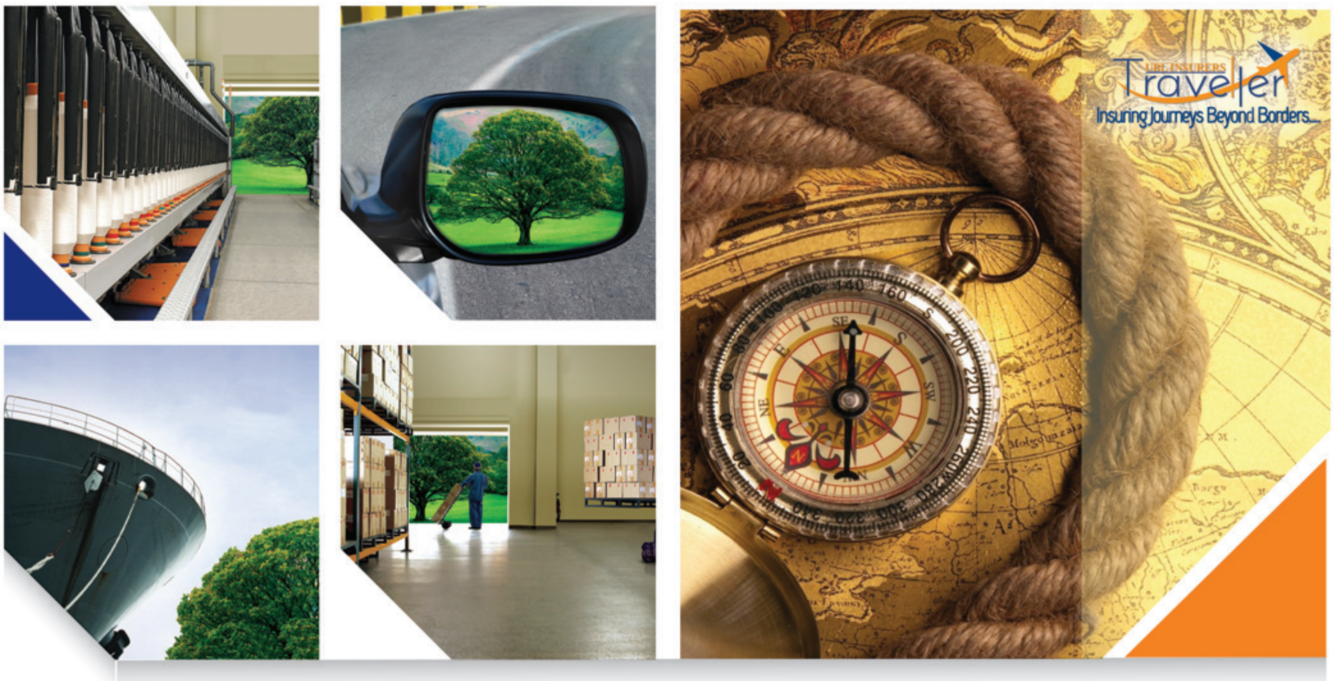
UBL INSURERS LIMITED



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Annual Report | 2014

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VISION

"To establish a position as the premier choice for corporate and consumer sector."

MISSION

"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.

To strive and maintain a reasonable balance between our profitability and growth to derive maximum advantage for all the stakeholders. This will be driven by the core principles of integrity, teamwork and mutual trust".

Corporate Information

Board of Directors:

Aameer Karachiwalla	Chairman
Zameer Mohammed Choudrey	Director
Rizwan Pervez	Director
Ali Sameer Farooqui	Director
Sharjeel Shahid	Director
Abdul Sattar Vaid	Director
Babar Mahmood Mirza	Acting Chief Executive Officer

Board Audit Committee:

Zameer Mohammed Choudrey	Chairman
Rizwan Pervez	Member
Ali Sameer Farooqui	Member

Investment Committee:

Zameer Mohammed Choudrey	Chairman
Babar Mahmood Mirza	Member

Human Resource & Compensation Committee:

Sharjeel Shahid	Chairman
Zameer Mohammed Choudrey	Member
Rizwan Pervez	Member
Babar Mahmood Mirza	Member

Chief Financial Officer:
Nadeem Raza

Company Secretary:
Abdul Sattar Vaid

Company Registration No & NTN No:
Registration # 00000012978/20060607
NTN # 2798420-6

Rating Agency:
JCR-VIS 'A +' (Single A Plus)

Auditors:
KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisors:
Warsi Associates
(Advocate, Cunsultants & Legal Advisors)

Website & Contact:
www.ublinsurers.com
Email: info@ublinsures.com
UAN 111-845-111

Registered & Head Office:
126 – C, Jami Commercial,
Street No.14,
Phase – VII, DHA, Karachi.
UAN 111-845-111 Fax: 021ı32463117
Fax : 0092-21-35314504

NOTICE OF 9TH ANNUAL GENERAL MEETING

Notice is hereby given that 9th Annual General Meeting ("AGM") of the shareholders of UBL Insurers Limited ("UIL") will be held on Monday, 30 March 2014 at 03:00 p.m. at UBL Board Room, Head Office, 8th floor, State life Building # 1, I.I. Chundrigar Road, Karachi to transact the following business:

Ordinary Business

1. To confirm minutes of the 8th Annual General Meeting held on 25th April, 2014.
2. To receive and adopt Annual Audited Accounts of UBL Insurers Limited as at 31 December, 2014 together with Director's and Auditor's reports thereon.
3. To approve appointment of external auditors for the year 2015.

Special Business

4. To consider and approve investments up to Rs. 100,000,000 (Rupees One Hundred Million Only) in all the open and / or closed end mutual funds, scheme (s) and investment plans, etc. launched/to be launched by UBL Funds Manager Ltd. And to place surplus funds up to Rs.250,000,000 (Rupees Two Fifty Million Only) in United Bank Limited (UBL) and Khushhali Bank Limited as associated companies of the UBL insurers Limited Term Deposit and other products including its Treasury products from the date of AGM to conclusion of the next AGM as required under section 208 of the Companies Ordinance, 1984.

5. To approve alteration in the shape of additions of the following clauses from 36 to 40 in the Object Clause – III of Memorandum and Articles of Association of the UIL by passing the following resolutions as special resolutions with or without amendments:

"RESOLVED that

"36. To undertake and carry out the business of all kinds of General Takaful& General Re-Takaful in Pakistan and/or in all part of the world.

37. To design General Takaful schemes or plans in order to meet the needs of participants in accordance with the Takaful Rules and to act as a Takaful/Re-Takaful Operator to manage insurable risks.

38. To underwrite any or all classes of General Takaful business provided that under each of the classes of Takaful Business, to obtain approvals, including approval from the Shariah Advisor as to the permissibility of underwriting that class of Takaful Business and the types of risks that may be permissible within each class.

39. To establish the Participant Takaful Fund (PTF) and its policies, in accordance with the provisions of Takaful Rules for the time being in force and to modify the same in line with the guidance given by the Shariah Advisor of the Takaful Operation. To obtain and execute subsequent changes to the PTF policies, as approved by the Shariah Advisor.

40. To do all other acts and deeds required for the purposes of undertaking general takaful and re-takaful business, including but not limited to obtaining approvals, directions and any other form of consent and/or permission required from within the Company and/or any concerned authorities including the Securities and Exchange Commission of Pakistan, with the view for UBL Insurers Limited to act as Takaful Window Operator."

6. To transact any other business with the permission of the Chairman.

By order of the Board

Abdul Sattar Vaid
Director / Company Secretary

Karachi: March 6, 2015

Encl.: Proxy Form

Notes:

1. The Share Transfer Books of the Company shall remain closed from 20 March 2015 to 30 March 2015 (both days inclusive)

2. A member entitled to attend and vote at this Annual General Meeting may appoint any other member as a prosy to attend and vote on his/her behalf, save that a corporation being a member may appoint as its proxy an officer of such corporation whether a member of the company or not. (Form of Proxy Attached).

