000
Held-to-maturity				
Government Securities				
Market treasury bills	9.2	614,731	646,576	649,811
Pakistan investment bonds	9.3	290,555	230,972	251,468
		905,286	877,548	901,279
Corporate Sukuks				
The Hub Power Company Limited	9.4	40,560	40,560	40,388
Term Finance Certificates				
Bank Al-Habib Limited	9.5	-	45,031	45,021
Total investment - held-to-maturity		945,846	963,139	986,688
Total investment - debt securities		995,846	1,013,139	1,036,688

9.1 Term Finance Certificate (Available for sale)

	No. of Certificates		Face Value	Value of Certificates	
	2021	2020		2021	2020
			---(Rupees)---	----- (Rupees in '000) -----	
Habib Bank Limited	500	500	100,000	50,000	50,000

Affix

9.2 Market treasury bills (Held to Maturity)

Face value (Rupees '000)	Profit rate %	Profit payment	Type of security	Maturity date	December, 31 2021 (Rupees '000)	December, 31 2020 (Rupees '000)
					Amortized Cost	Amortized Cost
102,000	7.16%	On Maturity	Treasury bills	14-Jan-21	-	101,744
51,000	7.14%	On Maturity	Treasury bills	11-Feb-21	-	50,598
142,000	7.08%	On Maturity	Treasury bills	25-Feb-21	-	140,508
269,000	7.11%	On Maturity	Treasury bills	11-Mar-21	-	265,441
93,000	7.11%	On Maturity	Treasury bills	25-Mar-21	-	91,520
260,000	7.52%	On Maturity	Treasury bills	13-Jan-22	259,380	-
50,000	10.39%	On Maturity	Treasury bills	24-Feb-22	49,249	-
273,000	10.66%	On Maturity	Treasury bills	10-Mar-22	267,709	-
50,000	10.39%	On Maturity	Treasury bills	24-Mar-22	48,861	-
					625,199	649,811

9.2.1 Market treasury bills (MTBs) have face value of Rs. 633 million (market value of Rs. 624.961 million) [2020: face value Rs. 657 million (market value of Rs. 649.686 million)]. These carry mark-up ranging at 7.52% to 10.66% per annum (2020: 7.08% to 7.16%) and will mature latest by March 24, 2022.

9.3 Pakistan investment bonds (Held to Maturity)

Face value (Rupees '000)	Profit rate %	Profit payment	Type of security	Maturity date	December, 31 2021 (Rupees '000)	December, 31 2020 (Rupees '000)
					Amortized Cost	Amortized Cost
260,000	7.25%	Semi-annually	3 Years PIB	12-Jul-21	-	251,468
125,000	8.17%	Quarterly	3 Years PIB	22-Oct-23	124,249	-
188,000	11.10%	Semi-annually	5 Years PIB	15-Oct-25	166,659	-
					290,908	251,468

9.3.1 Pakistan investment bonds have face value of Rs. 313 million (market value of Rs. 284.419 million) [2020: face value of 260 million (market value of Rs. 260.074 million)]. These carry mark-up ranging at 8.17% to 11.10% per annum (2020: 7.25%) and will mature latest by Oct 15, 2025. PIBs having face value of Rs. 125 million (market value of Rs 118.629 million) are deposited with the State Bank of Pakistan in accordance with the requirements of circular no. 15 of 2008 dated July 7, 2008 issued by the Securities and Exchange Commission of Pakistan and clause (a) of sub-section 2 of section 29 of the Insurance Ordinance, 2000.

9.4 Corporate sukuk (Held to maturity)

	No. of Certificates		Face Value (Rupees in '000)	Value of Certificates (Rupees in '000)	
	2021	2020		2021	2020
The Hub Power Company Limited	400	400	100,000	40,000	40,000

9.4.1 Sukuk have market value of Rs. 41.446 million (2020: Rs. 40.899 million).

Affix

9.5 Term Finance Certificate (Held-to-Maturity)

	No. of Certificates		Face Value (Rupees in '000)	Value of Certificates	
	2021	2020		2021	2020
Bank Al-Habib Limited	-	9,000	4991	-	44,919

9.5.1 Term finance certificates have market value of Rs. Nil (2020: Rs. 40.560 million).

9.6 Terms of TFC and Sukuks

Name of Investment	Maturity year	Coupon	Profit payment	December 31, 2021	December 31, 2020
				(Rupees in '000)	
Term Finance Certificates				Face value	Face value
Habib Bank Limited	Perpetual	11.97%	Quarterly	50,000	50,000
Bank Al-Habib Limited		7.98%	Semi annually	-	44,919
				50,000	94,919
Corporate Sukuks					
The Hub Power Company Limited	2023	10.58%	Quarterly	40,000	40,000

10 LOANS AND OTHER RECEIVABLES - Considered good

Accrued investment income	5,870	10,696
Receivable from window takaful operations	6,688	6,669
Security deposits	19,916	19,100
Loans to employees	2,590	3,009
Other receivables	23,008	19,022
	58,072	58,496

11 INSURANCE / REINSURANCE RECEIVABLES - Unsecured and considered good

Due from insurance contract holders	657,310	852,283
Due from other insurers / reinsurers	937,613	938,985

- Unsecured and considered doubtful

Due from insurance contract holders	8,536	1,395
Less: Provision for impairment of receivables from insurance contract holders	(8,536)	(1,395)
Due from other insurers / reinsurers	377	-
Less: Provision for impairment of due from other insurers / reinsurers	(377)	-
	1,594,923	1,791,268

12 RETIREMENT BENEFIT OBLIGATIONS

Defined benefit plan - funded gratuity scheme

The Company offers an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity is governed under the Trust Deed, the Rules of the Fund, the Income Tax Ordinance, 2001, the Income Tax Rules, 2002 and the applicable local regulations. An actuarial valuation is carried out every year to determine the liability of the Company in respect of the benefit. The latest valuation of the scheme was carried out as at December 31, 2021 by Akhtar & Hasan (Private) Limited using the Projected Unit Credit Method. Provision has been made in the financial statements to cover the related obligation in accordance with the actuarial recommendations.

The Company faces the following risks on account of gratuity fund:

Final salary risks

The risk that the final salary at the time of cessation of service is higher than what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities.

Mortality Risk

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Withdrawal Risk

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

	December 31, 2021	December 31, 2020
	----- (Rupees in '000) -----	
Details of Employees Valued		
Total number of employees	246	252
Total monthly salary	10,089	10,097
Reconciliation for Net Defined Benefit Liability		
Balance Sheet liability, as at January 01, 2021 / January 01, 2020	6,828	7,214
Gratuity cost recognised in P&L for the year	9,781	9,700
Net contribution to Gratuity Fund	(9,781)	(9,700)
Total amount of re-measurements recognised in OCI during the year	(3,789)	(386)
Balance Sheet liability, as at December 31, 2021 / December 31, 2020	3,039	6,828
Balance Sheet Reconciliation		
Fair value of plan assets	(66,568)	(56,963)
Present value of defined benefit obligations	69,607	63,791
Funded status	3,039	6,828
Unrecognised net actuarial loss / (gain)	-	-
Recognised liability	3,039	6,828

	December 31, 2021	December 31, 2020
	(Rupees in '000)	
Movement in fair value of plan assets		
Fair value as at January 01, 2021 / January 01, 2020	56,963	47,534
Expected return on plan assets	5,758	5,655
Actuarial (loss) / gain	(1,400)	183
Employer contributions	9,781	9,700
Benefits paid	(4,534)	(6,109)
Fair value as at December 31, 2021 / December 31, 2020	66,568	56,963
Movement in the defined benefit obligations		
Obligation as at January 01, 2021 / January 01, 2020	63,791	54,748
Service cost	9,146	8,931
Interest cost	6,393	6,424
Actuarial gains	(5,189)	(203)
Benefits paid	(4,534)	(6,109)
Obligation as at December 31, 2021 / December 31, 2020	69,607	63,791
Charge to the profit and loss account		
Current Service cost	9,146	8,931
Interest cost	6,393	6,424
Expected return on plan assets	(5,758)	(5,655)
Expense	9,781	9,700
Actual return on plan assets	4,358	5,838
Remeasurements recognised in the statement of comprehensive income during the year		
Actuarial loss / (gain) from changes in financial assumptions	1,400	(183)
Experience adjustments	(5,921)	307
Return on plan assets, excluding interest income	732	(510)
	(3,789)	(386)
Principal actuarial assumptions are as follows:		
Discount rate and expected return on plan assets	11.75%	9.75%
Future salary increases	10.75%	8.75%
Mortality rates	SLIC (2001-05)	SLIC (2001-05)
Rates of Employee turnover	Moderate	Moderate

The expected charge for retirement benefit obligations for the year 2022 amounts to Rs. 9.53 million.

Comparison for five years:	2021	2020	2019	2018	2017
	(Rupees in '000)				
As at December 31					
Fair value of plan assets	(66,568)	(56,963)	(47,534)	(36,900)	(30,340)
Defined benefit obligations	69,607	63,791	54,748	45,620	35,835
Surplus	3,039	6,828	7,214	8,720	5,495

Experience adjustments

Gain / (loss) on plan assets (as percentage of plan assets)	-8.9%	0.5%	-3.3%	-4.1%	-8.2%
Gain / (loss) on plan assets (as percentage of plan obligations)	-8.5%	-9.3%	-10.8%	-13.0%	-16.5%

Sensitivity Analysis on Significant Actuarial Assumptions: Actuarial Liability

Change in assumption		2021		2020	
		Increase / (decrease) in present value of defined benefit obligation		Increase / (decrease) in present value of defined benefit obligation	
		(%)	(Rupees in '000)	(%)	(Rupees in '000)
Discount rate	+1%	-7.42%	(5,167)	-7.66%	(4,885)
Discount rate	-1%	8.52%	5,931	8.84%	5,640
Salary increases rate	+1%	9.01%	6,271	9.34%	5,959
Salary increases rate	-1%	-7.97%	(5,546)	-8.21%	(5,240)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

Plan assets comprise of the following:	December 31, 2021		December 31, 2020	
	(Rupees in '000)	%	(Rupees in '000)	%
Debt	57,884	87.0%	55,091	96.7%
Mutual Funds	7,102	10.6%	-	0.0%
Cash and cash equivalent - net of current liabilities	1,582	2.4%	1,872	3.3%
Fair value of plan assets	66,568	100.0%	56,963	100.0%

Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

	Less than a year	Between 1-2 Years	Between 2-5 years	Over 5 years	Total
2021	(Rupees in '000)				
Gratuity	5,555	13,415	18,343	99,986	137,299
2020					
Gratuity	5,502	5,937	25,892	75,221	112,552

13 DEFERRED TAXATION

Deferred taxation comprises deductible temporary differences relating to following:

	Note	December 31, 2021	December 31, 2020
		(Rupees in '000)	
Deferred debits arising in respect of:			
- staff retirement benefits		881	1,980
- impairment against listed equity securities		7,065	11,542
- lease liability		16,491	14,841
- provision for bad debts		2,585	405
- Minimum tax		-	4,940
- accelerated depreciation		1,316	218
Deferred credit arising in respect of:			
- Deficit on revaluation		(910)	632
- Right of use assets		(13,562)	(13,497)
		13,866	21,061

13.2 Movement in deferred tax assets is as follows:

	December 31, 2021	December 31, 2020
	(Rupees in '000)	
Opening deferred tax asset	21,061	21,982
<i>Recognised in profit and loss account</i>		
- impairment against listed equity securities	(4,477)	172
- lease liability	1,650	2,384
- provision for bad debts	2,322	405
- provision for employee bonus	-	(6,580)
- Minimum tax	(4,940)	-
- accelerated depreciation	1,098	(350)
- Right of use assets	(65)	(2,383)
<i>Araising from takaful operator's Fund</i>		
- provision for bad debts	142	-
<i>Recognised in other comprehensive income</i>		
- staff retirement benefits	(1,099)	(112)
- Deficit on revaluation	(1,542)	606
Closing deferred tax asset	13,866	13,568

14 PREPAYMENTS

Prepaid reinsurance premium ceded	23	783,175	681,328
Prepaid rent		1,381	2,851
Prepaid tracker monitoring charges		22,402	41,169
Prepaid miscellaneous expenses		3,272	4,540
		810,230	729,888

15 CASH AND BANK

Cash and cash equivalents

- Cash in hand		1,320	1,245
- Policy stamps in hand		722	619
		2,042	1,864

Cash at bank

- Current accounts	15.1	17,843	43,725
- Savings accounts	15.2 & 15.3	205,645	168,707
		223,488	212,432
		225,530	214,296

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

Cash and bank balances		225,530	214,296
Short term investments with 3 months or less maturity		625,199	649,811
		850,729	864,107

15.1 This includes balance with a related party amounting to Rs. 14.723 million (2020: Rs. 39.179 million).

15.2 This includes balance with related parties amounting to Rs. 37.312 million (2020: Rs. 43.979 million).

15.3 These carry profit rates ranging between 5.50% to 8.25% (2020: 5.25% to 7.75%) per annum.

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16 SHARE CAPITAL

16.1 Authorised Capital

2021	2020		2021	2020
(Number of shares)			(Rupees in '000)	
<u>150,000,000</u>	<u>150,000,000</u>	Ordinary shares of Rs. 10 each	<u>1,500,000</u>	<u>1,500,000</u>

16.2 Issued, subscribed and paid-up capital

<u>115,217,391</u>	<u>115,217,391</u>	Ordinary shares of Rs. 10 each fully paid in cash	<u>1,152,174</u>	<u>1,152,174</u>
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16.3 Major shareholders of the Company are:

Number of shares held		Name of Shareholder	Percentage of Shareholding	
2021	2020		2021	2020
64,063,972	64,063,972	Bestway International Holdings Limited	55.6	55.6
34,565,214	34,565,214	United Bank Limited	30.0	30.0
14,088,199	14,088,199	Bestway Cement Limited	12.2	12.2

17 RESERVES

Revaluation reserves - Available-for-sale

	Note	2021	2020
		(Rupees in '000)	
Listed Shares	8	3,138	(2,181)
Market Treasury Bills	9	-	-
		3,138	(2,181)
Related deferred tax liability		(910)	632
		2,228	(1,549)
Revaluation Reserve - WTO		-	45
		2,228	(1,504)

18 LEASE LIABILITIES

Current	23,411	18,584
Non-current	33,456	32,590
	56,867	51,174

18.1 Interest expense on lease liability amounted to Rs. 4.765 million (2020: Rs. 5.114 million).

18.2 Total lease payment made during the year amounted to Rs. 13.907 million (2020: Rs. 17.732 million).

18.3 Amounts recognized in profit or loss account

	2021	2020
	(Rupees in '000)	
Interest expense on lease liabilities	4,765	5,114
Expenses relating to short-term leases (included in management and other expenses)	21,868	20,936
Total amount recognised in profit or loss	26,633	26,050

	2021	2020
	(Rupees in '000)	
19 INSURANCE / REINSURANCE PAYABLES		
Due to foreign reinsurers	186,078	306,159
Due to local reinsurers	147,252	151,450
Due to other insurers	23,906	38,669
Due to insurance contract holders	12,190	13,918
	<u>369,426</u>	<u>510,196</u>
20 OTHER CREDITORS AND ACCRUALS		
Agents commission payable	89,874	66,209
Federal excise duty / sales Tax	39,810	44,660
Federal insurance fee	404	490
Accrued expenses	66,277	39,028
Unclaimed insurance benefits	38,650	29,172
Cash margin against insurance policies	20,552	19,310
Others	7,823	8,173
	<u>263,390</u>	<u>207,042</u>

20.1 This represents outstanding claims in respect of which cheques have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the ageing as required by SECP circular No. 11 dated May 19, 2014:

	2021	2020
	(Rupees in '000)	
More than 6 months	38,650	29,172
1 to 6 months	<u>66,532</u>	<u>111,237</u>

Claims not encashed

December 31, 2021					
(Age-wise Breakup)					
1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
(Rupees in '000)					
66,532	6,243	9,459	5,450	17,498	105,182

December 31, 2020					
(Age-wise Breakup)					
1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
(Rupees in '000)					
111,237	5,274	5,742	6,743	11,413	140,409

21 CONTINGENCIES AND COMMITMENTS

Certain policyholders of the Company have filed cases against the Company which are pending adjudication at different levels. The management is of the view that decision for payment / non-payment of claims and the amount of claim determined was on the merits of each individual case. The management is confident that these cases will be decided in their favour and accordingly no provision has been recognised in these financial statements.

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22 WINDOW TAKAFUL OPERATIONS OPERATOR'S FUND

Assets

Cash and bank

Investments

Current assets - other

Total assets

Total liabilities - current

Profit before taxation

December 31,
2021

December 31,
2020

----- (Rupees in '000) -----

1,289	11,318
75,617	59,967
210,264	164,780
287,170	236,065
181,913	151,055
28,581	30,244

Details of total assets, total liabilities and segment disclosure of window takaful operations are stated in the annexed financial statements for the year ended December 31, 2021 and 2020.