STATEMENT OF MATERIAL FACTS

UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984

Item No. 4:-

To consider and approve investments up to Rs.100,000,000 (Rupees One Hundred Million Only) in all the open and / or closed end mutual funds, scheme (s) and investment plans, etc. launched/to be launched by UBL Funds Manager Ltd. And to place surplus funds up to Rs. 250,000,000 (Rupees Two Fifty Million Only) in United Bank Limited (UBL) and Khushhali Bank Limited as associated companies of the UBL insurers Limited Term Deposit and other products including its Treasury products from the date of AGM to conclusion of the next AGM as required under section 208 of the Companies Ordinance, 1984.

UBL Fund Managers Limited, (an associated Company of UIL) managed a series of open and/or closed end mutual funds, scheme(s) and investment plans. UIL will invest up to Rs.100,000,000 in their various open ended and closed end mutual funds and investment plans and the units of any scheme(s).

United Bank Limited (UBL) and Khushhali Bank Limited (both are associated Companies of UIL) engaged in banking business. UIL will place its surplus fund up to Rs.250,000,000 in United Bank Limited (UBL) and Khushhali Bank Limited Term Deposit and other products including its Treasury Products.

3a (i)	Name of associated company or associated undertaking along with criteria based on which the associated relationship is established	**UBL Fund Manager**
3a (ii)	Purpose, benefits and period of investments	Investment for better return
3a (iii)	Maximum amount of investment	1,000 million
3a (iv)	Maximum price at which securities will be acquired	N.A
3a (v)	Maximum number of securities to be acquired	N.A
3a (vi)	Number of securities and percentage thereof held before and after the proposed investment	N.A
3a (vii)	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired.	N.A
3a (viii)	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	N.A

3a (ix)	Break-up value of securities intended to be acquired on the bases of latest audited financial statements	N.A
3a (x)	Earning per share of the associated company or associated undertaking for the last three years.	2014: 2013: EPS Rs.4.88 (Diluted: 4.85) 2012: EPS Rs.5.36
3a (xi)	Source of fund from which securities will be acquired	Insurance Premium
3a (xii)	Where the securities are intended to be acquired using borrowed funds I. Justification for investment through borrowings and II. Detail of guarantees and assets pledged for obtaining such funds	N.A
3a (xiii)	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	N.A
3a (xiv)	Direct or indirect interest of directors , sponsors , majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	NA
3a (xv)	Any other important details necessary for the members to understand the transaction and	N.A
3a (xvi)	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information required, namely I. Description of the project and its history since conceptualization II. Starting and expected dated of completion of work III. Time by which such project shall become commercially operational; and IV. Expected time by which the project shall start paying return on investment	N.A

3a (i)	Name of associated company or associated undertaking along with criteria based on which the associated relationship is established	**United Bank Limited**
3a (ii)	Purpose, benefits and period of investments	Investment for better return
3a (iii)	Maximum amount of investment	300 million
3a (iv)	Maximum price at which securities will be acquired	N.A
3a (v)	Maximum number of securities to be acquired	N.A
3a (vi)	Number of securities and percentage thereof held before and after the proposed investment	N.A
3a (vii)	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired.	N.A
3a (viii)	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	N.A
3a (ix)	Break-up value of securities intended to be acquired on the bases of latest audited financial statements	N.A
3a (x)	Earning per share of the associated company or associated undertaking for the last three years.	2014: EPS Rs.17.91 2013: EPS Rs.15.21 2012: EPS Rs.14.61
3a (xi)	Source of fund from which securities will be acquired	Insurance Premium
3a (xii)	Where the securities are intended to be acquired using borrowed funds I. Justification for investment through borrowings and II. Detail of guarantees and assets pledged for obtaining such funds	N.A
3a (xiii)	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	N.A
3a (xiv)	Direct or indirect interest of directors , sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Mr. Zameer Mohammad Choudrey and Mr. Rizwan Pervez are also Director in United Bank Limited
3a (xv)	Any other important details necessary for the members to understand the transaction an	N.A

3a (xvi)	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information required, namely I. Description of the project and its history since conceptualization II. Starting and expected dated of completion of work III. Time by which such project shall become commercially operational; and IV. Expected time by which the project shall start paying return on investment	N.A

3a (i)	Name of associated company or associated undertaking along with criteria based on which the associated relationship is established	**Khushhali Bank Limited**
3a (ii)	Purpose, benefits and period of investments	Investment for better return
3a (iii)	Maximum amount of investment	200 million
3a (iv)	Maximum price at which securities will be acquired	N.A
3a (v)	Maximum number of securities to be acquired	N.A
3a (vi)	Number of securities and percentage thereof held before and after the proposed investment	N.A
3a (vii)	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired.	N.A
3a (viii)	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	N.A
3a (ix)	Break-up value of securities intended to be acquired on the bases of latest audited financial statements	N.A
3a (x)	Earning per share of the associated company or associated undertaking for the last three years.	2014: 2013: EPS Rs.1.70 2012: EPS Rs.0.79
3a (xi)	Source of fund from which securities will be acquired	Insurance Premium

3a (xii)	Where the securities are intended to be acquired using borrowed funds I. Justification for investment through borrowings and II. Detail of guarantees and assets pledged for obtaining such funds	N.A
3a (xiii)	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	
3a (xiv)	Direct or indirect interest of directors , sponsors , majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	NA
3a (xv)	Any other important details necessary for the members to understand the transaction and	N.A
3a (xv)	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information required, namely I. Description of the project and its history since conceptualization II. Starting and expected dated of completion of work III. Time by which such project shall become commercially operational; and IV. Expected time by which the project shall start paying return on investment	N.A

ITEM NO. 5

Securities and Exchange Commission of Pakistan (SECP) has given approval to Conventional Insurance Companies to commence window takaful operations as mentioned in Circular # 8 of 2014 issued by SECP.

UIL intend to start the takaful business. For this purpose we are required to add the aforesaid clauses mention in the Notice at Serial No. 5 in our Memorandum and Article of the Company.

On behalf of the Board of Directors, I present the eight annual report of UBL Insurers Limited for the year ended 31 December, 2014.

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

'Rupees 000'

	December 31, 2014	December 31, 2013	%
Gross premium written	1,114,520	885,966	26%
Net premium revenue	385,189	341,610	13%
Net claim expense	(176,738)	(207,697)	(15%)
Net commission	24,399	31,455	(22%)
Management expenses	(128,137)	(100,196)	28%
Underwriting profit	104,713	65,172	61%
Investment & other income	78,360	70,175	12%
General & administrative expenses	(81,180)	(81,976)	(1%)
Profit before tax	101,779	55,249	84%

Economic Overview

The insurance sector is currently facing major challenges arising from poor law and order situation and hard global reinsurance market. These factors coupled with subdued performance of various industrial sectors and slow pace of recovery are likely to continue impacting growth prospects of the insurance sector.

Company Performance Review

Despite the above challenges facing the insurance industry, the company has posted a growth of 26% in gross premium written to close at Rs. 1,115 million while net premium revenue increased by 13% to Rs.385 million.

Net claim expense is lower by 15% during the year ended December 2014 as compared to last year December 2013. The net claim ratio over net premium revenue is 46% compared to 61% last year. The net claim ratio has improved in all classes of business except miscellaneous.

The underwriting results reported a profit of Rs. 105 million during the year ended 31 December 2014 as compared to a profit of Rs. 65 million for the year ended 31 December 2013 due to an improvement in net premium revenue and net claim ratio.

Investments and other income is higher at Rs.78 million during the year ended December 2014 as compared to Rs.70 million during the same period in 2013 due to availability of funds.

Improved underwriting results has resulted in achieving a pre-tax profit of Rs. 102 million for the current year as compared with last year same period profit of Rs. 55 million. The company has also charged deferred tax amounting to Rs. 41 million during the year resulting in profit after tax of Rs. 60 million for 2014.