23 NET INSURANCE PREMIUM

Written Gross Premium

Add: Unearned premium reserve opening

Less: Unearned premium reserve closing

Premium earned

Less:

Reinsurance premium ceded

Add: Prepaid reinsurance premium opening

Less: Prepaid reinsurance premium closing

Reinsurance expense

December 31,
2021

December 31,
2020

----- (Rupees in '000) -----

4,104,343	4,041,493
1,436,772	1,468,684
(1,428,843)	(1,436,772)
4,112,272	4,073,405
2,420,348	2,088,879
681,328	824,312
(783,175)	(681,328)
2,318,501	2,231,863
1,793,771	1,841,542

24 NET INSURANCE CLAIMS EXPENSE

Claims paid

Add: Outstanding claims including IBNR closing

Less: Outstanding claims including IBNR opening

Claim expense

Less: Reinsurance and other recoveries received

Add: Reinsurance and other recoveries in respect of outstanding claims - opening

Less: Reinsurance and other recoveries in respect of outstanding claims - closing

Reinsurance and other recoveries revenue

Note

2021

2020

----- (Rupees in '000) -----

2,559,949	2,604,234
1,480,367	1,669,471
(1,669,471)	(1,655,260)
2,370,845	2,618,445
(1,549,581)	(1,631,269)
1,410,464	1,551,126
(1,272,609)	(1,410,464)
(1,411,726)	(1,490,607)
959,119	1,127,838

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24.1 Claim Development

The following table shows the development of claims over a period of time on gross basis.

Analysis on gross basis

Accident year	2017	2018	2019	2020	2021
(Rupees in '000)					
Estimate of ultimate claims cost:					
At end of accident year	7,274,807	2,060,841	2,095,948	2,560,569	2,323,168
One year later	7,723,826	2,209,711	2,386,335	2,656,281	-
Two years later	7,453,984	2,187,671	2,342,205	-	-
Three years later	7,394,586	2,189,095	-	-	-
Four years later	7,262,317	-	-	-	-
Current estimate of cumulative claims	7,262,317	2,189,095	2,342,205	2,656,281	2,323,168
Cumulative payments made to date	(7,126,545)	(2,114,184)	(2,198,526)	(2,419,561)	(1,433,883)
Liability recognised in the statement of financial position	135,772	74,911	143,679	236,720	889,285

25 NET COMMISSION EXPENSE / ACQUISITION COSTS

	December 31, 2021	December 31, 2020
(Rupees in '000)		
Commission paid or payable	722,565	538,382
Add: Deferred commission expense opening	155,019	196,555
Less: Deferred commission expense closing	(180,289)	(155,019)
Net Commission	697,295	579,918
Less: Commission received or recoverable	(518,251)	(449,804)
Add: Unearned reinsurance commission closing	176,562	163,675
Less: Unearned reinsurance commission opening	(163,675)	(186,152)
Commission from reinsurers	(505,364)	(472,281)
	191,931	107,637

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	Note	December 31, 2021	December 31, 2020
26 MANAGEMENT EXPENSES		----- (Rupees in '000) -----	
Employee benefit cost	26.1	269,926	240,386
Traveling expense		1,596	2,308
Advertisements & sales promotion		1,305	2,719
Printing and stationery		6,140	8,333
Depreciation		24,593	29,398
Rent, rates and taxes		6,679	7,421
Legal and professional charges - business related		5,040	4,476
Electricity, gas and water		7,688	6,116
Entertainment		2,137	1,776
Vehicle running expenses		71,815	50,697
Office repairs and maintenance		5,071	5,850
Bank charges		4,263	3,928
Postages, telegrams and telephone		5,670	6,094
Annual supervision fee - SECP		6,506	6,418
Service charges		10,344	10,867
Tracker charges		109,369	148,666
Bad and doubtful debts		7,518	1,395
Miscellaneous		16,122	15,409
		561,782	552,257
26.1 Employee benefit cost			
Salaries, allowances and other benefits		250,639	220,776
Charges for post employment benefit		19,287	19,610
		269,926	240,386
27 INVESTMENT INCOME			
Available-for-sale			
Income from equity securities			
Dividend income		6,752	3,571
Income from debt securities			
Return of term finance certificate		4,618	5,753
Amortization of discount / (premium) on government securities / term finance certificates		-	10,301
		11,370	19,625
Net realised gains on investments			
- Equity securities		1,541	16
		12,911	19,641
Less: Impairment in value of available-for-sale securities			
- Equity Securities		(309)	(5,972)
		12,602	13,669
Held to maturity			
Income from debt securities			
Return on government securities		15,120	18,902
Return on term finance certificates		788	5,172
Return on sukuks		3,680	4,702
Amortization of premium on term finance certificates		(102)	(11)
Amortization of premium on sukuks		(199)	(163)
Amortization of discount on government securities		65,444	39,983
		84,731	68,585
Income from term deposits			
Return on term deposits		-	19,772
		84,731	88,357
Total Investment income		97,333	102,026

	Note	December 31, 2021	December 31, 2020
		----- (Rupees in '000) -----	
28 OTHER INCOME			
Return on bank balances		16,628	22,038
Gain on sale of fixed assets		10,513	14,789
Gain on cancellation of lease		136	-
Exchange (loss) / gain		(1,598)	1,215
Stale cheque		4,050	1,546
		<u>29,729</u>	<u>39,588</u>
29 OTHER EXPENSES			
Legal and professional fee other than business related		3,124	2,129
Auditors' remuneration	29.1	2,084	2,740
Depreciation expense		7,190	11,816
Amortisation		1,855	2,412
Communication		8,203	8,269
Rent, rates and taxes		15,652	14,180
Salaries and benefits		70,452	64,748
Miscellaneous		21,258	20,719
		<u>129,818</u>	<u>127,013</u>
29.1 Auditors' remuneration			
Audit fee		485	485
Half yearly review fee		243	243
Certifications		636	1,081
Out of pocket expenses		720	931
		<u>2,084</u>	<u>2,740</u>
30 FINANCE COST			
Mark-up on lease liability		<u>4,765</u>	<u>5,114</u>
31 TAXATION			
For the year			
Current		29,745	26,009
Deferred		4,411	1,416
		<u>34,156</u>	<u>27,425</u>
For the prior year			
Current		1,688	(1,017)
		<u>35,844</u>	<u>26,408</u>
31.1 Relationship between tax expense and accounting profit			
Profit before taxation for the year		<u>102,022</u>	<u>93,538</u>
'Tax at the applicable rate of 29% (2020: 29%)		29,586	27,126
Tax effect of permanent difference		4,041	350
Tax effect of right to use assets		-	(2,383)
Tax effect of lease liabilities		-	(2,380)
Tax effect of prior year		1,688	(1,017)
Others		529	4,712
		<u>35,844</u>	<u>26,408</u>

Affix

31.2 The assessment of the Company upto and including tax year 2021 have been deemed to be completed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) which is subject to audit under section 177 of the Ordinance.

32 TAXATION - PAYMENTS LESS PROVISION

	2021	2020
	----- (Rupees in '000) -----	
Balance as at January 1,	62,770	(1,631)
Tax paid including deducted at source	17,311	80,622
Provision for taxation - Takaful	8,431	8,771
Provision for taxation	(31,433)	(24,992)
Balance as at December 31,	57,079	62,770

33 EARNINGS PER SHARE

The Company's earnings per share has been calculated based on the following:

	2021	2020
	----- (Rupees in '000) -----	
Profit after tax for the year	66,178	67,130
	(Number of shares)	
Weighted average number of ordinary shares of Rs. 10 each	115,217,391	115,217,391
	(Rupees)	
Earnings per share - basic and diluted	0.57	0.58

33.1 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.

34 COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged to in the financial statements, including all benefits, to the Chief Executive, Directors and Executives / Key Management Personnel of the Company are as follows.

	Chief executive		Directors		Executives / key management personnel		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000) -----							
Fees	-	-	-	-	-	-	-	-
Managerial remuneration	9,331	8,887	-	-	82,683	74,984	92,014	83,871
Bonus	4,500	-	-	-	7,399	-	11,899	-
House rent allowance	4,199	3,999	-	-	37,207	33,743	41,406	37,742
Utilities	1,866	1,777	-	-	19,749	17,747	21,615	19,524
Medical	933	889	-	-	10,375	9,227	11,308	10,116
Retirement benefits	1,361	1,296	-	-	8,425	8,940	9,786	10,236
Fuel Allowance	696	501	-	-	28,879	20,895	29,575	21,396
Cell allowance	60	60	-	-	2,132	2,088	2,192	2,148
Car maintenance allowance	648	648	-	-	34,734	13,709	35,382	14,357
Driver Salary	300	264	-	-	2,544	2,520	2,844	2,784
Guard Salary	532	502	-	-	-	-	532	502
Others	435	435	-	-	615	597	1,050	1,032
	24,861	19,258	-	-	234,740	184,450	259,601	203,708
Number of persons	1	1	7	7	69	62	77	70

Executives mean employees, other than the Chief Executive and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

Affix

35 TRANSACTIONS WITH RELATED PARTIES

35.1 Related parties comprise of directors, major shareholders, key management personnel, holding company, associated companies, and entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. The transactions and balances with related parties during the year are as follows:

	2021	2020
Transactions and balances with related parties	(Rupees in '000)	
Associated companies		
Premium underwritten	470,369	486,196
Insurance claims expense	376,085	155,026
Bank charges	3,963	3,802
Profit on bank accounts	7,908	11,252
Commission expense	16,771	13,355
Others		
Premium underwritten	6,592	3,402
Insurance claims expense	347	2,921
Profit on bank accounts	30	28
Management and other expenses	83,116	64,733
Employees' funds		
Contribution to the provident fund	9,506	9,910
Contribution to the gratuity fund	9,781	9,700
Balances		
Associated companies		
Bank balances	51,591	82,739
Premium due but unpaid	54,785	35,798
Claim outstanding	330,105	274,084
Commission Outstanding	9,918	10,307
Internal audit fee payable	503	503
Others		
Bank balances	444	418
Premium due but unpaid	-	114
Claim outstanding	911	711
Receivable from UBL Insurers Limited - PTF	248	479

35.2 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

Name of related party

1. United Bank Limited
2. Bestway Cement Limited
3. Khushhali Microfinance Bank Limited
4. UBL Fund Managers
5. UBL Insurers Limited Employees Provident Fund
6. UBL Insurers Limited Employees Gratuity Fund
7. UBL Insurers Limited - Participant's Takaful Fund (PTF)

Basis of association / relationship

- Associate
- Associate
- Common Directorship
- Subsidiary of Associate Company
- Others
- Others
- Others

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36 SEGMENT INFORMATION

	For the year ended 31 December 2021						
	Fire & property	Marine, aviation & transport	Motor	Bankers blanket	Health	Miscellaneous	2021 Aggregate
	(Rupees in '000)						
Premium receivable (inclusive of Federal excise duty and Federal insurance fee and Administrative surcharge)	1,920,366	510,883	1,202,696	124,749	335,720	560,346	4,654,760
Less: Federal excise duty / sales tax	(232,853)	(55,603)	(146,076)	(14,226)	963	(61,598)	(509,393)
Less: Federal insurance fee	(16,585)	(4,509)	(10,584)	(1,094)	(3,329)	(4,923)	(41,024)
Gross written premium (inclusive of Administrative surcharge)	1,670,928	450,771	1,046,036	109,429	333,354	493,825	4,104,343
Gross direct premium	1,636,888	438,788	1,010,896	109,421	333,242	484,983	4,014,218
Facultative inward premium	26,415	1,830	6,024	-	-	3,553	37,822
Administrative surcharge	7,625	10,153	29,116	8	112	5,289	52,303
Insurance premium earned	1,632,881	438,404	1,015,595	127,349	403,766	494,277	4,112,272
Insurance premium ceded to reinsurers	(1,413,919)	(233,408)	(134,901)	(99,104)	(80,328)	(356,841)	(2,318,501)
Net insurance premium	218,962	204,996	880,694	28,245	323,438	137,436	1,793,771
Commission income	344,442	50,695	27,169	21,514	8,125	53,419	505,364
Net underwriting income	563,404	255,691	907,863	49,759	331,563	190,855	2,299,135
Insurance claims	(843,670)	(160,364)	(525,753)	(140,967)	(445,848)	(254,243)	(2,370,845)
Insurance claims recovered from reinsurers	778,334	128,875	144,214	73,563	129,186	157,554	1,411,726
Net claims	(65,336)	(31,489)	(381,539)	(67,404)	(316,662)	(96,689)	(959,119)
Commission expenses	(373,688)	(173,490)	(82,488)	807	(10,450)	(57,986)	(697,295)
Management expenses	(183,474)	(49,496)	(224,228)	(12,016)	(38,343)	(54,225)	(561,782)
Premium deficiency reserve	-	-	-	-	-	23	23
Net insurance claims and expenses	(622,498)	(254,475)	(688,255)	(78,613)	(365,455)	(208,877)	(2,218,173)
Underwriting result	(59,094)	1,216	219,608	(28,854)	(33,892)	(18,022)	80,962
Investment income							97,333
Other income							29,729
Other expenses							(129,818)
Result of operating activities							78,206
Finance costs							(4,765)
Profit from Window takaful operations - net off tax							28,581
Profit before tax							102,022
Segment assets	1,587,081	428,151	993,546	103,938	316,626	469,045	3,898,387
Unallocated assets							2,911,669
							6,810,056
Segment liabilities	1,443,242	389,347	903,500	94,518	287,930	426,535	3,545,072
Unallocated liabilities							1,238,802
							4,783,874
Depreciation and amortisation	13,694	3,694	8,573	897	2,732	4,048	33,638
Unallocated capital Expenditure	-	-	-	-	-	-	26,901

	For the year ended 31 December 2020						
	Fire & property	Marine, aviation & transport	Motor	Bankers blanket	Health	Miscellaneous	2020 Aggregate
	(Rupees in '000)						
Premium receivable (inclusive of Federal excise duty and Federal insurance fee and Administrative surcharge)	1,697,466	387,251	1,104,288	159,477	562,263	638,211	4,548,956
Less: Federal excise duty / sales tax	(204,272)	(42,288)	(132,815)	(18,526)	1,439	(70,721)	(467,183)
Less: Federal insurance fee	(14,629)	(3,406)	(9,771)	(1,396)	(5,438)	(5,640)	(40,280)
Gross written premium (inclusive of Administrative surcharge)	1,478,565	341,557	961,702	139,555	558,264	561,850	4,041,493
Gross direct premium	1,445,416	331,730	933,593	139,544	558,110	555,881	3,964,274
Facultative inward premium	26,157	1,301	1,162	-	-	1,595	30,215
Administrative surcharge	6,992	8,526	26,947	11	154	4,374	47,004
Insurance premium earned	1,555,490	335,189	955,835	135,664	544,001	547,226	4,073,405
Insurance premium ceded to reinsurers	(1,357,026)	(167,128)	(141,818)	(122,379)	(79,743)	(363,769)	(2,231,863)
Net insurance premium	198,464	168,061	814,017	13,285	464,258	183,457	1,841,542
Commission income	319,502	34,839	33,553	7,972	7,669	68,746	472,281
Net underwriting income	517,966	202,900	847,570	21,257	471,927	252,203	2,313,823
Insurance claims	(968,563)	(151,662)	(579,946)	(35,617)	(598,389)	(284,268)	(2,618,445)
Insurance claims recovered from reinsurers	876,024	125,417	200,221	37,356	62,025	189,564	1,490,607
Net claims	(92,539)	(26,245)	(379,725)	1,739	(536,364)	(94,704)	(1,127,838)
Commission expenses	(318,236)	(105,717)	(83,223)	(638)	(24,502)	(47,602)	(579,918)
Management expenses	(146,943)	(33,945)	(244,440)	(13,869)	(57,222)	(55,838)	(552,257)
Reversal of premium deficiency reserve	-	-	-	-	-	(3)	(3)
Net insurance claims and expenses	(557,718)	(165,907)	(707,388)	(12,768)	(618,088)	(198,147)	(2,260,016)
Underwriting result	(39,752)	36,993	140,182	8,489	(146,161)	54,056	53,807
Investment income							102,026
Other income							39,588
Other expenses							(127,013)
Result of operating activities							68,408
Finance costs							(5,114)
Profit from Window takaful operations - net off tax							30,244
Profit before tax							93,538
Segment assets	1,502,864	347,170	977,507	141,848	567,438	571,083	4,107,910
Unallocated assets							2,669,766
							6,777,676
Segment liabilities	1,407,171	325,065	915,265	132,816	531,308	534,721	3,846,346
Unallocated liabilities							1,051,763
							4,898,109
Depreciation and amortisation	15,960	3,667	10,381	1,506	6,026	6,065	43,625
Unallocated capital Expenditure	-	-	-	-	-	-	13,588

37 MOVEMENT IN INVESTMENT

	Held to Maturity	Available for Sale	Total
(Rupees in '000)			
At beginning of previous year	634,473	192,939	827,412
Additions	2,422,423	-	2,422,423
Disposal (sale and redemptions)	(2,110,017)	(114,815)	(2,224,832)
Fair value net gains (excluding net realised gains)	-	(2,090)	(2,090)
Amortization of discount	39,809	10,301	50,110
Impairment losses	-	(5,972)	(5,972)
At beginning of current year	986,688	80,363	1,067,051
Additions	2,866,828	51,084	2,917,912
Disposal (sale and redemptions)	(2,962,363)	(5,300)	(2,967,663)
Fair value net gains (excluding net realised gains)	-	5,319	5,319
Amortization of discount	65,143	-	65,143
Impairment losses	-	(309)	(309)
At end of current year	956,296	131,157	1,087,453

38 MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Company manages them.

38.1 Insurance risk management

Insurance risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of compensation to the insured. Generally most insurance contracts carry the insurance risk for a period of one year (refer note 3.3).

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquakes, transit, theft, third party liabilities 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 and regular detailed review of claim handling procedures.

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 reinsurance arrangements against major risk exposure include excess of loss, quota share, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company's net retentions.

Concentration of risk

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial/ industrial/ residential occupation of the insured. Details regarding the fire separation/ segregation with respect to the manufacturing process, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details form part of the reports which are made available to the underwriters/ reinsurance personnel for their evaluation. Reference is made to the standard construction specification as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of perfect party walls, double fire proof iron doors, physical separation between the building within a insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

The ability to manage catastrophic risk is tied managing the density of risk within a particular area. For catastrophic aggregates, the system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and standardising Target Accumulations) codes with reference to the accumulation of sum insured in force at any particular location against natural perils.

For marine risks, complete underwriting details such as sums insured, mode of transport (air / inland transit), vessel identification, sailing dates, origin and destination of the shipments, per carry limits, accumulation of sum insured on a single voyage etc. are taken into consideration.

A number of proportional and non-proportional reinsurance arrangements are in place to protect the net account. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

The Company monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and contribution liabilities (in percentage terms) by class of business at financial statement date:

Class	2021				2020			
	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities
Fire and property	31.35%	2.9%	42.61%	17.21%	35.55%	3.14%	39.73%	12.36%
Marine and transport	11.84%	7.4%	2.58%	2.97%	11.90%	5.67%	1.71%	1.34%
Motor	13.36%	57.92%	34.42%	66.55%	12.41%	35.3%	32.11%	56.13%
Banker's blanket	23.03%	21.82%	0.32%	0.16%	14.33%	-6.04%	1.57%	0.68%
Health	4.01%	-0.71%	7.84%	5.65%	6.24%	36.77%	12.69%	24.14%
Other classes	16.41%	10.67%	12.23%	7.46%	19.57%	25.15%	12.2%	5.35%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location.

For marine risks, complete underwriting details such as sums covered mode of transport (air / inland transit), vessel identification, sailing dates, origin and destination of the shipments, per carry limits, accumulation of sum covered on a single voyage etc. are taken into consideration.

The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

The insurers monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the gross exposure by class of business:

Class	Maximum gross risk exposure	
	2021	2020
	(Rupees in '000)	
Fire and property	1,493,289,600	895,827,397
Marine, aviation and transport	744,100,496	335,671,374
Motor	75,098,323	46,013,687
Banker's blanket	2,550,280	3,628,500
Health	65,128,581	29,995,682
Miscellaneous	179,171,341	388,416,072

The Company minimises its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

b) Uncertainty in the estimation of future claim payments

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events as per terms and condition of the insurance contract.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR is recorded based on the advice of the actuary.

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 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 amounts estimated.

c) Key assumptions

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

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.

The actuarial valuation as at December 31, 2021 has been carried out by independent firm of actuaries for determination of IBNR for each class of business. The actuarial valuation is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. IBNR is determined by using Chain Ladder Method for all classes of business. The claim outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. Any negative values are ignored. The total for each accident year shall be the total IBNR as at the end of reporting year for that risk class. IBNR triangles are made on a yearly basis for each class of business except for motor and health, the IBNR triangle for which are made on quarterly and monthly basis respectively. 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 3.6).

d) Changes in assumptions

The Company did not change its assumptions for the insurance contracts as disclosed above in (b) and (c).

e) Sensitivity analysis

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of 10% increase / decrease in incidence of insured events on underwriting results and shareholder's equity is as follows:

Average claim cost	Underwriting results		Shareholder's equity	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
(Rupees in '000)				
Fire and property	6,534	9,254	4,639	6,570
Marine and transport	3,149	2,625	2,236	1,863
Motor	38,154	37,973	27,089	26,960
Health Insurance	31,666	53,636	22,483	38,082
Banker's blanket	6,740	(174)	4,786	(123)
Others	9,669	9,470	6,865	6,724
	<u>95,912</u>	<u>112,784</u>	<u>68,098</u>	<u>80,076</u>

38.2 Financial risk management

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

- Financial risk
- Credit risk
- Liquidity risk
- Market risk

38.2.1 Financial risk

Maturity profile of financial assets and liabilities:

		December 31, 2021						
Profit rate % per annum		Profit / mark-up bearing financial instruments			Non profit / 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	
		----- (Rupees in '000) -----						
Financial assets								
Cash and bank	5.50 - 8.25	205,645	-	205,645	19,885	-	19,885	225,530
Investments	7.50- 10.58	916,107	90,189	1,006,296	81,157	-	81,157	1,087,453
Loans and other receivables		-	-	-	38,156	19,916	58,072	58,072
Insurance / reinsurance receivables		-	-	-	1,594,923	-	1,594,923	1,594,923
Reinsurance recoveries against outstanding claims		-	-	-	1,219,610	-	1,219,610	1,219,610
Salvage recoveries accrued		-	-	-	52,999	-	52,999	52,999
Total assets - Window Takaful Operations		523,958	14,992	538,950	601,134	-	601,134	1,140,084
Financial liabilities		1,645,710	105,181	1,750,891	3,607,864	19,916	3,627,780	5,378,671
Outstanding claims including IBNR		-	-	-	1,480,367	-	1,480,367	1,480,367
Insurance / reinsurance payables		-	-	-	369,426	-	369,426	369,426
Other creditors and accruals		-	-	-	223,175	-	223,175	223,175
Lease Liability	8.48 - 14.05	23,411	33,456	56,867	-	-	-	56,867
Total liabilities - Window Takaful Operations		-	-	-	564,756	-	564,756	564,756
		23,411	33,456	56,867	2,637,724	-	2,637,724	2,694,591
Interest rate risk sensitivity gap		1,622,299	71,725	1,807,758				
Cumulative interest rate risk sensitivity gap		1,622,299	1,807,758					

		December 31, 2020						
		Profit / mark-up bearing financial instruments			Non profit / 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	
----- (Rupees in '000) -----								
Financial assets								
Cash and bank	5.25 - 7.75	168,707	-	168,707	45,589	-	45,589	214,296
Investments	7.08 - 9.19	901,279	135,409	1,036,688	30,363	-	30,363	1,067,051
Loans and other receivables		-	-	-	39,396	19,100	58,496	58,496
Insurance / reinsurance receivables		-	-	-	1,791,268	-	1,791,268	1,791,268
Reinsurance recoveries against outstanding claims		-	-	-	1,347,852	-	1,347,852	1,347,852
Salvage recoveries accrued		-	-	-	62,612	-	62,612	62,612
Total assets - Window Takaful Operations		414,137	21,303	435,440	504,217	-	504,217	939,658
Financial liabilities		1,484,123	156,712	1,640,835	3,821,297	19,100	3,840,397	5,481,233
Outstanding claims including IBNR		-	-	-	1,669,471	-	1,669,471	1,669,471
Insurance / reinsurance payables		-	-	-	510,196	-	510,196	510,196
Other creditors and accruals		-	-	-	161,892	-	161,892	161,892
Lease Liability	8.48 - 14.05	18,584	32,590	51,174	-	-	-	51,174
Total liabilities - Window Takaful Operations		-	-	-	488,611	-	488,611	488,611
		18,584	32,590	51,174	2,830,170	-	2,830,170	2,881,344
Interest rate risk sensitivity gap		1,502,707	189,302	1,692,009				
Cumulative interest rate risk sensitivity gap		1,502,707	1,692,009					

a) Sensitivity analysis - interest rate risk

a.1) Fair value sensitivity analysis for fixed rate instruments

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

a.2) Cash flow sensitivity analysis for variable rate instruments

The Company is exposed to cash flow interest rate risk in respect of its balances with saving account with banks, investments in Pakistan investment bonds, term finance certificates and sukuk certificates. A change of 100 basis points in interest rates at the year end would not have material impact on profit for the year and equity of the Company.

b) Sensitivity analysis - Price risk

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 investment in equity securities and mutual funds are susceptible to market price risk arising from uncertainties about the future value of investment securities. In case of 5% decrease / increase in the market price of listed securities on December 31, 2021, with all other variables held constant, total comprehensive income for the year and net assets would be lower/higher by Rs. 4.06 million (2020: Rs. 1.52 million). The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity market.

38.3 Credit risk

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



38.3.1 Exposure to credit risk and credit exposure of the financial statements

Credit risk of the Company arises principally from the balances with banks, loans to employees, investments (except for investment in government securities, units of mutual funds and listed equity shares), premium due but unpaid, amount due from other insurers / reinsurers, reinsurance and other recoveries against outstanding claims and sundry receivable. To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk as follows:

		Note	December 31, 2021		December 31, 2020	
			Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
----- (Rupees in '000) -----						
Cash and bank	15	225,530	223,488	214,296	212,432	
Investments	8, 9 & 10	1,087,453	90,189	1,067,051	135,409	
Loans and other receivables	10	58,072	58,072	58,496	58,496	
Insurance / reinsurance receivable	11	1,594,923	1,594,923	1,791,268	1,791,268	
Reinsurance recoveries against outstanding claims		1,219,610	1,219,610	1,347,852	1,347,852	
Salvage recoveries accrued		52,999	52,999	62,612	62,612	
Total assets of Window Takaful Operations - Operator's fund	22	287,170	287,170	236,065	236,065	
		4,525,757	3,526,451	4,777,640	3,844,134	

Differences in the balances as per financial statements and maximum exposure in investments is due to cash in hand, policy stamps in hand, investments in government securities and equity securities of Rs. 999.306 million (2020 Rs. 933.506 million) which are not exposed to credit risk.

Bank balances represent 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:

	Rating		Rating Agency	2021	2020
	Short term	Long term		----- (Rupees in '000) -----	
United Bank Limited	A-1+	AAA	VIS	51,591	82,739
Summit Bank Limited	Suspended	Suspended	VIS	8	8
Telenor Microfinance Bank Limited	A-1	A	VIS	105	485
FINCA Microfinance Bank Limited	A-1	A	VIS	82,827	87,681
Khushhali Microfinance Bank Limited	A-1	A+	VIS	444	418
Bank Al-Habib Limited	A-1+	AAA	PACRA	4,472	4,546
Bank Alfalah Limited	A-1+	AA+	PACRA	60,368	-
Faysal Bank Limited	A-1+	AA	PACRA	20,552	19,821
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	3,121	16,734
				223,488	212,432

Assets that pass the SPPI test include government securities, term finance certificate and corporate sukuk. Government securities are unrated while sukuk of The Hub Power Company Limited and term finance certificates of Habib Bank Limited have long term credit rating of AA+.

Concentration of credit risk

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

The Company enters into re-insurance / co-insurance arrangements with re-insurers / other insurers having sound credit ratings accorded by reputed credit rating agencies. Further, the Company is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by the SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of all reinsurance assets recognised by the rating of the entity from which it is due is as follows:

Alfa

Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2021	2020
(Rupees in '000)				
A or above (including PRCL)	937,613	1,219,610	783,175	2,940,398
	937,613	1,219,610	783,175	2,940,398
				2,968,165

Assets that pass the SPPI test include government securities, term finance certificate and corporate sukuk. Government securities are unrated while sukuk of hub power company and term finance certificates of habib bank limited has a long term credit rating of AA+.

38.3.2 Liquidity risk

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

The following are the contractual maturities of financial liabilities:

Non-Derivative Financial liabilities

	Carrying Amount	
	2021	2020
	(Rupees in '000)	
Outstanding claims including IBNR	1,480,367	1,669,471
Insurance / reinsurance payables	369,426	510,196
Other creditors and accruals	223,176	161,892
Lease liabilities	56,867	51,174
Total liabilities of Window Takaful Operations - Operator's fund	66,581	61,241
	2,196,417	2,453,974

The carrying amounts represent contractual cash flows maturing within one year except for non-current portion of lease liability amounting to Rs. 33.309 million.

38.3.3 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. Refer 38.2.1(a) and 38.2.1(b) for discussion on interest rate risk and price risk.

38.3.4 Foreign Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in exchange rates The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

38.4 Capital Management Policies And Procedures

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.

The Company currently meets the minimum paid-up capital requirement i.e., Rs. 500 million as required by the Securities and Exchange Commission of Pakistan.

39 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.

39.1 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.

Valuation techniques used in determination of fair values within level 2

Items	Valuation approach and input used
Term Finance Certificate	Fair values of TFCs are determined using the MUFAP rates.
Mutual funds	Units of mutual funds are valued using the net asset value (NAV) announced by the Mutual Funds Association of Pakistan (MUFAP).

December 31, 2021								
Fair value through profit or loss	Available-for-sale	Held to maturity	Loans and Other Receivable	Other financial liabilities	Total	Fair value		
						Level 1	Level 2	Level 3

(Rupees in '000)

On balance sheet financial instruments

Financial assets measured at fair value

- Investments

Ordinary shares of quoted companies	-	30,073	-	-	-	30,073	30,073	-	-
Mutual funds	-	51,084	-	-	-	51,084	-	51,084	-
Debt securities	-	50,000	-	-	-	50,000	-	50,000	-

Financial assets not measured at fair value

Government securities	-	-	916,107	-	-	916,107	-	-	-
Debt securities	-	-	40,189	-	-	40,189	-	-	-
Cash and Bank *	-	-	-	225,530	-	225,530	-	-	-
Loans and other receivables *	-	-	-	58,072	-	58,072	-	-	-
Salvage recoveries accrued *	-	-	-	52,999	-	52,999	-	-	-
Insurance / reinsurance receivables *	-	-	-	1,594,923	-	1,594,923	-	-	-
Reinsurance recoveries against outstanding claims *	-	-	-	1,219,610	-	1,219,610	-	-	-

Total Assets of Windows Takaful

Operations

Investments - Mutual Funds	-	50,186	-	-	-	50,186	-	50,186	-
Investments - Term Deposits	-	-	511,480	-	-	511,480	-	-	-
Other than investments *	-	-	-	575,473	-	575,473	-	-	-
	-	181,343	1,467,776	3,726,607	-	5,375,726			

Financial liabilities not measured at fair value

Outstanding claims including IBNR *	-	-	-	-	1,480,367	1,480,367			
Insurance / reinsurance payables *	-	-	-	-	369,426	369,426			
Other creditors and accruals *	-	-	-	-	223,175	223,175			
Lease liability *	-	-	-	-	56,867	56,867			
Total liabilities of Window Takaful Operations	-	-	-	-	409,175	409,175			
	-	-	-	-	2,539,010	2,539,010			

Alfa

December 31, 2020								
Fair value through profit or loss	Available-for-sale	Held to maturity	Loans and Other Receivable	Other financial liabilities	Total	Fair value		
						Level 1	Level 2	Level 3

(Rupees in '000)

On balance sheet financial instruments

Financial assets measured at fair value

- Investments

Ordinary shares of quoted companies	-	30,363	-	-	-	30,363	30,363	-	-
Debt securities	-	50,000	-	-	-	50,000	-	50,000	-

Financial assets not measured at fair value

Government securities	-	-	901,279	-	-	901,279	-	-	-
Debt securities	-	-	85,409	-	-	85,409	-	-	-
Cash and Bank *	-	-	-	214,296	-	214,296	-	-	-
Loans and other receivables *	-	-	-	58,496	-	58,496	-	-	-
Salvage recoveries accrued *	-	-	-	62,612	-	62,612	-	-	-
Insurance / reinsurance receivables *	-	-	-	1,791,268	-	1,791,268	-	-	-
Reinsurance recoveries against outstanding claims *	-	-	-	1,347,852	-	1,347,852	-	-	-

Total Assets of Windows Takaful

Operations

Investments - Mutual Funds	-	16,938	-	-	-	16,938	-	16,938	-
'Debt securities	-	-	21,303	-	-	21,303	-	-	-
Investments - Term Deposits	-	-	382,500	-	-	382,500	-	-	-
Other than investments *	-	-	-	523,732	-	523,732	-	-	-
	-	97,301	1,390,491	3,998,256	-	5,486,048			

Financial liabilities not measured at fair value

Outstanding claims including IBNR *	-	-	-	-	1,669,471	1,669,471			
Insurance / reinsurance payables *	-	-	-	-	510,196	510,196			
Other creditors and accruals *	-	-	-	-	161,892	161,892			
Lease liability *	-	-	-	-	51,174	51,174			
Total liabilities of Window Takaful									
Operations	-	-	-	-	312,875	312,875			
	-	-	-	-	2,705,608	2,705,608			

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

41 PROVIDENT FUND

The following is based on un-audited financial statements for the year ended December 31, 2021 and audited financial statement for the year ended December 31, 2020.

	2021	2020
	(Rupees in '000)	
Size of the fund - net assets	114,347	109,400
Cost of investments	107,640	100,117
Percentage of investments made	94.13%	91.51%
Fair value of investments	107,613	100,807

The investments in collective investment schemes, listed equity and listed debt securities out of provident fund / trust have been made in accordance with the provisions of section 218 of the Act and the Rules formulated for this purpose.

Affix

40.1 The breakup-value of fair value of investments is as follows:

	2021	2020	2021	2020
	Percentage		(Rupees in '000)	
Bank balances	2.6%	9.3%	2,836	9,407
Pakistan investment bonds	0.0%	24.8%	-	25,008
Market treasury bills	31.8%	12.7%	34,208	12,792
Mutual Funds	11.2%	-	12,069	-
Term deposits	54.4%	53.2%	58,500	53,600
	100.0%	100.0%	107,613	100,807

41 NUMBER OF EMPLOYEES

	2021	2020
	(Number)	
At December 31	291	284
Average during the year	291	289

42 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors in their meeting held on March 09, 2022.