Portfolio Analysis

Fire & Property

Fire and property class of business constitutes 36% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 398 million (2013: Rs. 283 million). The ratio of net claims to net premium is 39% this year as compared to 48% last year. The Company incurred an underwriting profit of Rs. 2 million as compared to loss of Rs. 3 million in 2013.

Marine and transport

This class of business constitutes 10% of the total portfolio. The Company has underwritten a gross premium of Rs. 114 million in current year (2013: Rs.89 million). The net claims ratio is 53% as against 73% last year, which resulted in an underwriting profit of Rs. 7 million against Rs. 1 million last year.

Motor

During the year, the Company has underwritten gross premium of Rs. 304 million (2013: Rs. 252 million) which constitutes 27% of the total portfolio. The ratio of net claims to net premium for the current year is 43% as compared to 61% in 2013. The Company incurred an underwriting profit of Rs. 80 million as compared Rs. 29 million in 2013.

Bankers & Blanket

This class of business constitutes 15% of the total portfolio. The Company has underwritten a gross premium of Rs. 168 million in current year (2013: Rs.145 million). The net claims ratio is 36% as against 91% last year, which resulted in an underwriting profit of Rs. 10 million against Rs. 2 million last year.

Other Classes

The other classes of business constitute 12% of the total portfolio. The gross premium written was Rs. 130 million (2013: Rs. 117 million). The ratio of net claims to net premium is 76% as against 33% last year. The portfolio showed an underwriting profit of Rs. 6 million in current year against an underwriting profit of Rs. 36 million in last year.

The profit per share in current year is Rs. 0.52 against a profit of Rs. 0.32 in the year 2013.

The credit rating of the company has been upgraded to A+by JCR-VIS.

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.

The changes in the Board during the year due to resignation and filling of the casual vacancies are as under:

Resigned by	Date
Mr. Amin Uddin	17-Feb-14
Mr. Shariq Abdullah	24-Jun-14
Mr. Rayomond Kotwal	17-Dec-14

Appointed	Date
Mr. Babar Mahmood Mirza	24-Jun-14

The number of Board of Directors meetings attended by each Director is given hereunder:

Serial#	Name of Directors	Number of meetings attended
1.	Mr. Aameer Karachiwalla	5 out of 5
2.	Mr. Zameer Muhammad Choudrey	4 out of 5
3.	Mr. Rizwan Pervez	2 out of 5
4.	Mr. Amin Uddin (Resigned 17-02-2014)	1 out of 1
5.	Mr. Rayomond Kotwal (Resigned 17-12-2014)	4 out of 5
6.	Mr. Ali Sameer Farooqui	5 out of 5
7.	Mr. Abdul Sattar Vaid	4 out of 5
8.	Mr. Shariq Abdullah (Resigned 24-06-2014)	3 out of 3
9.	Mr. Babar Mahmood Mirza (Appointed 24-06-2014)	2 out of 2

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 2014, four meetings of the committee were held and attended by the members as under:

Name of Member	Number of meetings attended
Mr. Zameer Muhammad Choudrey	4 out of 4
Mr. Ali Sameer Farooqui	4 out of 4
Mr. Rizwan Pervez	-

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

Human Resource & Compensation Committee

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

Name of Member	Number of meetings attended
Mr. Zameer Muhammad Choudrey	2 out of 2
Mr. Rayomond Kotwal	2 out of 2
Mr. Rizwan Pervez	-
Mr. Shariq Abdullah	1 out of 1
Mr. Babar Mahmood Mirza	1 out of 1

Investment Committee

The committee consists of four members. During the year 2014, four meetings of the committee were held and attended by the members as under:

Name of Member	Number of meetings attended
Mr. Zameer Muhammad Choudrey	4 out of 4
Mr. Rayomond Kotwal	3 out of 4
Mr. Shariq Abdullah	2 out of 2
Mr. Babar Mahmood Mirza	1 out of 1
Mr. Rizwan Pervez	-

Underwriting, Claim Settlement and Re-Insurance & Co-Insurance Committees

The Underwriting committee consists of two members. During the year 2014, three meetings of the committee were held and attended by the members as under:

- Mr. Ali Sameer Farooqui
- Mr. Babar Mahmood Mirza

The Claim committee consists of two members. During the year 2014, three meetings of the committee were held and attended by the members as under:

- Mr. Ali Sameer Farooqui
- Mr. Babar Mahmood Mirza

The Re-Insurance & Co-Insurance committee consists of two members. During the year 2014, three meetings of the committee were held and attended by the members as under:

- Mr. Aameer Karachiwalla
- Mr. Babar Mahmood Mirza

Director's Training Programme

One Director has completed Director's Training Programme from PICG during the year.

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.

Corporate and Financial Reporting Framework

a) 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.
b) Proper books of accounts have been maintained by the company.
c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
d) The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) There are no significant doubts on the Company's ability to continue as a going concern.
g) There are no significant deviations from last year in operating results of the Company.
h) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
i) The key operating and financial data for the last six years is annexed.
j) Company neither declared cash dividend nor issued bonus shares in previous years due to accumulated losses.
k) The value of investments of provident and gratuity funds based on their accounts, as on December 31, 2014 were the following.

Provident Fund	Rs. 35 million
Gratuity Fund	Rs. 15 million

l) The statement of pattern of shareholding in the Company as at 31 December, 2014 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 M/s. KPMG Taseer Hadi & Co. Chartered Accountants retire and offer themselves for re-appointment. The Board of Audit Committee recommends that they be re-appointed as the statutory auditors for a further term of one year, and the Board endorses this recommendation.

Bestway (Holding) Limited 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 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.

Aameer Karachiwalla
Chairman

Date: February 16, 2015

'Rupees 000'

	2014	2013	2012	2011	2010	2009
Gross premium Written	1,114,520	885,966	760,356	658,443	632,525	511,954
Net premium revenue	385,189	341,610	278,023	252,755	238,765	264,807
Net claims	(176,738)	(207,697)	(190,517)	(165,569)	(165,537)	(234,206)
Premium deficiency (expense)/reversal	-	-	-	-	2,777	(2,777)
Management Expenses	(128,137)	(100,196)	(83,541)	(82,158)	(78,656)	(95,130)
Net commission	24,399	31,455	35,487	28,327	29,317	22,897
Underwriting result	104,713	65,172	39,452	33,354	26,666	(44,409)
Investment income	74,611	70,947	72,498	70,920	28,769	6,676
Exchange gain / (Loss)	(114)	1,877	(46)	(644)	-	-
Other Income	3,749	(772)	4,091	4,504	3,229	3,252
General and administrative expenses	(81,180)	(81,976)	(74,402)	(74,787)	(76,127)	(90,768)
Financial Charges	-	-	-	(1)	(181)	(1,029)
Profit / (Loss) before tax	101,779	55,249	41,592	33,347	(17,644)	(126,278)
Taxation – Current	(790)	(854)	(837)	(3,876)	(3,300)	(1,301)
– Deferred	(41,060)	(17,869)	(11,935)	98,455	-	-
Profit / (Loss) after tax	59,929	36,526	28,820	127,926	(20,944)	(127,579)

Number of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held	Percentage %
6	1	100	6	0.00
1	105,001	110,000	108,000	0.09
1	715,001	720,000	720,000	0.62
1	1,081,001	1,085,000	1,081,500	0.94
1	1,295,001	1,300,000	1,296,900	1.13
1	1,945,001	1,950,000	1,945,800	1.69
1	2,880,001	2,885,000	2,883,000	2.50
1	2,495,001	2,500,000	2,500,000	2.17
1	6,050,001	6,055,000	6,052,999	5.25
1	30,000,001	35,000,000	34,565,214	30.00
1	60,000,001	65,000,000	64,063,972	55.60
16			**115,217,391**	**100.00**