43 GENERAL

43.1 Non adjusting event after balance sheet date

The Board of Directors of the Company in their meeting held on March 09, 2022 has proposed a final cash dividend of Rs. 0.1149 per share amounting to Rs. 13.235 million (2020: Nil) for the year ended December 31, 2021. The approval of the Members of the Company for the dividend shall be obtained at the Annual General Meeting to be held on April 26, 2022. The financial statements for the year ended December 31, 2021 do not include the effect of the proposed final dividend which will be accounted for in the year ending December 31, 2022.

43.2 Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

43.3 Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

Attest



Chief Executive Officer



Director

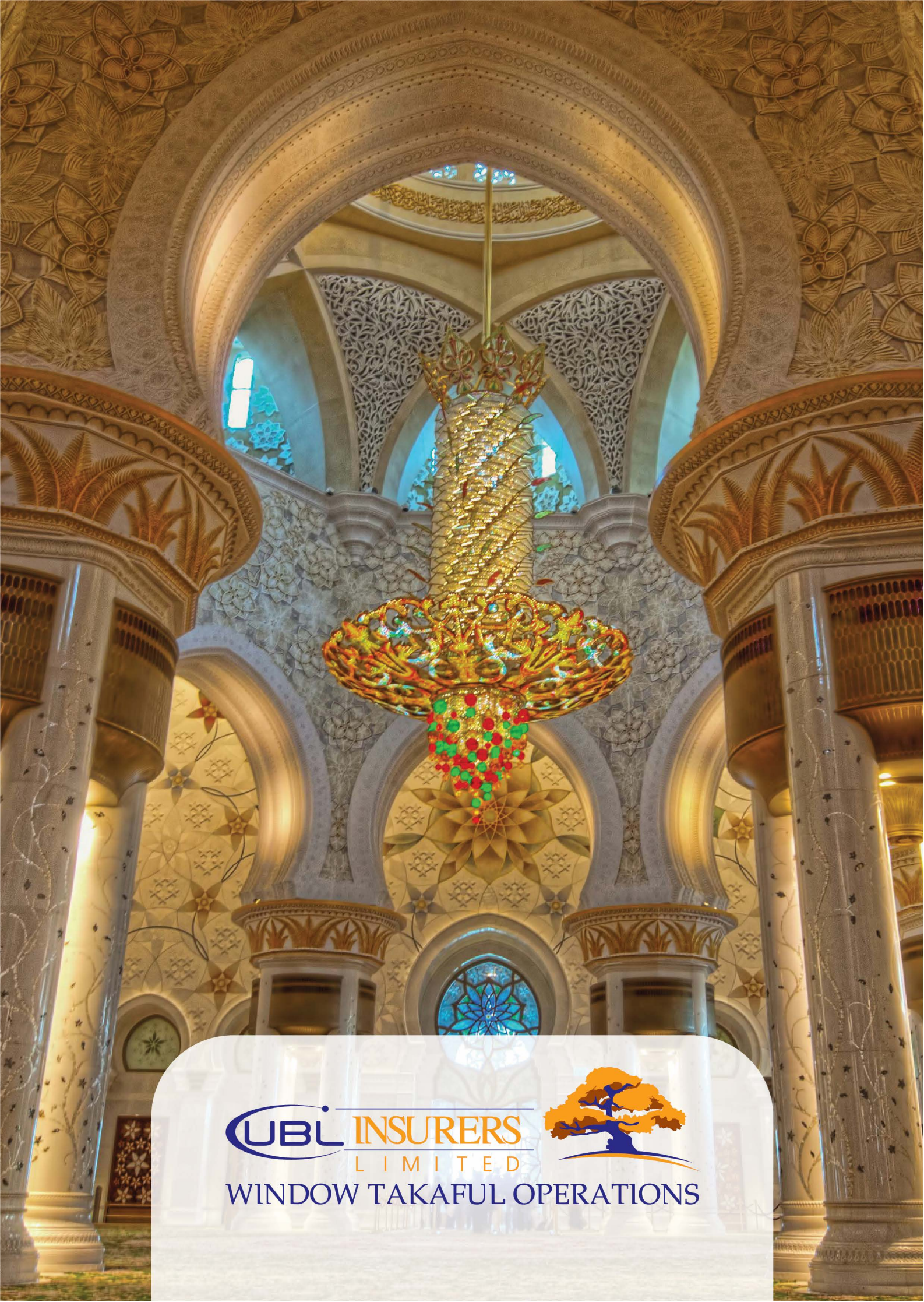


Director



Chairman





UBL INSURERS
LIMITED



WINDOW TAKAFUL OPERATIONS

Shariah Advisory Board's Report to the Board of Directors

For the year ended 31 December 2021

The Company, UBL Insurers Limited commenced Window Takaful Operations on January 1, 2016. By the grace of Almighty Allah and sincere efforts of Management, the year under review was the sixth successful year of Window Takaful Operations.

We acknowledge that as Shariah Advisory Board members of Takaful Operator, it is our responsibility to provide Shariah guidelines and develop framework for assurance that the financial arrangements, contracts and transactions undertaken by the Takaful Operator with its participants and stakeholders are in compliance with the requirements of Shariah rules and principles. It is the responsibility of the Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Advisory Board are fully complied with, and that all policies and services being offered are duly approved by the Shariah Advisory Board.

The Takaful Operator's activities and operations are periodically checked and monitored by Shariah Advisory Board. In order to have an independent assessment of the Shariah Governance and Compliance environment of the Takaful operations under taken by the Operator and the conformity of Takaful operations with Shariah rules and principles an external audit was conducted. Further, internal audit via BDO Ebrahim & Co. and Shariah Compliance review through Internal Shariah Compliance Department were conducted as well. Based on their reports and statement of compliance with the Shariah Principles" submitted by the Operator/Management to the Board of Directors, we hereby present our report as follows:

- i. transactions undertaken by the Takaful Operator were in accordance with guidelines issued by Shariah Advisory Board as well as requirements of Takaful Rules, 2012;
- ii. the investments have been done from the Participant's Takaful Fund and Operator's Fund into Shariah Compliant avenues as per Shariah Guidelines for Investment already approved by Shariah Advisory Board;
- iii. during the year, zero non-shariah income was realized;
- iv. takaful membership issuance process is improved and after due screening process takaful membership is issued to avoid issuance of takaful membership to non—shariah compliant business;
- v. 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);
- vi. training sessions were held in across Pakistan on awareness of Takaful for Managerial and Business Development Staff and facilitated by Chairman-Shariah Advisory Board;

We are grateful to the Board of Directors of UBL Insurers Limited, Management, and all relevant departments who cooperated with the Shariah Compliance function and provided every possible support to ensure Shariah Compliance in our Takaful practices.

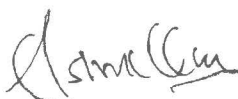
While concluding; in our opinion and to the best of our knowledge that over all the financial arrangements, products, services and transactions entered into by the Operator and the PTF/Waqf, as the case may be, for the year ended December 31, 2021 are in compliance with the requirements of the Shariah rules and guidelines and Allah knows the best. However, the following are recommended:

- The Operator/management should take concrete measures to play pivotal role in sound and transparent growth of Takaful countrywide.

May Allah bless us with the best Tawfeeq and bestow us with success in this world and in the world hereafter, and forgive us for our mistakes. A'ameen.



Mufti Muhammad Hanif
Shariah Advisor & Member
Shariah Advisory Board



Mufti Muhammad Ashraf Alam
Member
Shariah Advisory Board



Mufti Imtiaz Alam
Chairman & Member
Shariah Advisory Board

Date: March 07th, 2022

Statement of Compliance with the Shariah Principles

The financial arrangements, contracts and transactions, entered into by Window Takaful Operations of the UBL Insurers Limited for the year ended December 31, 2021 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 Advisory Board 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 Advisory Board and Board of Directors have been implemented;
- All the products and policies have been approved by Shariah Advisory Board and the financial arrangements including investments made, policies, contracts and transactions entered into by Window Takaful Operations are in accordance with the policies approved by Shariah Advisory Board; 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 provisions of the Takaful Rules, 2012



Nadeem Raza
Chief Financial Officer



Zeeshan Muhammad Raza
Chief Executive Officer

Date: March 07th, 2022

Independent Assurance Report on the Statement of Management's Assessment of Compliance with the Sharia'h Principles

To the Board of Directors of UBL Insurers Limited

We were engaged by the Board of Directors of UBL Insurers 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, 2021, 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 "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 (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our procedures to obtain 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 selected depend on our judgment, including the assessment of the risks of material non-compliance 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 Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

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 Advisory Board 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 our limited assurance engagement, 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, 2021.



A. F. Ferguson & Co.
Chartered Accountants

Engagement Partner: **Shahbaz Akbar**

Dated: April 1, 2022

Karachi.

Independent Auditor's Report

To the members of UBL Insurers Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **UBL Insurers Limited - Window Takaful Operations** (the Operator), which comprise the statement of financial position of OPF and PTF as at December 31, 2021, 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, 2021 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 of 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, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

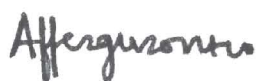
Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Operator as required by the Insurance Ordinance 2000 and the Companies Act, 2017 (XIX of 2017);

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- b) 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 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 **Shahbaz Akbar**.



A. F. Ferguson & Co.
Chartered Accountants

Karachi.

Dated: April 1, 2022

UDIN: AR202110068mA50wkCLr

UBL Insurers Limited - Window Takaful Operations
Statement of Financial Position of OPF & PTF
As at December 31, 2021

		Operator's Fund (OPF)		Participants' Takaful Fund (PTF)	
	Note	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		----- (Rupees in '000) -----			
Assets					
Investments	5				
Equity securities	5.1	11,576	6,969	38,610	9,969
Debt securities	5.2	-	1,498	14,992	19,805
Term Deposits	12	64,041	51,500	447,439	331,000
Loan and other receivable	7	396	488	2,972	2,808
Takaful / retakaful receivables	8	-	-	254,174	203,806
Salvage recoveries accrued		-	-	7,358	9,646
Deferred taxation	10	142	-	-	-
Deferred wakala fee		-	-	96,472	78,816
Receivable from PTF	9	165,195	126,760	-	-
Taxation - payment less provisions		-	-	12,047	7,624
Retakaful recoveries against outstanding claims / Benefits		-	-	109,560	119,232
Deferred Commission Expense	19	44,205	37,206	-	-
Prepayments	11	326	326	100,664	83,597
Cash and bank	12	1,289	11,318	22,482	44,858
Total assets		287,170	236,065	1,106,770	911,161
Equity and Liabilities					
Reserves attributable to the OPF					
Statutory Reserve		50,000	50,000	-	-
Revaluation Reserve		-	45	-	-
Accumulated profit		55,257	34,965	-	-
Total Reserves attributable to the OPF		105,257	85,010	-	-
Participants' Takaful Fund					
Seed money		-	-	500	500
Revaluation Reserve		-	-	-	29
Accumulated surplus		-	-	282,802	208,759
Balance of Participants' Takaful Fund		-	-	283,302	209,288
Qard-e-Hasna	6	-	-	-	-
Liabilities					
PTF Underwriting Provisions					
Outstanding claims including IBNR	18	-	-	183,300	191,770
Unearned contribution reserves	16	-	-	290,062	248,662
Reserve for unearned retakaful rebate	17	-	-	26,372	20,787
		-	-	499,734	461,219
Deferred taxation	10	-	18	-	-
Unearned wakala fees		96,472	78,816	-	-
Takaful / Retakaful payables	13	-	-	142,066	103,329
Other creditors and accruals	14	67,211	61,568	16,473	10,565
Taxation - provision less payment		18,230	10,653	-	-
Payable to OPF	9	-	-	165,195	126,760
Total liabilities		181,913	151,055	823,468	701,873
Total Equity and Liabilities		287,170	236,065	1,106,770	911,161
Contingencies and Commitments					
	15				

The annexed notes 1 to 34 form an integral part of these financial statements.



Chief Executive Officer



Director



Director



Chairman

UBL Insurers Limited - Window Takaful Operations

Profit & Loss Account

For the year ended December 31, 2021

	Note	2021	2020
Participants' Takaful Fund - (PTF)			
Contributions earned	16	414,768	363,781
Less: Contributions ceded to retakaful	16	(250,407)	(200,395)
Net contributions revenue		164,361	163,386
Re-takaful rebate earned	17	63,748	50,487
Net underwriting income		228,109	213,873
Net claims - reported / settled		(144,282)	(135,192)
- IBNR	18	5,785	(10,267)
		(138,497)	(145,459)
Other direct expenses		(12,711)	(16,353)
Surplus before investment income		76,901	52,061
Investment income	22	30,263	26,108
Other income	23	1,104	3,295
Less: Modarib's share of investment income	24	(6,273)	(5,606)
Provisions for doubtful contributions (net of Wakala fee)		(1,290)	(3)
Surplus transferred to accumulated surplus		100,705	75,855
Operator's Fund - (OPF)			
Wakala fee	20	197,034	167,300
Commission expense	19	(89,719)	(76,634)
General, administrative and management expenses	21	(69,889)	(53,130)
		37,426	37,536
Modarib's share of PTF investment income	24	6,273	5,606
Investment income	22	4,565	4,382
Direct expenses	25	(20,234)	(17,552)
Other income	23	551	272
Profit before taxation		28,581	30,244
Taxation	26	(8,289)	(8,771)
Profit after taxation		20,292	21,473

The annexed notes 1 to 34 form an integral part of these financial statements.

Affirm

Chief Executive Officer

Director

Director

Chairman

UBL Insurers Limited - Window Takaful Operations

Statement of Comprehensive Income

For the year ended December 31, 2021

	2021	2020
	----- (Rupees in '000) -----	
Participants' Takaful Fund - (PTF)		
Surplus for the year	100,705	75,855
Other comprehensive loss:		
<i>Items that will be reclassified to profit and loss subsequently</i>		
Reclassification adjustment for net gain on sale of available-for-sale investments included in the profit and loss account	(29)	(289)
Other comprehensive loss for the year	(29)	(289)
Total comprehensive income for the year	100,676	75,566
Operator's Fund - (OPF)		
Profit after tax	20,292	21,473
Other comprehensive loss:		
<i>Items that will be reclassified to profit and loss subsequently</i>		
Unrealised loss on available-for-sale investments	(63)	(30)
Related tax impact	18	9
Other comprehensive loss for the year	(45)	(21)
Total comprehensive income for the year	20,247	21,452

The annexed notes 1 to 34 form an integral part of these financial statements.

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Chief Executive Officer


Director


Director


Chairman



UBL Insurers Limited - Window Takaful Operations

Statement of Changes in Operator's Fund and Participants' Takaful Fund As at December 31, 2021

	Attributable to Operator's Fund			
	Statutory Reserve	Available-for-sale investment revaluation reserve	Accumulated profit	Total
	(Rupees in '000)			
Balance as at January 1, 2020	50,000	66	13,492	63,558
Profit for the year	-	-	21,473	21,473
Other Comprehensive income for the year	-	(21)	-	(21)
Balance as at December 31, 2020	50,000	45	34,965	85,010
Profit for the year	-	-	20,292	20,292
Other comprehensive loss for the year	-	(45)	-	(45)
Balance as at December 31, 2021	50,000	-	55,257	105,257

	Attributable to Participants of PTF			
	Seed money	Available-for-sale investment revaluation reserve	Accumulated surplus	Total
	(Rupees in '000)			
Balance as at January 1, 2020	500	318	132,904	133,722
Surplus for the year	-	-	75,855	75,855
Other Comprehensive income for the year	-	(289)	-	(289)
Balance as at December 31, 2020	500	29	208,759	209,288
Surplus for the year	-	-	100,705	100,705
Surplus distribution to participants	-	-	(26,662)	(26,662)
Other comprehensive loss for the year	-	(29)	-	(29)
Balance as at December 31, 2021	500	-	282,802	283,302

The annexed notes 1 to 34 form an integral part of these financial statements.

Affirm



Chief Executive Officer



Director



Director



Chairman



UBL Insurers Limited - Window Takaful Operations

Statement of Cash Flows

For the year ended December 31, 2021

	Operator's Fund (OPF)		Participants' Takaful Fund	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	Rupees in '000		Rupees in '000	
Operating cash flows				
(a) Takaful activities				
Contributions received	-	-	588,150	517,331
Retakaful contribution paid	-	-	(213,965)	(204,298)
Claims / Benefits paid	-	-	(273,420)	(214,241)
Retakaful and other recoveries received	-	-	138,413	97,339
Commissions paid	(96,440)	(66,089)	-	-
Retakaful rebate received	-	-	69,333	53,529
Wakala fees received	176,037	121,500	-	-
Wakala fees paid	-	-	(176,037)	(121,500)
Modarib share received	6,000	8,000	-	-
Modarib share paid	-	-	(6,000)	(8,000)
Net cash inflow from takaful activities	85,597	63,411	126,474	120,160
(b) Other operating activities				
Income tax paid	(854)	(630)	(4,423)	(4,401)
General and other expenses paid	(84,175)	(67,921)	(8,831)	(9,409)
Net cash flow from other operating activities	(85,029)	(68,551)	(13,254)	(13,810)
Total cash inflow / (outflow) from all operating activities	568	(5,140)	113,220	106,350
(c) Investment activities				
Profit / return received	4,538	4,566	29,267	29,639
Dividend received	575	376	2,107	817
Payment for investments	(11,088)	(14,820)	(163,937)	(97,195)
Proceeds from investments	7,919	12,414	140,068	85,738
Total cash inflow on investing activities	1,944	2,536	7,505	18,999
(d) Financing activities				
Qard e Hasna	-	23,000	-	(23,000)
Surplus paid	-	-	(26,662)	-
Total cash inflow / (outflow) from financing activities	-	23,000	(26,662)	(23,000)
Net cash inflow from all activities	2,512	20,396	94,063	102,349
Cash and cash equivalents at the beginning of the period	62,818	42,422	375,858	273,509
Cash and cash equivalents at the end of the period	65,330	62,818	469,921	375,858
Reconciliation to profit and loss account				
Operating cash flows	568	(5,140)	113,220	106,350
Dividend income	575	376	2,045	817
Other investment income	3,990	4,006	28,218	25,291
Other income	551	272	1,104	3,295
Increase in unearned contribution	-	-	(41,400)	(32,694)
Taxation	(8,289)	(8,771)	-	-
Increase in assets other than cash	47,481	61,392	122,501	131,329
Increase in liabilities other than borrowings	(30,857)	(36,268)	(118,710)	(152,927)
Modarib's share of investment income	6,273	5,606	(6,273)	(5,606)
Profit after taxation	20,292	21,473	100,705	75,855
Surplus in PTF	-	-	100,705	75,855
Profit after tax attributable to OPF	20,292	21,473	-	-

The annexed notes 1 to 34 form an integral part of these financial statements.