Category of Shareholders
As at December 31, 2014

Categories of shareholders	Number of Shareholders	Shares held	Percentage
Directors, CEO & Children	05	5	0.0000
NIT	00	-	0.0000
Associated Companies, undertaking & related parties	02	98,629,186	85.2027
Banks, DFI & NBFI	00	-	0.0000
Insurance Companies	00	-	0.0000
Modarabas & Mutual Funds	00	-	0.0000
Government of Pakistan	00	-	0.0000
Govt. Owned Entities / Banks	00	-	0.0000
Foreign Companies	00	-	0.0000
Joint Stock Companies	00	-	0.0000
Charitable Trusts	00	-	0.0000
General Public (Local)	01	2,500,000	2.1698
General Public (Foreign)	08	14,088,200	12.2275
Others	00	-	0.0000
Company Total	**16**	**115,217,391**	**100.0000**

- **The aggregate shares held by the following are:**

Categories of Shareholders	Shares held	Percentage
Directors		
1) Zameer Mohammed Choudrey	1	0.000
2) Rizwan Pervez	1	0.000
3) Aameer Karachiwalla	1	0.000
4) Ali Sameer Farooqui	1	0.000
5) Rayomond Kotwal	1	0.000
Chief Executive Officer	-	-
Directors/CEO's Spouse	-	-
Executive / Executive's Spouse	-	-
Associated Companies, undertaking and related parties		
Bestway (Holdings) Limited	64,063,972	55.603
United Bank Limited	34,565,214	30.000
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
Foreign	14,088,200	12.227
	115,217,391	**100.000**
Shareholders holding 10% or more voting interest		
Bestway (Holdings) Limited	64,063,972	55.603
United Bank Limited	34,565,214	30.000

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of UBL Insurers Limited ("the Company") for the year ended 31 December 2014 to comply with the best practices of Code of Corporate Governance.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code.

A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.
As part of our audit of 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 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 of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph references where these are stated in the Statement of Compliance:

Paragraph reference	Description
1	There is no independent director serving on the Board of Directors.
4	The Company has not filled a casual vacancy on the Board of Directors.

Paragraph reference	Description
8	Written notices of the board meetings, along with agenda and working papers, were not circulated at least seven days before in case of one Board and Audit Committee.
9	A certified copy of minutes of Annual General Meeting held on 25 April 2014 were not submitted to Commission within 30 days from the holding of such meeting.
11	The Company has no yet appointed Head of Internal Audit.
16	The Chairman of the Audit Committee is not an independent director.
19	Meetings of underwriting, claim settlement and reinsurance/ co insurance were not held in 2nd quarter of the financial year and all the Board sub-committees comprised of only two members.
21	The Board has not formulated a mechanism for an annual evaluation of the Board's own performance.

KPMG Taseer Hadi & Co.

Date: February 16, 2015

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi

This statement is being presented to comply with the Code of Corporate Governance for the purpose of establishing a framework of good governance, whereby the insurance company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code of Corporate Governance in the following manner:

1. The company encourages representation of independent non executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Executive Directors	Mr. Babar Mahmood Mirza
Non-Executive Directors	Mr. Aameer Karachiwalla Mr, Zameer M. Choudrey Mr. Rizwan Pervez Mr. Ali Sameer Farooqui Mr. Abdul Sattar Vaid

During the year, two Directors have been appointed by Board of Directors to fill in the casual vacancies however, their papers for fit and proper test submitted to SECP Insurance Division are awaiting clearance.

There is no independent director serving on the board of directors.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies

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

4. During the year three casual vacancies occurred on the Board of Directors . In case of one director who resigned on 17 February 2014, the casual vacancy has not yet been filled.

5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the 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 CEO, other executive and non-executive directors, have been taken by the board.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings except in case of one meeting of Board and Audit committee. The minutes of the meetings were appropriately recorded and circulated.

9. A certified copy of minutes of all general meetings were furnished to the Commission within thirty days from the holding of the meeting to which it relates except for the minutes of Annual General Meeting held on 25 April 2014, the minutes of which were submitted to Commission on 15 July 2014 with a considerable delay of 51 days.

10. The board had arranged training program for its director, Mr. Rizwan Pervez from Pakistan Institute of Corporate Governance (PICG) during the year. The Company intends to arrange training program for other directors as provided by the code.

11. There were no new appointment of CFO and Company Secretary during the year. There is no Head of Internal Audit.

12. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

13. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

14. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

15. The company has complied with all the corporate and financial reporting requirements of the CCG.

16. The board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors. The chairman of the committee is not an independent director.

17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

18. The board has formed a Human Resource & Compensation Committee. It comprises of three members, of whom two are non-executive directors and one is executive director.

19. The Board has formed underwriting, claim settlement and reinsurance/ co insurance Committees. However, meetings of above committees were not held in 2nd quarter of the financial year and all the Board sub-committees comprised of only two members.

20. The board has outsourced the internal audit function to UBL Bank who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

21. The Board of Directors has not formulated a mechanism for an annual evaluation of the Board's own performance.

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

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

24. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied

Nadeem Raza	Babar Mahmood Mirza
Chief Financial Officer	Acting Chief Executive officer

Dated: 16 February 2015

We have audited the annexed financial statements comprising of:

(i) balance sheet;

(ii) profit and loss account;

(iii) statement of changes in equity;

(iv) statement of cash flows;

(v) statement of premiums;

(vi) statement of claims;

(vii) statement of expenses; and

(viii) statement of investment income

of UBL Insurers Limited ("the Company") as at 31 December 2014 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000;

b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;

c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2014 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

KPMG Taseer Hadi & Co.

Date: 16 February 2015
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

Balance Sheet
As at December 31, 2014

	Note	2014	2013
		(Rupees)	
Share capital and reserves			
Authorised share capital			
[150,000,000 (31 December 2013: 150,000,000) ordinary shares of Rs.10 each]		1,500,000,000	1,500,000,000
Issued, subscribed and paid up capital	5.2	1,152,173,910	1,152,173,910
Discount on issue of right shares		(352,173,910)	(352,173,910)
		800,000,000	800,000,000
Accumulated losses		(46,947,280)	(106,270,058)
Total equity		753,052,720	693,729,942
Underwriting provisions			
Provision for outstanding claims (including IBNR)	6	578,169,353	509,199,405
Provision for unearned premium		457,059,866	346,686,132
Commission income unearned		45,950,873	37,369,392
Total underwriting provisions		1,081,180,092	893,254,929
Deferred liabilities			
Staff retirement benefits	7	295,076	-
Creditors and accruals			
Premiums received in advance		442,869	1,113,880
Amounts due to other insurers / reinsurers	8	156,488,646	68,778,242
Accrued expenses	9	22,772,900	23,642,577
Other creditors and accruals	10	68,547,276	67,953,581
		248,251,691	161,488,280
TOTAL LIABILITIES		1,329,726,859	1,054,743,209
TOTAL EQUITY AND LIABILITIES		2,082,779,579	1,748,473,151
CONTINGENCIES	11		

	Note	2014	2013
		(Rupees)	
Cash and bank deposits	12		
Cash and other equivalents		1,863,368	474,795
Current and other accounts		31,453,440	30,552,918
Deposits maturing within 12 months		150,000,000	200,000,000
		183,316,808	231,027,713
Loans - unsecured, considered good			
To employees	13	1,008,153	961,151
Investments	14	509,284,722	395,118,853
Deferred taxation	15	21,788,528	62,681,655
Security Deposit		2,700,400	1,491,040
Current assets- others			
Premiums due but unpaid - unsecured	16	191,761,997	145,165,711
Amounts due from other insurers / reinsurers	17	257,463,091	170,746,028
Accrued investment income		34,404,546	20,643,754
Accrued salvage recoverable		8,428,006	5,933,051
Reinsurance and other recoveries against outstanding claims		461,890,370	422,435,406
Taxation-payments less provision		22,722,935	19,342,513
Deferred commission expense		48,156,479	33,086,493
Prepayments			
- prepaid reinsurance premium ceded		260,390,777	168,250,994
- others	18	18,473,948	13,923,055
Staff retirement benefits	7	-	478,691
Sundry receivables		3,480,191	548,911
		1,307,172,340	1,000,554,607
Fixed assets	19		
Tangible and intangible			
Furniture and fixtures		5,048,825	4,866,416
Office equipment		1,578,468	980,412
Motor vehicles		33,900,778	33,053,661
Computers and accessories		926,522	516,137
Tracking device		4,137	17,487
Mobile phone		123,959	148,566
Lease hold improvements		15,703,168	16,743,492
Computer software		222,771	311,961
		57,508,628	56,638,132
TOTAL ASSETS		2,082,779,579	1,748,473,151

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive	Director	Director	Chairman

Profit and Loss Account
For the year ended December 31, 2014

	Note	Fire and property	Marine and transport	Motor	Bankers Blanket	Other classes	2014 Aggregate	2013 Aggregate
		-----------------	-----------------	--------	(Rupees)	--------	-----------------	-----------------
Revenue account								
Net premium revenue		44,699,697	20,935,006	263,141,677	22,283,522	34,129,054	385,188,956	341,609,858
Net claims		(17,347,067)	(11,195,111)	(114,210,670)	(8,015,435)	(25,969,714)	(176,737,997)	(207,696,700)
Expenses	20	(36,904,475)	(10,251,243)	(53,302,753)	(15,376,865)	(12,301,492)	(128,136,828)	(100,196,046)
Net commission		11,515,097	7,187,699	(15,837,099)	11,295,504	10,237,421	24,398,622	31,454,513
Underwriting result		1,963,252	6,676,351	79,791,155	10,186,726	6,095,269	104,712,753	65,171,625
Net investment income							74,611,060	70,947,290
Other income / (loss)	21						3,748,808	(771,927)
Exchange (loss) / gain							(113,684)	1,877,420
General and administration expenses	22						(81,179,594)	(81,975,654)
Profit before tax							101,779,343	55,248,754
Taxation - net	23						(41,953,618)	(18,722,383)
Profit after tax							59,825,725	36,526,371
Other comprehensive income								
Re-measurement: actuarial loss on obligation							(773,764)	(639,708)
Related tax impact							270,817	223,898
							(502,947)	(415,810)
Total comprehensive income for the year							59,322,778	36,110,561
Profit and loss appropriation account								
Balance at commencement of the year							(106,270,058)	(142,380,619)
Profit after tax for the year							59,825,725	36,526,371
Other comprehensive income - net of tax							(502,947)	(415,810)
Balance of unappropriated profit at end of the year							(46,947,280)	(106,270,058)
							(Rupees)	
Earnings per share - basic and diluted	24						0.52	0.32

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive Officer	Director	Director	Chairman

Statement of Changes in Equity
For the year ended December 31, 2014

	Issued, subscribed and paid-up capital	Discount on issue of right shares	Accumulated loss	Total
	(Rupees)			
Balance as at January 01, 2013	1,152,173,910	(352,173,910)	(142,380,619)	657,619,381
Total comprehensive income for the year ended December 31, 2013				
Profit after tax	-	-	36,526,371	36,526,371
Other comprehensive income - net of tax	-	-	(415,810)	(415,810)
Total comprehensive income for the year ended December 31, 2013	-	-	36,110,561	36,110,561
Balance as at December 31, 2013	1,152,173,910	(352,173,910)	(106,270,058)	693,729,942
Balance as at January 01, 2014	1,152,173,910	(352,173,910)	(106,270,058)	693,729,942
Total comprehensive income for the year December 31, 2014				
Profit after tax	-	-	59,825,725	59,825,725
Other comprehensive income - net of tax	-	-	(502,947)	(502,947)
Total comprehensive income for the year ended December 31, 2014	-	-	59,322,778	59,322,778
Balance as at December 31, 2014	1,152,173,910	(352,173,910)	(46,947,280)	753,052,720

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive Officer	Director	Director	Chairman

Operating cash flows	2014	2013
	(Rupees)	
(a) Underwriting activities		
Premiums received	993,825,573	817,460,009
Reinsurance premiums paid	(623,386,436)	(512,395,300)
Claims paid	(448,155,194)	(638,735,520)
Reinsurance and other recoveries received	298,437,227	439,713,925
Commissions paid	(92,432,262)	(49,270,200)
Commissions received	120,877,174	106,518,153
Net cash inflow from underwriting activities	249,166,082	163,291,067
(b) Other operating activities		
Income tax paid	(6,796,941)	(5,013,899)
General management expenses paid	(195,115,062)	(179,312,843)
Loans advanced	(2,447,652)	(2,003,916)
Loans repayment received	2,400,650	2,038,686
Net cash outflow from other operating activities	(201,959,005)	(184,291,972)
Total cash generated from all operating activities	47,207,077	(21,000,905)
Investment activities		
Profit / return received	23,560,966	19,396,606
Payments for investments	(1,624,297,044)	(1,951,014,181)
Proceeds from disposal of investments	1,721,018,341	2,186,192,004
Payments for purchase of term deposits	(150,000,000)	(200,000,000)
Proceeds from disposal of fixed assets	1,202,306	1,650,734
Fixed capital expenditure	(15,193,191)	(30,550,756)
Total cash used in investing activities	(43,708,622)	25,674,407
Financing activities		
Security deposits paid	(1,209,360)	(1,248,000)
Total cash (used in) / generated from financing activities	(1,209,360)	(1,248,000)
Net cash generated from all activities	2,289,095	3,425,502
Cash at beginning of the year	31,027,713	27,602,211
Cash at end of the year	33,316,808	31,027,713

Reconciliation to profit and loss account	2014	2013
	(Rupees)	
Operating cash flows	**47,207,077**	(21,000,905)
Depreciation expense	**(13,194,437)**	(11,713,902)
Amortisation expense	**(108,690)**	(98,143)
Decrease in assets other than cash	**257,815,918**	133,532,373
Decrease in liabilities	**(274,983,650)**	(122,537,351)
	16,736,218	(21,817,928)
Other adjustments		
Interest on government securities / term finance certificates	**50,776,373**	45,833,873
Income tax paid	**6,796,941**	5,013,899
Capital gain - net	**4,512,426**	5,711,019
Profit on term deposits	**19,322,261**	19,402,398
Exchange loss	**(113,684)**	1,877,420
Taxation	**(41,953,618)**	(18,722,383)
Gain on sale of fixed assets	**182,738**	(4,811,507)
Other income	**3,566,070**	4,039,580
	43,089,507	58,344,299
	59,825,725	36,526,371

Definition of cash

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

Cash for the purposes of the Statement of Cash Flows consists of:

Cash and bank deposits	2014	2013
Cash and other equivalents		
- Cash	**440,000**	368,578
- Policy stamps	**1,423,368**	106,217
	1,863,368	474,795
Current and other accounts		
- Current accounts	**10,290,886**	11,551,571
- profit and loss sharing accounts	**21,162,554**	19,001,347
	31,453,440	30,552,918
Cash and bank deposits as per balance sheet	**33,316,808**	31,027,713

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive Officer	**Director**	**Director**	**Chairman**

Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve Opening	Unearned premium reserve Closing	Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded Opening	Prepaid reinsurance premium ceded Closing	Reinsurance expense	2014 Net premium revenue	2013 Net premium revenue
	(Rupees)									
Direct and facultative										
1. Fire and property	398,025,439	138,583,459	217,669,909	318,938,989	341,748,073	116,066,804	183,575,585	274,239,292	**44,699,697**	26,068,023
2. Marine and transport	114,178,928	13,250,020	14,455,678	112,973,270	92,486,019	11,283,806	11,731,561	92,038,264	**20,935,006**	13,416,139
3. Motor	304,292,553	115,836,680	142,269,059	277,860,174	16,164,799	1,691,512	3,137,814	14,718,497	**263,141,677**	212,588,213
4. Bankers Blanket	168,391,184	22,445,799	21,318,475	169,518,508	149,019,709	14,711,743	16,496,466	147,234,986	**22,283,522**	43,301,039
5. Other classes	129,631,643	56,570,174	61,346,745	124,855,072	111,678,240	24,497,129	45,449,351	90,726,018	**34,129,054**	46,236,444
Grand total	1,114,519,747	346,686,132	457,059,866	1,004,146,013	711,096,840	168,250,994	260,390,777	618,957,057	**385,188,956**	341,609,858