Approved

Chief Executive Officer

Director

Director

Chairman

1 LEGAL STATUS AND NATURE OF BUSINESS

UBL Insurers Limited - Window Takaful Operations ("the Operator"), a subsidiary of Bestway International (Holdings) Limited, was incorporated as an unlisted public limited company on June 29, 2006 under the repealed Companies Ordinance, 1984 (now Companies Act 2017). The registered office of the Company is situated at 126-C, Jami Commercial Street Number 14, D.H.A., Phase VII, Karachi. The Company currently operates a network of 24 (2020: 22) branches in various cities. The Company received Certificate of Registration under Section 6 of the Insurance Ordinance, 2000 on January 05, 2007. The objects of the Operator include providing general takaful services (in spheres of Fire, Marine, Aviation and Transport, Motor, Bankers Blanket and other).

The Operator was granted authorisation on December 29, 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operations in respect of general takaful products by the Securities and Exchange Commission of Pakistan (SECP) and subsequently the Operator commenced Window Takaful Operations on January 1, 2016.

The Operator transferred statutory reserve of Rs. 50 million for the Window Takaful Operations as per the requirement of circular 8 of 2014. For the purpose of carrying on the takaful business, the Operator has formed a Waqf / Participant Takaful Fund (PTF) on January 1, 2016 under the waqf deed. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

2 BASIS OF PREPARATION & STATEMENT OF COMPLIANCE

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

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

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's Fund and PTF remain separately identifiable.

2.1 Basis of Measurement

These financial statements have been prepared under the historical cost convention except available-for-sale investments that have been measured at fair value.

2.2 Functional and presentation currency

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

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

2.3.1 There are certain 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 do not have any significant effect on the Operator's operations and therefore, have not been stated in these financial statements.

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

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2022:

Standards, amendments or interpretations	Effective date (period beginning on or after)
- IAS 16 - 'Property plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and Contingent assets' (amendments)	January 1, 2022
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024
- IFRS 9 - 'Financial Instruments'	January 1, 2023*

'IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023 and yet to be notified by the Securities and Exchange Commission of Pakistan.

* 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 takaful. Further details relating to temporary exemption from the application of IFRS 9 are given in notes 2.4.1 and 2.4.1.1 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.

2.4.1 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 as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given in note 2.4.1.1 below.

2.4.1.1 Fair value of financial assets as at December 31, 2021 and change in the fair values during the year

Financial assets with contractual cash flows that meet the SPPI criteria, excluding those held for trading	December 31, 2021 (Rupees in '000)
Debt securities - Held to maturity (note 5.2) - OPF	
Opening fair value - January 01, 2021	1,516
Disposals during the year - net	(1,516)
Increase in fair value	-
Closing fair value - December 31, 2021	-

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Debt securities - Held to maturity (note 5.3) - PTF

Opening fair value - January 01, 2021
Disposals during the year - net
Decrease in fair value
Closing fair value - December 31, 2021

18,930
(4,853)
(93)
13,985

Financial assets that do not meet the SPPI criteria

Equity Securities - Available for sale (note 5.1) - OPF

Opening fair value - January 01, 2021
Disposals during the year - net
Addition during the year - net
Increase in fair value
Closing fair value - December 31, 2021

6,969
(2,387)
6,994
-
11,576

Equity Securities - Available for sale (note 5.1) - PTF

Opening fair value - January 01, 2021
Disposals during the year - net
Addition during the year - net
Increase in fair value
Closing fair value - December 31, 2021

9,969
(3,297)
31,938
-
38,610

The fair value of the remaining financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate.

2.4.2 There are certain other new and amended interpretations and amendments that are mandatory for the Operator's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Operator's operations and therefore not stated in these financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

3.1 Takaful contracts

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

Contracts under which the Participants' Takaful Fund (PTF) accepts significant takaful risk from another party (the participant) by agreeing to compensate the participant if a specified uncertain future event (the takaful event) adversely affects the participant are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non-happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The PTF underwrites non-life takaful contracts that can be categorised into following main categories:

a) Fire and property damage

'Fire and property takaful contracts mainly compensate the Operator'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.

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b) Marine, aviation and transport

Marine and transport takaful covers the loss or damage of ships, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination.

c) Motor

Motor takaful is to provide protection against losses incurred as a result of traffic accidents and against liability that could be incurred in an accident.

d) Bankers blanket

Bankers' blanket takaful covers losses as a result of dishonest or fraudulent acts by officers and employees of the bank, including on premises coverage of cash, coverage of cash during transit and coverage of forged cheques.

e) Miscellaneous

Miscellaneous takaful includes various types of coverage mainly burglary, loss of cash in safe and cash in transit, engineering losses, accident and health, money and other coverage.

These contracts are normally one year takaful contracts except marine and some contracts of fire and property and other class. Normally all marine takaful contracts and some fire and property contracts have three months period. In miscellaneous, some engineering takaful contracts have more than one year period whereas normally travel takaful contracts expire within one month time.

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

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

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

3.2 Deferred commission expense / acquisition cost

Commission expense incurred in obtaining and recording policies is deferred and recognised in the profit and loss account as an expense in accordance with the pattern of recognition of contribution revenue.

3.3 Reserve for unearned contribution

Reserve for unearned contribution represents the portion of contribution written relating to the unexpired period of coverage at the reporting date and is recognised as a liability by the Operator. This liability is calculated by applying the 1/24th method as specified in the General Takaful Accounting Regulations, 2019.

3.4 Contribution Deficiency Reserve

The Operator maintains a provision in respect of contribution deficiency for the class of business where the unearned contribution liability is not adequate to meet the expected future liability, after retakaful, from claims and other supplementary expenses expected to be incurred after the date of statement of financial position in

respect of the unexpired policies in that class of business as at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense / income in the profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, contribution deficiency is determined.

3.5 Retakaful contracts held

These are contracts entered into by the Operator with retakaful for compensation of losses suffered on takaful contracts issued. These retakaful contracts include both facultative and treaty arrangements contracts and are classified in same categories of takaful contracts for the purpose of these financial statements. The PTF recognises the entitled benefits under contracts as various retakaful assets and liabilities.

Retakaful assets represent balances due from retakaful companies and retakaful recoveries against outstanding claims. Due from retakaful companies are carried at cost less any provision for impairment. Cost represents the fair value of the consideration to be received. Retakaful recoveries against outstanding claims are measured at the amount expected to be received.

Retakaful assets are not offset against related takaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related takaful assets.

Retakaful liabilities represent balances due to retakaful companies. Due to retakaful companies are carried at cost which is the fair value of the consideration to be paid.

Retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expired.

3.6 Amount due to / from retakaful operators

Amounts due to / from retakaful operators are recognized when due, and carried at cost less provision for impairment, if any. Cost is the fair value of the consideration to be received / paid in the future for services rendered / received.

3.7 Segment reporting

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

The Operator presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the 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 & property damage, marine, aviation and transport, motor, bankers blanket and miscellaneous. The nature and business activities of these segments are disclosed in note 3.1.

Assets and liabilities are allocated to particular segments on the basis of contribution earned. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.



3.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand, bank deposits and term deposits having maturity of less than three months.

3.9 Revenue Recognition

3.9.1 Contribution

Contribution Receivable under a policy / cover note issued is recognized as written from date of attachment of risk to the policy / cover note and over the period of takaful from inception to expiry. Contribution is recognised as revenue evenly over the period of the policy.

The unearned portion of Contribution income is recognized as a liability. Such liability is calculated by applying the one by twenty-fourth method, whereby the liability shall equal 1/24 of the Contribution relating to policies commencing in the first month of the takaful operator financial year, 3/24 of the Contributions relating to policies commencing in the second month of the takaful operator financial year, and so on.

For facultative acceptance, the basis of recognizing Contribution and determining the unearned Contribution reserve is the same as for the direct policies.

3.9.2 Wakala and modarib fee

Wakala Fee

The Takaful operator manages the general takaful operations for the participants and charges 30% (2020: 30%) of gross contribution on fire & property damage, marine, aviation & transport, bankers blanket and miscellaneous and 35% (2020: 32.5%) of gross contribution on motor as wakala fees against the services given to Participants' Takaful Fund. Wakala fee under a policy is recognised by applying the one by twenty-fourth method, whereby the liability shall equal 1/24 of the Contribution relating to policies commencing in the first month of the takaful operator financial year, 3/24 of the Contributions relating to policies commencing in the second month of the takaful operator financial year, and so on.

Modarib Fee

The Operator also manages the participants' investment as Modarib and charges 20% (2020: 20%) of the investment income earned by the PTF as Modarib fee. It is recognised on the same basis on which the related revenue is recognised.

3.9.3 Rebate from retakaful operators

Re-takaful rebate from retakaful is recognised at the date from attachment of risk to the policy / cover note and over the period of takaful from inception to expiry. Re-takaful rebate is recognized as revenue evenly over the period of the policy of issuance of the underlying takaful.

The unearned portion of Re-takaful rebate is recognized as a liability. Such liability is calculated by applying the one by twenty-fourth method, whereby the liability shall equal 1/24 of the Contribution relating to policies commencing in the first month of the takaful operator financial year, 3/24 of the Contributions relating to policies commencing in the second month of the takaful operator financial year, and so on.

For facultative acceptance, the basis of recognizing commission and determining the unearned commission reserve is the same as for the direct policies.



3.9.4 Dividend income

Dividend income is recognised when the right to receive the dividend is established.

3.9.5 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.
- Gain or loss on sale of investments is accounted for in the profit and loss account in the period to which it relates.
- Interest / mark-up on bank balances, term deposits and government securities is recognised on an accrual basis using the effective interest method.
- Premium or discount on debt securities classified as held to maturity is amortised using effective interest method and taken to the profit and loss account.

3.10 Investments

3.10.1 Classification and investments

The Operator invests in Shariah compliant financial instruments only. All investments are initially recognised at cost, being the fair value of the consideration given and include transaction cost, except for investments classified as fair value through profit or loss in which case transaction costs are charged to the profit and loss account. All regular way purchase and sale of investments are accounted for using trade date accounting. Currently, the financial assets of the OPF and PTF are classified into the following categories:

a) Held to maturity

These are investments with fixed or determinable payments and fixed maturities. The Operator classifies these debt securities under "held-to-maturity" (where the Operator has intention and ability to hold till maturity) category.

These investments are subsequently measured and carried at amortised cost. Premium or discount on debt securities classified as held to maturity is amortised using effective interest method and taken to the profit and loss account.

b) Available for sale

Surplus / (deficit) arising on revaluation of quoted securities which are classified as available for sale investments is taken to a separate account which is shown in the statement of changes in equity as revaluation surplus. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal.

Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to profit and loss account. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities.

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

3.11 Off setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if the Operator has a legally enforceable right to set-off and the Operator intends either to settle the assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.



3.12 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the services received, whether or not billed to the Operator.

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.

3.13 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 other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively.

3.13.1 Current

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.

3.13.2 Deferred

Deferred tax is recognised using the statement of financial position liability method, on all temporary differences arising at the date of statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying amount of deferred tax asset is reviewed at each date of statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each date of statement of financial position and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the date of statement of financial position.

3.14 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.

3.15 Impairment of assets

The carrying amount of the assets is reviewed at each statement of financial position date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such assets is estimated and the impairment losses are recognised in the profit and loss account currently.

Provisions for impairment are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Changes in the provisions are recognised as income / expense currently.

3.16 Allocation of management expenses

Expenses allocated to the takaful business represent directly attributable expenses. Expenses not directly attributable to takaful business are allocated between the conventional business and takaful business of the Operator on the basis of reasonable and supportable information available for determining such allocation.

3.17 Qard-e-Hasna

If there is a deficit of admissible assets over liabilities in PTF, the Operator provides interest free loan 'Qard-e-Hasan' to PTF from OPF so that PTF may become solvent as per Takaful Rules, 2012.

Qard-e-Hasan from PTF can be recovered by the Operator over any period of time without charging any profit.

3.18 Retakaful expense

Contribution Ceded to re-takaful operators is recognized as an expense. For retakaful contracts operating on a proportional basis, on attachment of the underlying policies retakaful; and for retakaful contracts operating on a non-proportional basis, on inception of the retakaful contract.

The portion of retakaful Contribution ceded not yet recognized as an expense is recognized as a prepayment. The prepaid portion of Contribution ceded is recognized as an asset. Such asset is calculated by applying the one by twenty-fourth method, whereby the liability shall equal 1/24 of the Contribution ceded relating to retakaful contract commencing in the first month of the takaful operators financial year, 3/24 of the Contributions ceded relating to policies commencing in the second month of the takaful operator financial year, and so on.

3.19 Dividend Distribution

Dividends, if any, declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends are declared and transfers are made.

3.20 Receivable and Payable related to takaful contracts

Receivables related to takaful contracts are known as Due from takaful contract holders. These are recognised at cost, which is the fair value of the consideration to be received less provision for impairment, if any. Contributions received in advance is recognised as liability till the time of issuance of takaful contract thereagainst.

Provision for impairment and write-off is estimated on a systematic basis after analysing the receivables as per their aging.

3.21 Claims expense

General takaful claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

The Operator recognises liability in respect of all claims incurred upto the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an takaful contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.



The provision for Incurred But Not Reported (IBNR) claims is determined by the Operator as required under circular No. 9 of 2016 issued by the SECP. As per the SECP circular No. 9 of 2016, an Operator shall estimate IBNR claims reserve based on the prescribed method provided in the guidelines. Guidelines also allows the use of any other alternative method of determining IBNR, if found more suitable for the risk class, provided that the amount estimated under the alternative method shall not be less than the amount calculated under prescribed method. The prescribed method for estimating IBNR claim reserve is the chain ladder method based on paid claims hereinafter called 'Incurred But Not Paid' or 'IBNP'. The Basic Chain Ladder (BCL) method uses a run off triangle to estimate the development factors for each accident period which are further used to estimate the ultimate paid claims. Data from settlement registers is used in the BCL models. Lags are determined to be the difference between the 'date of loss' and 'date of claim payment'. Monthly lags are used since it reflects the claim development pattern within a given year and the back testing supports the same. Once IBNP has been determined using BCL, the outstanding claims are deducted to arrive at IBNR on paid basis.

Under alternative method IBNR is determined on reported basis. IBNR (reported basis) is much similar to IBNR (paid basis) but is calculated using a different methodology. It does not use either IBNP or outstanding claims to estimate IBNR rather, is determined using BCL method. Development factors are determined for each accident period to estimate the ultimately reported claims directly. Intimation registers are used in the BCL model where lags are calculated as the difference between the 'date of loss' and 'date of intimation'.

The analysis is carried out separately for each class of business and results determined through this alternative method are compared to the results of prescribed method and higher of the two are set as the final reserve.

3.22 Retakaful recoveries against outstanding claims

Re-takaful recoveries against outstanding claims are recognized as assets at the same time as the claims which give rise to the right of recovery are recognized as liability and are measured at the amount expected to be recovered.