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive Officer	**Director**	**Director**	**Chairman**

Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims Opening	Outstanding claims Closing	Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims* Opening	Reinsurance and other recoveries in respect of outstanding claims* Closing	Reinsurance and other recoveries revenue	2014 Net claims expense	2013 Net claims expense
	(Rupees)									
Direct and facultative										
1. Fire and property	137,683,164	100,838,474	131,900,889	168,745,579	125,858,436	95,560,188	121,100,264	151,398,512	**17,347,067**	12,428,044
2. Marine and transport	39,093,866	55,298,552	81,979,764	65,775,078	35,769,609	48,850,135	67,660,493	54,579,967	**11,195,111**	9,779,791
3. Motor	138,123,086	78,133,767	73,236,803	133,226,122	22,325,049	16,404,726	13,095,129	19,015,452	**114,210,670**	130,552,809
4. Bankers Blanket	59,087,821	176,653,008	186,958,987	69,393,800	58,025,247	176,273,442	179,626,560	61,378,365	**8,015,435**	39,604,772
5. Other classes	74,167,258	98,275,604	104,092,910	79,984,564	56,458,886	91,279,966	88,835,930	54,014,850	**25,969,714**	15,331,284
Grand total	448,155,195	509,199,405	578,169,353	517,125,143	298,437,227	428,368,457	470,318,376	340,387,146	**176,737,997**	207,696,700

* These are unsecured and considered to be good.

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive Officer	Director	Director	Chairman

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission Opening	Deferred commission Closing	Net commission expense	Other management expenses (note 20)	Underwriting expenses	Commission from reinsurers*	2014 Net underwriting expense	2013 Net underwriting expense
	--------	--------	--------	--------	--------(Rupees)--------	--------	--------	--------	--------
Direct and facultative									
1. Fire and property	55,984,096	20,761,522	30,862,708	45,882,910	36,904,475	82,787,385	57,398,007	25,389,378	17,110,633
2. Marine and transport	17,554,096	1,861,235	2,396,157	17,019,174	10,251,243	27,270,417	24,206,873	3,063,544	2,276,059
3. Motor	18,176,918	7,384,382	9,234,787	16,326,513	53,302,753	69,629,266	489,414	69,139,852	53,189,514
4. Bankers Blanket	1,377,350	337,668	576,780	1,138,238	15,376,865	16,515,103	12,433,742	4,081,361	1,225,722
5. Other classes	9,874,597	2,741,686	5,086,047	7,530,236	12,301,492	19,831,728	17,767,657	2,064,071	(5,060,395)
Grand total	102,967,057	33,086,493	48,156,479	87,897,071	128,136,828	216,033,899	112,295,693	103,738,206	68,741,533

* Commission from reinsurers is arrived at after taking the impact of the opening and closing balances of unearned commission.

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive Officer	Director	Director	Chairman

Statement of Investment Income
For the year ended December 31, 2014

	Note	2014	2013
		(Rupees)	
Income from non-trading investments			
Held to maturity			
Return on Government securities / term finance certificates		-	8,199,270
Amortization of (premium) / discount of government securities / term finance certificates		-	(68,052)
Loss on sale of investments		-	(90,764)
		-	8,040,454
Available-for-sale			
Gain on sale of investments - with a related party		4,512,426	5,711,019
Return on Government securities / term finance certificates		56,181,392	39,137,306
Amortization of (premium) / discount of government securities / term finance certificates		(5,405,019)	(1,343,887)
Profit on Term Deposits - with a related party		19,322,261	19,402,398
		74,611,060	62,906,836
Net investments income		74,611,060	70,947,290

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive	Director	Director	Chairman

1. STATUS AND NATURE OF BUSINESS

UBL Insurers Limited (the Company) is an unlisted public limited company incorporated in Pakistan on June 29, 2006. The Company is a subsidiary of Bestw ay (Holding) Limited. The Company received the Certificate of Commencement of Business on December 27, 2006. The principal objective of the Company is to conduct general insurance business. The Company received the Certificate of Registration under Section 6 of the Insurance Ordinance, 2000 on January 05, 2007. The Company currently operates a network of 11 (2013: 9) branches at various cities.

The registered office of the Company is situated at126-C, Jami Commercial, Street No. 14, Phase VII, Defence Housing Authority, Karachi.

2. BASIS OF PREPARATION

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

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that obligation under certain employee benefits are measured at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded to the nearest rupees, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards 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 polices. 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 judgments was exercised in application of accounting policies, are as follows:

- Provision for outstanding claims including IBNR (note 4.3)
- Provision for uneraned premium (note 4.4)
- Premium deficiency reserve (note 4.5)
- Defined benefit plan (note 4.7.2)
- Classification of investments and impairment (note4.10)
- Useful lives of assets and methods of depreciation(note 4.13)
- Provision for current and deferred tax (note 4.16)
- Premium due but unpaid (note 4.11 & 16)

3. STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2015:

Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consol idated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements rela ting to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016.

IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not like to have an impact on Company's financial statements.

IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirement s for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not like to have an impact on Company's financial statements.

IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not like to have an impact on Company's financial statements.

Amendment to IAS 27 'Separate Financial Statement'(effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Agriculture: Bearer Plants [Amendment to IAS 16 andIAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for a nnual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria.

- Amendments to IAS 16'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution,then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

4. 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.

4.1 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted significant 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 are classified into following main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

- Fire and property
- Marine, aviation and transport
- Motor
- Bankers blanket
- Miscellaneous

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.

The Company neither issues investment contracts nordoes it issues insurance contracts with discretionary participation feature (DPF).

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.

Marine, aviation 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.

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.

Miscellaneous insurance 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.

Bankers blanket insurance covers losses as a resultof 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.

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.

4.2 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.

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

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.

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

The Company recognises liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. These liabilities are known as provision for outstanding claims. The claims are considered at the time of the incident giving rise to the claim except as otherwise expressly indicated in the insurance contract. The liability for claims includes amount in relation to unpaid reported claim, claims incurred but not reported (IBNR) and expected claims settlement cost.

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Claims incurred but not reported (IBNR) are accounted for based on the management's best estimate which takes into account the past trends, expected future pattern of reporting of claims and the claims actually reported subsequent to the balance sheet date.

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

4.4 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage and is recognised as a liability by the Company. This liability is calculated by applying the 1/24th method as specified in the SEC (Insurance) Rules, 2002.

4.5 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 ofbusiness 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 SRO 16 (I) / 2012 issued by Securities and Exchange Commission of Pakistan on January 9, 2012.

Based on an analysis of combined operating ratio for the expired period of each reportable segment and also on the advise of actuary, the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses expected to be incurred after the balance sheet date in respect of policies in those classes of business in force at the balance sheet date. Hence, no reserve for the same has been made in these financial statements.

4.6 Commission income unearned

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

4.7 Staff retirement benefits

4.7.1 Defined contributory 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 8.33% of basic salary.

4.7.2 Staff retirement benefits

Gratuity scheme - defined benefit plan

The Company operates an approved funded gratuity fund for all permanent employees who have completed minimum prescribed period 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 then 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 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 profit and loss account. The company recognises gain and loss on the settlement of a defined benefit plan when the settlement occurs.

4.8 Compensated absence

The Company accounts for liability in respect of employee compensated absences in the period in which the absences are earned.

4.9 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 future for the goods and / or services received, whether or not billed to the Company.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and 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 balance sheet date and adjusted to reflect the current estimate.

4.10 Investments

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs except for held-for-trading investments in which case transaction costs are charged to the profit and loss account. All purchase and sale of investments that require delivery within the required time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments. These investments are recognised and classified asfollows:

4.10.1 Investments at fair value through profit and loss account

Held for trading investments are included in this category. At the time of acquisition, quoted investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or are part of portfolio forwhich there is a recent actual pattern of short term profit taking are classified as held-for-trading.

Subsequent to initial recognition these are remeasured 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.

4.10.2 Available-for-Sale

Available for sale investments are those non-derivative instruments that are designated as available for sale or are not classified in any other category. These are primarily those investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates, are classified as available-for-sale.

Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002.

4.10.3 Held-to-Maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised costless provision for impairment in value, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition by using the effective interest rate method.

4.11 Receivables related to insurance contracts

Receivables related to insurance contracts are known as premium due but unpaid. These are recognised at cost, which is the fair value of the consideration given less provision for impairment, if any.

4.12 Deferred commission

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

4.13 Operating fixed assets and depreciation

4.13.1 Tangible - Owned

These are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated so as to write off the depreciable amount of the assets over their expected economic lives at the rates specified in note 19.1 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 balance sheet date.

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

An item of fixed asset 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 income currently.

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that this carrying value maynot 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 profit and loss account as and when incurred. Major renewals and improvements are capitalised and assets so replaced, if any, are retired.

4.13.2 Assets subject to finance lease

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, at the fair value of the lease property or, if lower at the present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Assets acquired under the finance lease are depreciated using the same basis as for owned assets.

4.13.3 Intangible

These are stated at cost less accumulated amortisation and any impairment in value. Amortisation of intangible fixed assets is charged to income applying the straight line method at the rates specified in note 19.2 to the 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, whereby 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 is reviewed, and adjusted if appropriate, at each balance sheet date.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value maynot 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.

4.13.4 Capital work-in-progress

Capital work-in-progress is stated at cost less any impairment in value. It consists of advances made to suppliers in respect of tangible and intangible assets.

4.14 Revenue recognition

Premium

Premium received / receivable under a policy is recognised as written from the date of attachment of the policy to which it relates. Premium income under a policy is recognised over the period of insurance from inception to expiry as follows:

a) For direct business, evenly over the period of the policy;

b) For proportional reinsurance business, evenly over the period of underlying insurance policies; and

c) For non-proportional reinsurance business, in accordance with the pattern of the reinsurance service.

Where the pattern of incidence of risk varies overthe period of the policy, premium is recognised as revenue in accordance with the pattern of the incidence of risk.

Administrative surcharge is recognised as premium at the time the policies are written.

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 accounted for as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognised on an accrual basis.

Dividend Income

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

Gain / Loss on sale of investment

Gain / loss on sale / redemption of investments is taken to profit and loss account in the year of sale / redemption.

Income on held to maturity investment

Profit on held to maturity instruments is recognised on a time proportion basis taking into account the effective yield on the investment.

Profit on bank accounts and deposits

Interest / profit on bank deposit accounts is accounted for on an accrual basis.

4.15 Management expenses

Management expenses 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 administrative expenses.

4.16 Taxation

4.16.1 Current

Provision for current taxation is the higher of theamount computed on taxable income at the current tax rate 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.

4.16.2 Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising at the balance sheet 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 balance sheet 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 liabilityis settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.17 Segment reporting

The Company's operating business is organised and managed separately according to the nature of the services provided with each segment representing astrategic business unit that serves different markets.

4.17.1 Fire

The fire and property insurance provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.

4.17.2 Marine

Marine insurance provides coverage against cargo risk, war risk and damages occurring in inland transport.

4.17.3 Motor

Motor insurance provides comprehensive vehicle coverage and indemnity against third party loss.

4.17.4 Bankers blanket

Bankers blanket insurance covers losses as a result of dishonest or fraudulent acts by officers and employees of the bank

4.17.5 Miscellaneous

Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit, money, engineering losses, accident and health, and other coverage.

4.18 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognised in the profit and loss account of the current year.

4.19 Off setting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, 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.

4.20 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand,stamps in hand and deposits with banks.

4.21 Currency transactions

4.21.1 Foreign currency translations

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the balance shet date. Gain and losses on translation are taken into income currently. 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.

4.22 Impairment

The carrying amount of the assets is reviewed at each balance sheet 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 balance sheet date and adjusted to reflect the current best estimate. Changes in the provisions are recognised as income / expense currently.

5. SHARE CAPITAL

5.1 Authorised Share Capital

2014	2013		2014	2013
(Number of shares)			(Rupees)	
150,000,000	150,000,000	Ordinary shares of Rs. 10 each	1,500,000,000	1,500,000,000

5.2 Issued, subscribed and paid-up capital

2014	2013		2014	2013
115,217,391	115,217,391	Ordinary shares of Rs. 10 each fully paid in cash	1,152,173,910	1,152,173,910

5.3 Major shareholders of the Company are :

Number of shares held			Percentage of Shareholding	
2014	2013	Name of Shareholder	2014	2013
64,063,972	64,063,972	Bestway (Holding) Limited	55.6	55.6
34,565,214	34,565,214	United Bank Limited	30.0	30.0
14,088,200	14,088,200	Abu Dhabi Group	12.2	12.2

6. PROVISION FOR OUTSTANDING CLAIM- (including IBNR)

	2014	2013
	(Rupees)	
Related parties	193,585,753	200,633,622
Others	384,583,600	308,565,783
	578,169,353	509,199,405

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7. STAFF RETIREMENT BENEFITS

Defined benefit plan - funded gratuity scheme

The latest valuation of scheme was carried out as at December 31, 2014 by Akhter Hassan and Actuaries (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.

		2014	2013
7.1	The number of employees covered under the defined benefit scheme are:	133	119

7.2 The following principal actuarial assumptions were used for the valuation of above mentioned scheme:

	2014	2013
Financial assumptions		
Discount rate (per annum compounded)	10.50%	12.75%
Salary Increase (per annum)	9.50%	10.75%
Rate of return on investment (per annum)	10.50%	12.75%
Demographic assumptions		
Normal retirement	60 years	60 years
Mortality rate	SLIC(2001-05)	SLIC(2001-05)
Rate of employee turnover	Moderate	Moderate

		2014	2013
7.3	Liability/ (Asset) in balance sheet	(Rupees)	
	Present value of defined benefit obligations	15,550,236	12,615,318
	Fair value of plan assets	(15,255,160)	(13,094,009)
	Liability / (Asset) in balance sheet	295,076	(478,691)
7.4	Reconciliation of the present value of defined benefit obligations		
	Present value of defined benefit obligation as at January 1,	12,615,318	9,487,740
	Current service cost	2,638,514	2,010,113
	Interest cost	1,740,716	1,235,779
	Benefits paid during the year	(1,842,518)	(398,189)
	Re-measurements: Actuarial loss on obligation	398,206	279,875
	Present value of defined benefit obligation as at December 31,	15,550,236	12,615,318
7.5	Movement in fair value of plan assets		
	Opening balance	13,094,009	10,606,134
	Expected return on plan assets	1,798,195	1,362,390
	Contribution made by the Company	2,581,032	1,883,507
	Benefits paid during the year	(1,842,518)	(398,189)
	Re-measurements: Actuarial loss on plan assets	(375,558)	(359,833)
	Closing balance	15,255,160	13,094,009

7.6	Movement in the net defined benefit asset	2014	2013
		(Rupees)	
	Opening balance	(478,691)	(1,118,394)
	Net periodic benefit cost for the year	2,581,035	1,883,502
	Contribution paid during the year	(2,581,032)	(1,883,507)
	Re-measurements recognized in other comprehensive income during the year	773,764	639,708
	Closing balance	295,076	(478,691)