3.23 Salvage recoveries accrued

Salvage is recognised at the same time as the claims to which they relate. Estimates of salvage recoveries are included as an allowance in the measurement of the takaful liability for claims. The allowance is the amount that can reasonably be recovered from the disposal of the salvage.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Operator's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the 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. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements, or judgment was exercised in application of accounting policies, are as follows:

- a) Provision for outstanding claims including IBNR (note 3.21)
- b) Reserve for unearned contribution (note 3.3)
- c) Contribution deficiency reserve (note 3.4)
- d) Classification and impairment of investments (note 3.10 and 3.15)
- e) Provision for current and deferred tax (note 3.13)
- f) Takaful / retakaful receivables (note 3.6 and 3.20)
- g) Deferred commission expense (note 3.2)
- h) Allocation of management expenses (note 3.16)



5 INVESTMENTS

5.1 INVESTMENTS IN EQUITY SECURITIES - AVAILABLE FOR SALE

Particulars	As at December 31, 2021			As at December 31, 2020		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Operator's fund (OPF)						
(Rupees in '000)						
NBP Islamic Mahana Aamdani Fund	-	-	-	2,324	-	2,324
NBP Islamic Daily Dividend Fund	4,893	-	4,893	4,582	-	4,582
Alhamra Islamic Money Market Fund	6,683	-	6,683	-	-	-
	11,576	-	11,576	6,906	-	6,906
Surplus on revaluation			-			63
Carrying Value (OPF)			11,576			6,969
Particulars	As at December 31, 2021			As at December 31, 2020		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
Participants' fund (PTF)						
(Rupees in '000)						
NBP Islamic Mahana Aamdani Fund	-	-	-	3,268	-	3,268
NBP Islamic Daily Dividend Fund	8,054	-	8,054	6,672	-	6,672
Alhamra Islamic Money Market Fund	30,556	-	30,556	-	-	-
	38,610	-	38,610	9,940	-	9,940
Surplus on revaluation			-			29
Carrying Value (PTF)			38,610			9,969

5.2 INVESTMENTS IN DEBT SECURITIES - HELD TO MATURITY

	As at December 31, 2021			As at December 31, 2020		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
5.2.1 Operator's fund						
(Rupees in '000)						
Sukuk - Dawood Hercules Corporation Limited	-	-	-	1,495	-	1,498
Carrying value	-	-	-	1,495	-	1,498
			No. of Certificates	Face Value	Value of Certificates	
			2021	2020	2021	2020
					(Rupees)	
					(Rupees in '000)	
5.2.1.1	Dawood Hercules Corporation Limited			-	25	-
				-	-	1,500

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5.2.2 Participants' Fund

	As at December 31, 2021			As at December 31, 2020		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
(Rupees in '000)						
Sukuk - The Hub Power Company Limited	5,070	-	5,024	5,070	-	5,049
Sukuk - Dawood Hercules Corporation Limited	-	-	-	4,784	-	4,795
GOP Ijara Sukuk	9,960	-	9,968	9,960	-	9,961
Carrying value	15,030	-	14,992	19,814	-	19,805

5.2.1

	No. of Certificates		Face Value	Value of Certificates	
	2021	2020	2021	2021	2020
			(Rupees)	(Rupees in '000)	
Sukuk - The Hub Power Company Limited	50	50	100,000	5,000	5,000
Sukuk - Dawood Hercules Corporation Limited	-	80	-	-	4,800
GOP Ijara Sukuk	100	100	100,000	10,000	10,000

5.2.2.2 The market value of the investments in sukuk as at December 31, 2021 is Rs 13.985 million (2020: Rs. 18.930 million).

6 QARD-E-HASNA

	As at December 31, 2021	As at December 31, 2020
(Rupees in '000)		
Opening Balance of Qard-e-Hasna	-	23,000
Qard-e-Hasna transferred from OPF during the year	-	-
Qard-e-Hasna returned by PTF during the year	-	(23,000)
	-	-

7 LOANS AND OTHER RECEIVABLES

	OPF		PTF	
	As at December 31, 2021	As at December 31, 2020	As at December 31, 2021	As at December 31, 2020
(Rupees in '000)				
Accrued investment income	396	488	2,972	2,808

8 TAKAFUL / RETAKAFUL RECEIVABLES - PTF

	As at December 31, 2021	As at December 31, 2020
(Rupees in '000)		
Unsecured and considered good		
Due from takaful participants holders	134,771	89,685
Due from other insurers/retakaful operators	119,403	114,121
Unsecured and considered doubtful		
Due from takaful participants holders	697	5
Less: provision for impairment of receivables from takaful participants holders	(697)	(5)
Due from other insurers/retakaful operators	1,088	-
Less: provision for impairment of due from other takaful / retakaful operators	(1,088)	-
	254,174	203,806

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9 RECEIVABLE FROM PTF / PAYABLE TO OPF

	OPF		PTF	
	As at December 31, 2021	As at December 31, 2020	As at December 31, 2021	As at December 31, 2020
	----- (Rupees in '000) -----			
Wakala fee	159,796	121,634	159,796	121,634
Modarib fee	5,399	5,126	5,399	5,126
	<u>165,195</u>	<u>126,760</u>	<u>165,195</u>	<u>126,760</u>

10 DEFERRED TAXATION

	OPF	
	As at December 31, 2021	As at December 31, 2020
	----- (Rupees in '000) -----	
Deferred credits arising due to surplus on investment - available for sale	-	18
Deferred debits arising in respect of provision on wakala fee 10.1	142	-
	<u>142</u>	<u>18</u>

10.1 The movement in deferred tax asset/(liability) is as follows:

Opening deferred tax liability	(18)	(27)
Income booked in the profit and loss account	142	-
Reversal to the statement of comprehensive income	18	9
Closing deferred tax asset/(liability)	<u>142</u>	<u>(18)</u>

11 PREPAYMENTS

	OPF		PTF	
	As at December 31, 2021	As at December 31, 2020	As at December 31, 2021	As at December 31, 2020
	----- (Rupees in '000) -----			
Prepaid retakaful contribution ceded	-	-	97,113	80,133
Tracker monitoring fee	-	-	3,551	3,464
Prepaid software charges	326	326	-	-
	<u>326</u>	<u>326</u>	<u>100,664</u>	<u>83,597</u>

12 CASH AND BANK

Cash and Cash Equivalent				
Cash in hand	-	-	-	-
Policy & Revenue stamps	-	-	139	123
Cash at bank				
- Current account	37	455	11,117	23,961
- Savings account 12.1 & 12.2	1,252	10,863	11,226	20,774
Cash and Bank	<u>1,289</u>	<u>11,318</u>	<u>22,482</u>	<u>44,858</u>
Deposits maturing within 12 months				
Term deposits receipts 12.2	64,041	51,500	447,439	331,000
	<u>65,330</u>	<u>62,818</u>	<u>469,921</u>	<u>375,858</u>

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

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	OPF		PTF	
	As at December 31, 2021	As at December 31, 2020	As at December 31, 2021	As at December 31, 2020
	----- (Rupees in '000) -----			
Cash and bank balances	1,289	11,318	22,482	44,858
Short term investments with 3 months or less maturity	64,041	51,500	447,439	331,000
	<u>65,330</u>	<u>62,818</u>	<u>469,921</u>	<u>375,858</u>

12.1 This includes balance with a related party amounting to Rs. 1.943 million (2020: Rs. 1.160 million).

12.2 These carry profit rates ranging between 3.00% to 4.00% (2020: 3.00% to 7.00%) per annum.

12.2.1 Participants' takaful fund

	Maturity date	As at December 31, 2021	As at December 31, 2020
		----- (Rupees in '000) -----	
Dubai Islamic Bank Pakistan Limited	16-Mar-21	-	110,000
BankIslami Pakistan Limited	23-Jan-21	-	10,000
BankIslami Pakistan Limited	16-Feb-21	-	90,000
BankIslami Pakistan Limited	28-Mar-21	-	26,000
Al Baraka Bank (Pakistan) Limited	28-Jan-21	-	95,000
Al Baraka Bank (Pakistan) Limited	16-Feb-22	115,800	-
BankIslami Pakistan Limited	5-Jan-22	45,000	-
Dubai Islamic Bank Pakistan Limited	29-Mar-22	87,639	-
Al Baraka Bank (Pakistan) Limited	30-Jan-22	41,000	-
Meezan Bank Limited	10-Jan-22	56,000	-
BankIslami Pakistan Limited	27-Mar-22	102,000	-
		<u>447,439</u>	<u>331,000</u>

Operators' fund	Maturity date	As at December 31, 2021	As at December 31, 2020
		----- (Rupees in '000) -----	
Dubai Islamic Bank Pakistan Limited	16-Mar-21	-	14,500
BankIslami Pakistan Limited	18-Jan-21	-	15,000
BankIslami Pakistan Limited	17-Mar-21	-	6,000
Al Baraka Bank (Pakistan) Limited	29-Jan-21	-	16,000
Dubai Islamic Bank Pakistan Limited	29-Mar-22	18,141	-
BankIslami Pakistan Limited	5-Jan-22	6,000	-
Al Baraka Bank (Pakistan) Limited	16-Feb-22	20,900	-
BankIslami Pakistan Limited	27-Mar-22	19,000	-
		<u>64,041</u>	<u>51,500</u>

13 TAKAFUL / RETAKAFUL PAYABLES

	PTF	
	As at December 31, 2021	As at December 31, 2020
	----- (Rupees in '000) -----	
Due to takaful participants / Retakaful payable	138,888	94,795
Due to other takaful operators	3,178	8,534
	<u>142,066</u>	<u>103,329</u>

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14 OTHER CREDITORS AND ACCRUALS

	Note	OPF		PTF	
		As at December 31, 2021	As at December 31, 2020	As at December 31, 2021	As at December 31, 2020
		----- (Rupees in '000) -----			
Federal excise duty and sales tax		630	327	8,290	4,629
Federal takaful fee		-	-	569	425
Commissions payable		55,707	52,568	-	-
Unclaimed takaful benefits	14.1	-	-	2,668	1,228
Accrued expenses		3,742	2,463	1,782	2,113
Others		692	20	2,916	1,691
Payable to UBL Insurers Limited		6,440	6,190	248	479
		<u>67,211</u>	<u>61,568</u>	<u>16,473</u>	<u>10,565</u>

14.1 This represents outstanding claims in respect of which cheques have been issued by the Operator for claim settlement but the same have not been encashed by the claimant. The following is the ageing as required by SECP circular No. 11 dated May 19, 2014:

	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
More than 6 months	<u>2,668</u>	<u>1,228</u>
1 to 6 months	<u>21,637</u>	<u>12,188</u>

December 31, 2021						
(Age-wise Breakup)						
	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
(Rupees in '000)						
Claims not encashed	21,637	1,005	570	316	777	24,305

December 31, 2020						
(Age-wise Breakup)						
1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total	
(Rupees in '000)						
Claims not encashed	12,188	101	340	496	291	13,416

15 CONTINGENCIES AND COMMITMENTS

Certain policyholders of the PTF have filed cases against the Operator which are pending adjudication at different levels. The management is of the view that decision for payment / non-payment of claims and the amount of claim determined was on the merits of each individual case. The management is confident that these cases will be decided in their favour and accordingly no provision has been recognised in these financial statements.

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16 NET CONTRIBUTION

NET CONTRIBUTION

	PTF	
	December 31, 2021	December 31, 2020
	----- (Rupees in '000) -----	
Written gross contribution	653,202	563,775
Less: Wakala fee	(214,690)	(177,626)
Contribution Net of Wakala Fee	438,512	386,149
Add: Unearned contribution reserve opening	169,846	147,478
Less: Unearned contribution reserve closing	(193,590)	(169,846)
Contributions Earned	414,768	363,781
Retakaful contribution ceded	(267,387)	(205,671)
Add: Prepaid retakaful ceded opening	(80,133)	(74,857)
Less: Prepaid retakaful ceded closing	97,113	80,133
Retakaful expense	(250,407)	(200,395)
Net Contribution	164,361	163,386

17 RETAKAFUL REBATE

Retakaful rebate/commission received	69,333.00	53,529.00
Add: Unearned retakaful rebate/commission opening	20,787.00	17,745.00
Less: Unearned retakaful rebate/commission closing	(26,372.00)	(20,787.00)
	63,748.00	50,487.00

18 TAKAFUL BENEFITS / CLAIMS EXPENSE

Benefits / Claims paid	273,420	214,241
Add: outstanding benefits / claims including IBNR closing	183,300	191,770
Less: outstanding benefits / claims including IBNR opening	(191,770)	(103,671)
Claim expense	264,950	302,340
Re-Takaful and other recoveries received	138,413	97,339
Add: Re-Takaful and other recoveries in respect of outstanding claims closing	116,918	128,878
Less: Re-Takaful and other recoveries in respect of outstanding claims opening	(128,878)	(69,336)
Retakaful and other recoveries revenue	(126,453)	(156,881)
Net Claims Expense	138,497	145,459

18.1 BENEFIT / CLAIM DEVELOPMENT

The following table shows the development of claims over a period of time on gross basis.

Analysis on gross basis

	2017	2018	2019	2020	2021
	----- (Rupees in '000) -----				
Accident year					
At end of accident year	72,143	161,346	230,033	293,467	266,339
One year later	80,456	190,977	248,061	289,129	-
Two years later	83,746	188,391	249,059	-	-
Three years later	82,405	186,667	-	-	-
Four years later	85,424	-	-	-	-
Current estimate of cumulative claims	85,424	186,667	249,059	289,129	266,339
Cumulative payment made to date	(80,919)	(179,790)	(235,970)	(241,040)	(155,599)
Liability recognised in the statement of financial position	4,505	6,877	13,089	48,089	110,740

19 COMMISSION EXPENSE

Commission paid or payable
Add: Deferred commission expense opening
Less: Deferred commission expense closing

OPF	
December 31, 2021	December 31, 2020
(Rupees in '000)	
96,718	81,342
37,206	32,498
(44,205)	(37,206)
<u>89,719</u>	<u>76,634</u>

20 Wakala Fee

The Takaful operator manages the general takaful operations for the participants and charges 30% (2020: 30%) of gross contribution on fire, marine, banker's blanket and miscellaneous and 35% (2020: 32.5%) of gross contribution on motor as wakala fees against the services given to Participants' Takaful Fund. Wakala fee under a policy is recognised evenly over the period of takaful from the date of issuance of the policy till the date of its expiry.

21 GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES

	Note	OPF	
		December 31, 2021	December 31, 2020
		----- (Rupees in '000) -----	
Employee benefit cost	21.1	45,465	35,339
Traveling expenses		254	182
Printing & stationery		1,035	778
Rent, rates and taxes		1,063	1,035
Legal and professional charges - business related		1,785	1,504
Electricity, gas and water		1,223	853
Entertainment		340	248
Vehicle running expenses		11,429	7,072
Office repairs and maintenance		807	816
Postages, telegrams, and telephone		4,254	3,616
Shariah Advisor's fee		1,368	1,360
Bad and doubtful debts		490	2
Miscellaneous		376	325
		<u>69,889</u>	<u>53,130</u>

21.1 Employee benefit cost

Employee benefit cost

Salaries, allowance and other benefits	42,817	32,938
Charges for post employment benefit	2,648	2,401
	<u>45,465</u>	<u>35,339</u>

22 INVESTMENT INCOME

Income from equity securities - (available for sale)

- Dividend income

Income from debt securities - (Held to maturity)

- Return on debt securities

- Amortization of discount / (premium)

Income from term deposits - (Held to maturity)

- Return on term deposits

Realised gains on investments

- Equity Securities - (available for sale)

OPF		PTF	
December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
(Rupees in '000)		(Rupees in '000)	
575	376	2,045	817
17	200	1,226	1,403
2	1	(12)	(15)
3,879	3,679	26,942	23,534
<u>4,473</u>	<u>4,256</u>	<u>30,201</u>	<u>25,739</u>
92	126	62	369
<u>4,565</u>	<u>4,382</u>	<u>30,263</u>	<u>26,108</u>

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23 OTHER INCOME / (LOSS)

Return on bank balances	551	272	1,264	1,921
Miscellaneous	-	-	(160)	1,374
	<u>551</u>	<u>272</u>	<u>1,104</u>	<u>3,295</u>

24 MODARIB'S FEE

The Operator also manages the participants' investment as Mudarib and charges 20% (2020: 20%) of the investment income (including return on bank balances) earned by the PTF as Mudarib fee. It is recognised on the same basis on which the related revenue is recognised.

25 DIRECT EXPENSES

	Note	OPF	
		December 31,	December 31,
		2021	2020
(Rupees in '000)			
Legal & professional fee other than business related		425	282
Auditor's remuneration	25.1	911	420
Shariah audit fee		374	380
Salaries & Benefits		11,768	10,193
Rent and Rates & Taxes		2,491	1,978
Communication		1,606	1,388
Others		2,659	2,911
		20,234	17,552

25.1 Auditor's remuneration

Audit fee	173	173
Half yearly review	57	57
Certifications	50	50
Out of pocket expense	631	140
	<u>911</u>	<u>420</u>

26 TAXATION

For the year

Current	8,431	8,771
Deferred	(142)	-
	<u>8,289</u>	<u>8,771</u>

26.1 Relationship between tax expense and accounting profit

Profit before taxation for the year	<u>28,581</u>	<u>30,244</u>
Tax at the applicable rate of 29% (2020: 29%)	<u>8,289</u>	<u>8,771</u>
	<u>8,289</u>	<u>8,771</u>

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27 COMPENSATION OF DIRECTORS AND EXECUTIVES

	Executives	
	2021	2020
	(Rupees in '000)	
Managerial remuneration	802	779
Bonus	50	-
House rent allowance	361	351
Utilities	160	156
Medical	80	78
Retirement benefits	134	130
Fuel Allowance	351	276
Vehicle allowance	660	-
Cell allowance	36	36
Driver Salary	120	120
Others	11	11
	2,765	1,937
Number of persons	1	1

Executives mean employees, other than the Chief Executive and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

28 RELATED PARTY TRANSACTIONS

Related parties comprise of related group companies, directors of the Operator, key management personnel, post employment benefit plans and other related parties. The Operator in the normal course of business carries out transactions with various related parties at agreed / commercial terms and conditions. Balances and transactions with the related parties other than those disclosed in the relevant notes to these financial statements are as follows.

Transactions and balances with related parties

Associated companies

	Operator Fund		Participants' Takaful Fund	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in '000)		(Rupees in '000)	
Contribution underwritten	-	-	11,311	11,129
Takaful claims expense	-	-	1,562	6,687
Profit on bank accounts	-	-	95	156
Management and other expenses	83,116	64,733	-	-

Balances

Associated companies

	Operator Fund		Participants' Takaful Fund	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in '000)		(Rupees in '000)	
Bank balances	-	-	1,943	1,160
Contribution due but unpaid	-	-	819	1
Claim outstanding	-	-	11,355	10,390
Payable to UBL Insurers Limited	6,440	6,190	248	479

28.1 Following are the related parties with whom the Operator had entered into transactions or have arrangement / agreement in place:

S. No.	Name of related party	Basis of association / relationship
1	UBL Ameen	Associate
2	Bestway Cement Limited	Associate
3	UBL Insurers Limited	Operator

29 SEGMENT INFORMATION

The Window Takaful Operation has five primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, bankers blanket and miscellaneous segment.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of the gross contribution written by the segments.

Particulars	2021					
	Fire and property damage	Marine, Aviation and Transport	Motor	Bankers Blanket	Miscellaneous	Total
Participants' Takaful Fund	(Rupees in '000)					
Contribution receivable (inclusive of Federal excise duty and Federal takaful fee and Administrative surcharge)	201,937	80,505	429,637	15,589	21,828	749,496
Less: Federal excise duty/ sales tax	(24,633)	(9,520)	(51,245)	(1,778)	(2,540)	(89,716)
Less: Federal takaful fee	(1,741)	(700)	(3,813)	(137)	(187)	(6,578)
Gross written contribution (inclusive of Administrative surcharge)	175,563	70,285	374,579	13,674	19,101	653,202
Gross direct contribution	170,998	67,252	361,418	13,670	18,329	631,667
Facultative inward contribution	2,642	362	1,484	-	436	4,924
Administrative surcharge	1,923	2,671	11,677	4	336	16,611
	175,563	70,285	374,579	13,674	19,101	653,202
Wakala fee	52,669	21,085	131,103	4,102	5,730	214,690
Takaful contribution earned	105,465	49,299	234,456	11,226	14,322	414,768
Takaful contribution ceded to retakaful	(138,531)	(58,175)	(28,192)	(7,948)	(17,561)	(250,407)
Net takaful contribution	(33,066)	(8,876)	206,264	3,278	(3,239)	164,361
Retakaful rebate	37,492	16,924	2,963	1,844	4,525	63,748
Net underwriting income	4,426	8,048	209,227	5,122	1,286	228,109
Takaful claims	(31,215)	(34,917)	(172,006)	(2,418)	(24,394)	(264,950)
Takaful claims recovered from retakaful	29,333	33,067	40,210	1,784	22,059	126,453
Net claims	(1,882)	(1,850)	(131,796)	(634)	(2,335)	(138,497)
Other direct expense	(565)	(226)	(11,814)	(44)	(61)	(12,711)
Surplus / (deficit) before investment income	1,979	5,972	65,617	4,444	(1,110)	76,901
Investment income						30,263
Other income						1,104
Modarib's share of investment income						(6,273)
Provisions for doubtful contributions (net of Wakala fee)						(1,290)
Surplus transferred to Balance of PTF						100,705
Corporate segment assets	155,962	62,438	332,759	12,147	16,968	580,275
Corporate unallocated assets						526,495
Total assets						1,106,770
Corporate segment liabilities	172,498	69,058	368,041	13,435	18,768	641,800
Corporate unallocated liabilities						181,668
Total liabilities						823,468

Particulars	2021					
	Fire and property damage	Marine, Aviation and Transport	Motor	Bankers Blanket	Miscellaneous	Total
Operator's Fund	(Rupees in '000)					
Wakala fee	45,199	21,128	119,757	4,811	6,138	197,034
Commission expense	(23,982)	(11,428)	(52,622)	(31)	(1,656)	(89,719)
Management expenses	(18,784)	(7,520)	(40,078)	(1,463)	(2,044)	(69,889)
	2,433	2,180	27,058	3,317	2,438	37,426
Modarib's share of PTF investment income						6,273
General and administrative expenses						(20,234)
Investment income						4,565
Other income						551
Profit before taxation						28,581
Taxation						(8,289)
Profit after tax						20,292
Corporate segment assets	56,281	22,532	120,080	4,384	6,123	209,400
Corporate unallocated assets						77,770
Total assets						287,170
Corporate segment liabilities	40,902	16,375	87,267	3,186	4,450	152,179
Corporate unallocated liabilities						29,734
Total liabilities						181,913

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Particulars	2020					
	Fire and property damage	Marine, Aviation and Transport	Motor	Bankers Blanket	Other Classes	Total
Participants' Takaful Fund						
(Rupees in '000)						
Contribution receivable (inclusive of Federal excise duty and Federal takaful fee and Administrative surcharge)	146,084	55,240	389,382	34,457	20,653	645,816
Less: Federal excise duty/ sales tax	(17,324)	(6,516)	(46,210)	(3,929)	(2,422)	(76,401)
Less: Federal takaful fee	(1,239)	(484)	(3,435)	(302)	(180)	(5,640)
Gross written contribution (inclusive of Administrative surcharge)	127,521	48,240	339,737	30,226	18,051	563,775
Gross direct contribution	121,655	46,301	324,641	30,217	17,702	540,516
Facultative inward contribution	4,323	126	4,966	-	70	9,485
Administrative surcharge	1,543	1,813	10,130	9	279	13,774
	127,521	48,240	339,737	30,226	18,051	563,775
Wakala fee	38,256	14,472	110,415	9,068	5,415	177,626
Takaful contribution earned	83,229	31,662	215,350	20,498	13,042	363,781
Takaful contribution ceded to retakaful	(110,396)	(39,506)	(26,524)	(7,808)	(16,161)	(200,395)
Net takaful contribution	(27,167)	(7,844)	188,826	12,690	(3,119)	163,386
Retakaful rebate	28,857	11,305	5,568	1,015	3,742	50,487
Net underwriting income	1,690	3,461	194,394	13,705	623	213,873
Takaful claims	(100,741)	489	(185,102)	(4,331)	(12,655)	(302,340)
Takaful claims recovered from retakaful	93,773	(179)	46,739	4,030	12,518	156,881
Net claims	(6,968)	310	(138,363)	(301)	(137)	(145,459)
Contribution deficiency expense	-	-	-	-	-	-
Other direct expense	(946)	(358)	(14,688)	(224)	(135)	(16,353)
Surplus / (deficit) before investment income	(6,224)	3,412	41,344	13,180	350	52,063
Net investment income						26,108
Other income						3,295
Modarib's share of investment income						(5,606)
Provisions for doubtful contributions (net of Wakala fee)						(5)
Surplus transferred to Balance of PTF						75,855
Corporate segment assets	113,711	43,016	302,945	26,953	16,096	502,721
Corporate unallocated assets						408,440
Total assets						911,161
Corporate segment liabilities	127,696	48,306	340,203	30,267	18,076	564,548
Corporate unallocated liabilities						137,325
Total liabilities						701,873

Particulars	2020					
	Fire and property damage	Marine, Aviation and Transport	Motor	Bankers Blanket	Other Classes	Total
Operator's Fund						
(Rupees in '000)						
Wakala fee	35,669	13,570	103,687	8,785	5,589	167,300
Commission expense	(19,834)	(7,017)	(47,331)	(697)	(1,755)	(76,634)
Management expenses	(12,018)	(4,546)	(32,017)	(2,848)	(1,701)	(53,130)
	3,817	2,007	24,339	5,240	2,133	37,536
Modarib's share of PTF investment income						5,606
General and administrative expenses						(17,552)
Investment income						4,382
Other income						272
Profit before taxation						30,244
Taxation						(8,771)
Profit after tax						21,473
Corporate segment assets	37,088	14,030	98,807	8,791	5,250	163,966
Corporate unallocated assets						72,099
Total assets						236,065
	29,718	11,242	79,173	7,044	4,207	131,384
Corporate segment liabilities						19,671
Corporate unallocated liabilities						151,055
Total liabilities						170,726

30 MOVEMENT IN INVESTMENT

Total liabilities

Operator's Fund

Balance as at 01 January 2020
Additions
Disposal (sale and redemptions)
Fair value net gains (excluding net realised gains)
Impairment losses
Balance as at 01 January 2021
Additions
Disposal (sale and redemptions)
Fair value net gains (excluding net realised gains)
Discount / premium amortization
Balance as at December 31, 2021

Operator Fund			
Held to maturity	Available for sale	Fair Value through P & L	Total
(Rupees in '000)			
38,997	4,093	-	43,090
182,000	14,820	-	196,820
(168,000)	(11,914)	-	(179,914)
-	(30)	-	(30)
1	-	-	1
52,998	6,969	-	59,967
258,441	11,089	-	269,530
(247,400)	(6,419)	-	(253,819)
-	(63)	-	(63)
2	-	-	2
64,041	11,576	-	75,617

Participants' Takaful Fund

Balance as at 01 January 2020
Additions
Disposal (sale and redemptions)
Fair value net gains (excluding net realised gains)
Impairment losses
Balance as at 01 January 2021
Additions
Disposal (sale and redemptions)
Fair value net gains (excluding net realised gains)
Discount / premium amortization
Balance as at December 31, 2021

Window Takaful Operation			
Held to maturity	Available for sale	Fair Value through P & L	Total
(Rupees in '000)			
241,459	7,161	-	248,620
1,207,000	87,196	-	1,294,196
(1,097,640)	(84,098)	-	(1,181,738)
-	(289)	-	(289)
(15)	-	-	(15)
350,804	9,970	-	360,774
1,753,539	163,937	-	1,917,476
(1,641,900)	(135,268)	-	(1,777,168)
-	(29)	-	(29)
(12)	-	-	(12)
462,431	38,610	-	501,041

31 MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

The Operator issues contracts that transfer Takaful risk or financial risk or both. This section summarises these risks and the way the Operator manages them.

31.1 Takaful risk management

Takaful risk

The risk under any takaful contract is the possibility that the takaful event occurs and the uncertainty of the amount of compensation to the takaful. Generally most takaful contracts carry the takaful risk for a period of one year (refer note 3.1).

The Operator accepts takaful through issuance of general takaful contracts. For these general takaful contracts the most significant risks arise from fire, atmospheric disturbance, earthquakes, transit, theft, third party liabilities 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 retakaful is arranged to mitigate the effect of the potential loss to the PTF from individual to large or catastrophic takaful events. Further, the Operator adopts strict claim review policies including active management and prompt pursuing of the claims and regular detailed review of claim handling procedures.

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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 insured events. This has been managed by having in place underwriting strategy, retakaful arrangements and proactive claim handling procedures.

The retakaful arrangements against major risk exposure include excess of loss, quota share, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on the PTF's net retentions.

Concentration of risk

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial/ industrial/ residential occupation of the participant. Details regarding the fire separation/ segregation with respect to the manufacturing process, storage, utilities, etc are extracted from the layout plan of the participant facility. Such details form part of the reports which are made available to the underwriters/ retakaful personnel for their evaluation. Reference is made to the standard construction specification as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of perfect party walls, double fire proof iron doors, physical separation between the building within a participant's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine participant damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

The ability to manage catastrophic risk is tied managing the density of risk within a particular area. For catastrophic aggregates, the system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and standardising Target Accumulations) codes with reference to the accumulation of sum covered in force at any particular location against natural perils.

For marine risks, complete underwriting details such as sums covered mode of transport (air / inland transit), vessel identification, sailing dates, origin and destination of the shipments, per carry limits, accumulation of sum covered on a single voyage etc. are taken into consideration.

A number of proportional and non-proportional retakaful arrangements are in place to protect the net account. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Operator.

The Company monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and contribution liabilities (in percentage terms) by class of business at financial statement date:

Class	2021				2020			
	Gross claims liabilities	Net claims liabilities	Gross contribution liabilities	Net contribution liabilities	Gross claims liabilities	Net claims liabilities	Gross contribution liabilities	Net contribution liabilities
Fire and property	17.3%	-2.56%	29.33%	4.25%	37.15%	5.89%	24.2%	14.76%
Marine and transport	13.27%	0.28%	1.48%	0.05%	6.76%	2.26%	1.78%	-0.23%
Motor	45.68%	97.11%	65.18%	95.03%	44.05%	89.71%	67.85%	86.02%
Banker's blanket	6.15%	1.92%	1.98%	0.42%	5.09%	1.48%	3.26%	-0.22%
Health	17.6%	3.25%	2.03%	0.35%	6.95%	0.67%	2.91%	-0.33%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The operator monitors concentration of takaful exposers primarily by class of business. The table below sets out the concentration of the maximum gross risk exposure on a single policy by class of business at date of statement of financial position:

Class	Maximum gross risk exposure	
	2021	2020
	(Rupees in '000)	
Fire and property	151,765,631	89,609,237
Marine, aviation and transport	119,889,684	71,623,582
Motor	21,979,386	15,826,085
Bankers blanket	1,255,450	1,507,250
Miscellaneous	3,013,051	3,977,619

The Operator minimises its exposure to significant losses by obtaining retakaful from a number of retakaful operators, who are dispersed over several geographical regions.

b) Uncertainty in the estimation of future claim payments

Claims on general takaful contracts are payable on a claim occurrence basis. The PTF is liable for all takaful events as per terms and condition of the takaful contract.

An estimated amount of the claim is recorded immediately on the intimation to the Operator. The estimation of the amount is based on management judgement or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR is recorded based on the advice of the actuary.

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 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 amounts estimated.

c) Key assumptions

The principal assumption underlying the liability estimation of IBNR and Contribution Deficiency Reserves is that the PTF's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement 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 motor which is made on a quarterly basis and health which is made on monthly 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 3.1).

d) Changes in assumptions

The Operator did not change its assumptions for the takaful contracts as disclosed above in (b) and (c).

e) Sensitivity analysis

The takaful claim liabilities are sensitive to the incidence of participant events and severity / size of claims. The impact of 10% increase / decrease in incidence of participant events on underwriting results and participants' Takaful Fund is as follows:

Average claim cost	Underwriting results		Participants' Takaful Fund	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in '000)			
Fire and property	188	697	134	495
Marine and transport	185	(31)	131	(22)
Motor	13,180	13,836	9,358	9,824
Banker's blanket	63	30	45	21
Miscellaneous	234	14	166	10
	13,850	14,546	9,833	10,328

31.2 Financial risk management

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

- Financial risk
- Credit risk
- Liquidity risk
- Market risk

Risk management framework

Every takaful operator is exposed to a wide range of risks, some discrete and some interdependent; integrated risk management entail strong governance processes; ensuring greater accountability, transparency and risk awareness in underwriting, investment and strategic decisions. The Board of Directors take ultimate responsibility for supervising the Operator's risk management framework. Risk management framework covers the need to review the strategy of a Operator and to assess the risk associated with it.

The Audit Committee oversees compliance by management with the Operator's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Operator. The Audit Committee is assisted in its oversight role by an Internal Audit Function. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.



31.2.1 Financial risk

Maturity profile of financial assets and liabilities:

OPF

December 31, 2021							
Profit rate % per annum	Profit / mark-up bearing financial instruments			Non profit / 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	
----- (Rupees in '000) -----							
3.00 - 4.00	1,252	-	1,252	37	-	37	1,289
7.15 - 10.25	64,041	-	64,041	11,576	-	11,576	75,617
	-	-	-	396	-	396	396
	-	-	-	165,195	-	165,195	165,195
	65,293	-	65,293	177,204	-	177,204	242,497
	-	-	-	66,581	-	66,581	66,581
	-	-	-	66,581	-	66,581	66,581
	65,293	-	65,293				
Interest rate risk sensitivity gap	65,293	65,293					

PTF

December 31, 2021							
Profit rate % per annum	Profit / mark-up bearing financial instruments			Non profit / 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	
(Rupees in '000)							
3.00 - 4.00	11,226	-	11,226	11,256	-	11,256	22,482
7.15 - 11.00	447,439	14,992	462,431	38,610	-	38,610	501,041
Insurance claims	-	-	-	254,174	-	254,174	254,174
	-	-	-	109,560	-	109,560	109,560
	-	-	-	2,972	-	2,972	2,972
	-	-	-	7,358	-	7,358	7,358
	458,665	14,992	473,657	423,930	-	423,930	897,587
	-	-	-	183,300	-	183,300	183,300
Insurance payables	-	-	-	165,195	-	165,195	165,195
	-	-	-	142,066	-	142,066	142,066
	-	-	-	7,614	-	7,614	7,614
	-	-	-	498,175	-	498,175	498,175
	458,665	14,992	473,657				
	458,665	473,657					

OPF

December 31, 2021							
Profit rate % per annum	Profit / mark-up bearing financial instruments			Non profit / 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	
----- (Rupees in '000) -----							
3.00 - 7.00	10,863	-	10,863	455	-	455	11,318
6.46 - 8.62	51,500	1,498	52,998	6,969	-	6,969	59,967
	-	-	-	488	-	488	488
	-	-	-	126,760	-	126,760	126,760
	62,363	1,498	63,861	134,672	-	134,672	198,533
	-	-	-	61,241	-	61,241	61,241
	-	-	-	61,241	-	61,241	61,241
	62,363	1,498	63,861				
	62,363	63,861					



PTF	December 31, 2021							
	Profit rate % per annum	Profit / mark-up bearing financial instruments			Non profit / 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	
----- (Rupees in '000) -----								
Financial assets								
Cash and bank	3.00 - 7.00	20,774	-	20,774	24,084	-	24,084	44,858
Investments	6.46 - 8.62	331,000	19,805	350,805	9,969	-	9,969	360,774
Takaful / retakaful receivables		-	-	-	203,806	-	203,806	203,806
Retakaful recoveries against outstanding claims		-	-	-	119,232	-	119,232	119,232
Loan and other receivable		-	-	-	2,808	-	2,808	2,808
Salvage recoveries accrued		-	-	-	9,646	-	9,646	9,646
		351,774	19,805	371,579	369,545	-	369,545	741,124
Financial liabilities								
Outstanding claims including IBNR		-	-	-	191,770	-	191,770	191,770
Payable to OPF		-	-	-	126,760	-	126,760	126,760
Takaful / Retakaful payables		-	-	-	103,329	-	103,329	103,329
Other creditors and accruals		-	-	-	5,511	-	5,511	5,511
		-	-	-	427,370	-	427,370	427,370
Interest rate risk sensitivity gap		351,774	19,805	371,579				
Cumulative interest rate risk sensitivity gap		351,774	371,579					

a) Sensitivity analysis - interest rate risk

a.1) Fair value sensitivity analysis for fixed rate instruments

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

a.2) Cash flow sensitivity analysis for variable rate instruments

The OPF and PTF are exposed to cash flow interest rate risk in respect of its balances with saving account with banks and investments in sukuk certificates. A change of 100 basis points in interest rates at the year end would not have material impact on profit for the year and equity of the OPF and PTF.

b) Sensitivity analysis- Price risk

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

The Operator's securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Operator limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity market.

The following table summarises the Operator's other price risk as at December 31, 2021 and 2020. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the listed equity securities would affect it in a similar and opposite manner.

	OPF		
	Fair value	Price change	Effect on fair value
	(Rupees in '000)		(Rupees in '000)
December 31, 2021	11,576	+5%	579
	(11,576)	-5%	(579)
December 31, 2020	6,969	+5%	348
	(6,969)	-5%	(348)

PTF		
Fair value	Price change	Effect on fair value
(Rupees in '000)		(Rupees in '000)

December 31, 2021

38,610	+5%	1,931
(38,610)	-5%	(1,931)

December 31, 2020

9,969	+5%	498
(9,969)	-5%	(498)

31.2.2 Credit risk

Credit risk is the risk that 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 by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Exposure to credit risk and credit exposure of the financial instruments

Credit risk of the Operator and PTF arises principally from the balances with banks, investments (except for investment in government securities, units of mutual funds and listed equity shares), contribution due but unpaid, amount due from other takaful operator / retakaful operator, retakaful and other recoveries against outstanding claims and sundry receivable. To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the participants and other takaful operator / retakaful operator and makes provision against those balances considered doubtful of recovery.

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk as at December 31, 2021 is as follows:

OPF

December 31, 2021		December 31, 2020	
Balance as per the financial statements	Maximum exposure	Balance as per the financial statements	Maximum exposure
(Rupees in '000)			
Equity Securities	11,576	-	6,969
Debt Securities	-	-	1,498
Term Deposit	64,041	64,041	51,500
Receivable from PTF	165,195	165,195	126,760
Loan and other receivable	396	396	488
Cash and bank	1,289	1,289	11,318
	242,497	230,921	198,533
			191,564

PTF

December 31, 2021		December 31, 2020	
Balance as per the financial statements	Maximum exposure	Balance as per the financial statements	Maximum exposure
(Rupees in '000)			
Equity Securities	38,610	-	9,969
Debt Securities	14,992	14,992	19,805
Term Deposit	447,439	447,439	331,000
Loan and other receivable	2,972	2,972	2,808
Takaful / retakaful receivables	254,174	254,174	203,806
Retakaful recoveries against outstanding claims	109,560	109,560	119,232
Salvage recoveries accrued	7,358	7,358	9,646
Cash and bank	22,482	22,482	44,858
	897,587	858,977	741,124
			840,741

Differences in the balances as per financial statements and maximum exposure in investments is mainly due to investments in equity securities (mutual funds) of Rs. 50.187 million (2020 Rs. 16.938 million) which are not exposed to credit risk.

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:

Bank	Rating Agency	Short Term Rating	Long Term Rating	2021	2020
----- (Rupees in '000) -----					
Meezan Bank Limited - Participant Takaful Fund	VIS	A-1+	AAA	57,073	1,204
Dubai Islamic Bank Pakistan Limited - Participant Takaful Fund	VIS	A-1+	AA	98,756	134,764
BankIslami Pakistan Limited - Participant Takaful Fund	PACRA	A1	A+	155,143	142,867
Al Baraka Bank (Pakistan) Limited - Participant Takaful Fund	VIS	A1	A+	156,867	95,740
UBL Ameen- Participant Takaful Fund	VIS	A-1+	AAA	1,943	1,160
				<u>469,782</u>	<u>375,735</u>

Bank	Rating Agency	Short Term Rating	Long Term Rating	2021	2020
----- (Rupees in '000) -----					
Meezan Bank Limited - Operator Fund	VIS	A-1+	AAA	111	203
Dubai Islamic Bank Pakistan Limited - Operator Fund	VIS	A-1+	AA	18,178	14,955
Al Baraka Bank (Pakistan) Limited - Operator Fund	VIS	A1	A+	20,918	24,540
BankIslami Pakistan Limited - Operator Fund	PACRA	A1	A+	26,123	23,120
				<u>65,330</u>	<u>62,818</u>

Concentration of credit risk

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Operator manages concentration of credit risk through diversification of activities among individuals, groups and industry segments. The Operator enters into re-takaful / co-takaful arrangements with re-takaful operator / other takaful operator having sound credit ratings accorded by reputed credit rating agencies. Further, the Operator is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by the SECP which requires takaful Operator to place at least 80% of their outward treaty cessions with retakaful operator rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of all retakaful assets recognised by the rating of the entity from which it is due is as follows:

	Amount due from other cotakaful / retakaful operators	Retakaful recoveries against outstanding claims	Prepaid retakaful contribution ceded	2021	2020
----- (Rupees in '000) -----					
A or above (including PRCL)	119,403	109,560	97,113	326,076	313,486
	<u>119,403</u>	<u>109,560</u>	<u>97,113</u>	<u>326,076</u>	<u>313,486</u>



Assets that pass the SPPI test include government securities, term deposits and corporate sukuk. Government securities are unrated while credit quality of term deposits have been given above in bank-wise ratings. The Hub power company sukuk has a long term credit rating of AA+

31.2.3 Liquidity risk

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

The following are the contractual maturities of financial liabilities:

Non-Derivative Financial liabilities

	Carrying Amount	
	2021	2020
	----- (Rupees in '000) -----	
OPF		
Other creditors and accruals	66,581	61,241
	<u>66,581</u>	<u>61,241</u>
PTF		
Outstanding claims including IBNR	183,300	191,770
Payable to OPF	165,195	126,760
Retakaful / co-takaful payables	142,066	103,329
Other creditors and accruals	7,614	5,511
	<u>498,175</u>	<u>427,370</u>

The carrying amounts represent contractual cash flows maturing within one year.

31.2.4 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 Operator manages the market risk exposures by following internal risk management policies. Refer 31.2.1(a) and 31.2.1(b) for discussion on interest rate risk and price risk.

31.2.4.1 Foreign Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in exchange rates. The Operator, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

31.3 Capital Management

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

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

32 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.

Affix

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Operator has no items to report in this level.

Currently, the Operator has investment in mutual funds which are carried at Level 2 and the fair value is based on the net assets value quoted by the Fund and Mutual Funds Association of Pakistan at each reporting date.

OPF

2021							
Available-for-sale	Held to Maturity	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3

(Rupees in '000)

On-balance sheet financial instruments

Financial assets measured at fair value

Investments

- Units of open ended mutual fund	11,576	-	-	-	11,576	-	11,576	-
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Financial assets not measured at fair value

Cash and bank *	-	-	1,289	-	1,289	-	-	-
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Investment in term deposit *	-	64,041	-	-	64,041	-	-	-
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Loan and other receivable	-	-	396	-	396	-	-	-
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Receivable from PTF*	-	-	165,195	-	165,195	-	-	-
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11,576	64,041	166,880	-	242,497
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Financial liabilities not measured at fair value

Other creditors and accruals *	-	-	-	66,581	66,581
--------------------------------	---	---	---	--------	--------

-	-	-	66,581	66,581
---	---	---	--------	--------

PTF

2021							
Available-for-sale	Held to Maturity	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3

(Rupees in '000)

On-balance sheet financial instruments

Financial assets measured at fair value

Investments

- Units of open ended mutual fund	38,610	-	-	-	38,610	-	38,610	-
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Financial assets not measured at fair value

Cash and bank *	-	-	22,482	-	22,482	-	-	-
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Investment in term deposit *	-	447,439	-	-	447,439	-	-	-
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Corporate Sukuks	-	14,992	-	-	14,992	-	-	-
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Takaful / ReTakaful receivables *	-	-	254,174	-	254,174	-	-	-
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Loan and other receivable	-	-	2,972	-	2,972	-	-	-
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Re-takaful recoveries against outstanding claims *	-	-	109,560	-	109,560	-	-	-
--	---	---	---------	---	---------	---	---	---

Salvage recoveries accrued	-	-	7,358	-	7,358	-	-	-
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38,610	462,431	396,546	-	897,587
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Financial liabilities not measured at fair value

Underwriting provision for outstanding claims including IBNR *	-	-	-	183,300	183,300
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Takaful / Retakaful payables*	-	-	-	142,066	142,066
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Payable to OPF*	-	-	-	165,195	165,195
-----------------	---	---	---	---------	---------

Other creditors and accruals *	-	-	-	7,614	7,614
--------------------------------	---	---	---	-------	-------

-	-	-	498,175	498,175
---	---	---	---------	---------

Affix

OPF

2020							
Available for-sale	Held to Maturity	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
(Rupees in '000)							

On-balance sheet financial instruments

Financial assets measured at fair value

Investments

- Units of open ended mutual fund

6,969	-	-	-	6,969	-	6,969	-
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Financial assets not measured at fair value

Cash and bank *

-	-	11,318	-	11,318	-	-	-
---	---	--------	---	--------	---	---	---

Investment in term deposit *

-	51,500	-	-	51,500	-	-	-
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Corporate Sukuks

-	1,498	-	-	1,498	-	-	-
---	-------	---	---	-------	---	---	---

Loan and other receivable

-	-	488	-	488	-	-	-
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Receivable from PTF*

-	-	126,760	-	126,760	-	-	-
6,969	52,998	138,566	-	198,533			

Financial liabilities not measured at fair value

Other creditors and accruals *

-	-	-	61,241	61,241			
-	-	-	61,241	61,241			

PTF

2020							
Available for-sale	Held to Maturity	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
(Rupees in '000)							

On-balance sheet financial instruments

Financial assets measured at fair value

Investments

- Units of open ended mutual fund

9,969	-	-	-	9,969	-	9,969	-
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Financial assets not measured at fair value

Cash and bank *

-	-	44,858	-	44,858	-	-	-
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Investment in term deposit **

-	331,000	-	-	331,000	-	-	-
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Corporate Sukuks

-	19,805	-	-	19,805	-	-	-
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Takaful / ReTakaful receivables *

-	-	203,806	-	203,806	-	-	-
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Loan and other receivable

-	-	2,808	-	2,808	-	-	-
---	---	-------	---	-------	---	---	---

Re-takaful recoveries against outstanding claims *

-	-	119,232	-	119,232	-	-	-
---	---	---------	---	---------	---	---	---

Salvage recoveries accrued

-	-	9,646	-	9,646	-	-	-
9,969	350,805	380,350	-	741,124			

Financial liabilities not measured at fair value

Underwriting provision for outstanding claims including IBNR *

-	-	-	191,770	191,770			
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Retakaful / co-takaful payables *

-	-	-	103,329	103,329			
---	---	---	---------	---------	--	--	--

Payable to OPF*

-	-	-	126,760	126,760			
---	---	---	---------	---------	--	--	--

Other creditors and accruals *

-	-	-	5,511	5,511			
-	-	-	427,370	427,370			

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



33 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on March 09, 2022.

34 GENERAL

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

34.2 Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

Affine



Chief Executive Officer



Director



Director



Chairman



UBL Insurers Limited

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Fax: 022-2784439

LAHORE (REGIONAL OFFICE)

Office: 501, 5th Floor, Siddique Trade Centre,
Main Boulevard, Gulberg-II, Lahore
-Pakistan.
UAN: +92 42 111-845-111
Ph: 042-35770029-30
Fax: 042-35770406

CANTT BRANCH LAHORE

3rd Floor, Executive Center,
92-Commercial Area, Cavalry Ground,
Lahore Cantt, Lahore.
Ph: 042-36619851-3
Fax: (042) 36619854

GULBERG BRANCH (CANTT BRANCH LAHORE)

3rd Floor, Executive Center,
92-Commercial Area, Cavalry Ground,
Lahore Cantt, Lahore.
Ph: 042-36619851-3
Fax: (042) 36619854

MULTAN (REGIONAL OFFICE)

3rd Floor, ChenOne Tower, 74-Abdali Road,
Multan.
UAN: (061) 111 845 111
Ph: 061-4500171, 72
Fax: 061-4500170

MULTAN CITY BRANCH

Office No. 123/ABC, 1st Floor, Shama Plaza,
Old Bahawalpur Road, Nishtar Chowk,
Multan
Tel: 061-4515045-46-47
Fax # 061 4515048

MULTAN FIESTA GARDEN BRANCH

Office # 504, 5th Floor, United Mall, Abdali
Road, Multan.
Ph: (061) 4515049-50-51
Fax: (061) 4515052

ISLAMABAD (REGIONAL OFFICE)

4th Floor, Redco Pakistan Building, (West)
Jinnah Avenue, Blue Area, Islamabad,
Pakistan.
UAN: 051-111-845-111
Ph: 051-2344345-46-47
Fax: 051-2344349

CAPITAL BRANCH ISLAMABAD

Office No. 3/08, 4th Floor, Silk Centre,
Murree Road, Satellite
Town, Rawalpindi.
Ph: 051-4264168-69-70,
Fax: 051-4264163

PESHAWAR OFFICE

Office A-3 & A-4, 1st Floor, Lamsy
Arcade, Fakhr-e-Alam Road,
Peshawar Cantt, Pakistan.
Ph: 091-5279544, 5286412,
Fax: 091-5278144

FAISALABAD (REGIONAL OFFICE)

P-74, Liaquat Road, Faisalabad.
UAN: (041) 111 845 111
Ph: (041) 2602222
Fax: (041) 2606058

MALL ROAD BRANCH FAISALABAD

Office # 1, 3rd Floor, Fatima Towers,
Kohinoor City, Faisalabad.
Ph: 041-8721852, 8721853, 8721854.
Fax: 041-2622755

SUB OFFICE SUKKUR CITY BRANCH

Eidgah Road, Near Forest Office,
Sukkur.
Cell: 0331-2734835, 0306-3128904

SUB OFFICE RAHIM YAR KHAN MULTAN REGIONAL OFFICE

Tanveer Building, 1st Floor, Shahi
Road, Rahim Yar Khan.
Ph: (068) 5870099 Cell: 0336-0879789

**SUB OFFICE RAHIM YAR KHAN
FIESTA GARDEN BRANCH MULTAN**
1st Floor, Office # 6, Iqbal Complex,
Rahim Yar Khan.
Ph: (068) 5888808 Cell: 0302-3330124

**SUB OFFICE SAHIWAL
FIESTA GARDEN BRANCH MULTAN**
Tahir Shabbir Plaza, 2nd Floor,
Super Market, Liaquat Road, Sahiwal.
Ph: 040-4460090-91
Cell: 0300 6263480

**SUB OFFICE SIALKOT
CANTT BRANCH LAHORE**
Office No. 208, Kareem Plaza,
Defence Road, Allama Iqbal Town,
Sialkot.
Ph: (052) 3259595
Cell: 0321-7155000

**SUB OFFICE FAISALABAD,
MULTAN REGIONAL OFFICE**
Office No. 3, 3rd Floor, Wahab Centre,
Mian Susan Road, Faisalabad.
Ph: (041) 8723830

**SUB OFFICE LAHORE REGIONAL
BRANCH**
70-Officers Colony No. 1, East Canal
Road, Near ITHM College, Faisalabad
Ph: (041) 8725022-3
Cell: 0321-9430969

Form of Proxy

16th ANNUAL GENERAL MEETING OF UBL INSURERS LIMITED

I/We, _____ of _____ being a member of **UBL Insurers Limited** (the “Company”) and holder of _____ ordinary shares as per Share Register Folio No. _____ hereby appoint _____ or failing him/her _____ as my/us proxy to vote for me/our and on my/our behalf at the 16th **Annual General Meeting** of the Company scheduled to be held on **Tuesday 26, April 2021 at 02:00 p.m.** at **UBL Insurers Ltd. Board Room, Head Office Building, 126-C Jami Commercial, Phase VII DHA, Karachi** and at any adjournment thereof.

Signed this _____ day of _____ 2021.

Witness 1 :

Signature: _____

Name: _____

CNIC No. or Passport No: _____

Address: _____

Revenue
Stamps
of Rs.5/-

Witness 2 :

Signature: _____

Name: _____

CNIC No. or Passport No: _____

Address: _____

(Authorized Signature)

Note:

The Proxy Form, duly completed, should be reached/deposited at the Registered Office of UBL Insurers Limited at 126, Jami Commercial Street No. 14, Phase VII, DHA Karachi not later than 48 hours before the meeting.

HERE FOR YOU



www.ublinsurers.com