7.7 Charge for the defined benefit plan

7.7.1 Cost recognised in profit and loss

	2014	2013
Current service cost	2,638,514	2,010,113
Interest cost on defined benefit obligation	1,740,716	1,235,779
Interest income on plan assets	(1,798,195)	(1,362,390)
Net Interest cost	(57,479)	(126,611)
Cost recognized in profit and loss for the year	2,581,035	1,883,502

7.7.2 Re-measurements recognised in other comprehens ive income

	2014	2013
Re-measurements: Actuarial loss on obligation		
- Loss due to change in financial assumptions	(1,155,886)	(57,926)
- Gain due to change in demographic assumptions	-	217
- Gain / (loss) due to change in experience adjustments	757,680	(222,166)
Total actuarial loss on obligations	(398,206)	(279,875)
Re-measurements: Net return on plan assets over interest income	(375,558)	(359,833)
Net re-measurement recognized in other comprehensive income during the year	(773,764)	(639,708)
Weighted average duration of the defined benefit obligation(years)	8.68	9.80
Expected contributions to funds in the following year	3,185,712	2,581,035
Expected benefit payments to retirees in the following year	553,281	499,648
Actual return on plan assets	1,422,637	1,002,557

7.8 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

Discount rate + 1%	14,286,160
Discount rate - 1%	16,999,052
Long term salary increase + 1%	17,076,497
Long term salary increase - 1%	14,199,112

The sensitivity analysis presented above may not berepresentative of the actuarial change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

7.9 Components of plan assets

	2014		2013	
	Fair value (Rupees)	Percentage %	Fair value (Rupees)	Percentage %
Composition of fair value of plan assets				
Cash and cash equivalent - net of current liabilities	106,446	0.70%	37,724	0.29%
Mutual Funds	771,669	5.06%	225,620	1.72%
Treasury Bills	6,351,100	41.63%	12,830,665	97.99%
Pakistan Investment Bonds	8,025,945	52.61%	-	-
Fair value of plan net assets	15,255,160	100%	13,094,009	100%

7.10 Expected accrual of expenses in respect of definedbenefit scheme in the next financial year on the adice of the actuary is Rs. 3.186 million.

8. AMOUNT DUE TO OTHER INSURERS /REINSURERS	2014	2013
	(Rupees)	
Foreign reinsurers	65,833,401	26,651,810
Local reinsurers	73,756,339	15,996,285
Co-insurers	16,898,906	26,130,147
	156,488,646	68,778,242

9. ACCRUED EXPENSES

	2014	2013
Rent	-	565,085
Utilities	557,923	506,337
Audit Fee	656,500	585,000
Advertisement expense	1,175,991	1,707,854
Annual rating fees	417,750	360,000
SECP annual supervision fees	2,207,434	1,758,823
Provision for bonus	3,132,984	5,647,818
Communication charges	5,532,000	3,516,000
Coinsurance service charges	5,861,056	4,604,045
Others	3,231,262	4,391,615
	22,772,900	23,642,577

10. OTHER CREDITORS AND ACCRUALS

		2014	2013
Federal insurance fee		827,363	559,863
Federal excise duty		11,596,156	7,914,617
Agent commission payable	10.1	41,158,885	45,694,076
Salary payable		690,999	526,640
Cash margin against insurance policies		3,102,489	3,483,441
Workers welfare fund		2,169,363	2,719,080
Unclaimed insurance benefits	10.2	6,549,366	6,294,347
Others		2,452,655	761,517
		68,547,276	67,953,581

10.1 This includes commission payable 0.574 million (2013: Rs. 1.962 million) to related parties.

10.2 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 claimaint. The following is the ageing as required by SECPcircular 11 of 2014 dated 19 May 2014:

- More than 6 months	6,549,366
- 1 to 6 months	30,937,959

	-------------------Age-wise Breakup--------------				--------	
	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 Months	Total
Claims not encashed	30,937,959	1,513,288	430,416	506,830	4,098,832	37,487,325

11. CONTINGENCIES

Section 113(2)(c) of the Income Tax Ordinance 2001, was interpreted by a Divisional Bench of the Sindh High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated May 7 2013, whereby it was held that the benefit of carry forward of minimum tax is only available in the situation where the actual tax pa yable (on the basis of net income) in a tax year is less than minimum tax.Therefore, where there is no tax payable, inter alia, due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability. As per the provisions of Income Tax Ordinance 2001, the Compan y has minimum tax as at December 31, 2014 of Rs.15,002,983 which has not been recorded as tax expense.

A leave to appeal against the aforesaid decision has already been filed before the Supreme Court of Pakistan which is pending for hearing. The Company based on tax advisor's advice considers that if tax authorities initi ate similar proceedings against the Company, there are reasonable grounds whereby the decision can be challenged before Superior Courts. In view of above, the Company is confident that the ultimate outcome in this regard would be favourable. Hence no provision in this respect has been made in the financial statements.

12. CASH AND BANK DEPOSITS

		2014	2013
		(Rupees)	
Cash and other equivalents			
- Cash in hand		440,000	368,578
- Policy stamps		1,423,368	106,217
		1,863,368	474,795
Current and other accounts			
- Current accounts	12.1	10,290,886	11,551,571
- Profit and loss sharing accounts	12.2 & 12.3	21,162,554	19,001,347
		31,453,440	30,552,918
- Deposits maturing within 12 months (related party)	12.4	150,000,000	200,000,000
		183,316,808	231,027,713

12.1 This includes balance with a related party amounting to Rs. 10.291 million (2013: Rs. 8.163 million).

12.2 This includes balance with a related party amounting to Rs. 9.690 million (2013: Rs. 17.622 million).

12.3 These carry profit rates ranging between 6.5% to 8%(2013: 6% to 7%) per annum.

12.4 This represents term deposit with Khushali Bank Lim ited amounting to Rs. 150 million (2013: Rs. 200 million) maturing on 30 January 2015 and carrying markup at 11.75% (2013: 11.25%) per annum.

13. LOANS - unsecured, considered goo

	2014	2013
Executives	4,167	25,000
Employees	1,003,986	936,151
	1,008,153	961,151

Loans to employees are granted in accordance with the rules specified in the SEC (Insurance) Rules, 20 02. These loans are interest free and are recoverable in monthly instalments over a period of one year.

13.1 Reconciliation of carrying amount of loans

	2014	2013
Opening balance	961,151	995,921
Disbursements during the year	2,447,652	2,003,916
	3,408,803	2,999,837
Repayments during the year	(2,400,650)	(2,038,686)
Closing balance	1,008,153	961,151

14. INVESTMENTS

14.1 Type of investments

		2014	2013
		(Rupees)	
Available-for-sale	14.2 & 14.3		
Market Treasury Bills	14.2.1.1	50,904,798	247,174,926
Pakistan Investment Bonds	14.2.1.2	329,187,373	-
Term Finance Certificates	14.2.2.2	60,280,800	126,544,602
Mutual Funds - related parties	14.2.2.3	68,911,751	21,399,325
		509,284,722	395,118,853

14.2 Available-for-sale Investments

14.2.1 Government securities

14.2.1.1 Market Treasury Bills (MTBs) have face values of Rs. 51 million (market value of Rs. 50.891 million) [(2013: face value of Rs.253 million (market value of Rs 246.939 million)]. MTBs having face value of Nil (Market value of Nil) [(2013: Rs. 253 million)] were deposited with the State Bank ofPakistan in accordance with the requirements of circular no. 15 of 2008 dated July 7, 2008 issued by Securities and Exchang e Commission of Pakistan. This carry mark-up 9.96% (2013: 8.97% to 9.98%) per annum and will mature latest by January 8, 2015.

14.2.1.2 Pakistan Investment Bonds (PIBs) have face values o f Rs. 335 million (market value of Rs. 345.619 mill ion). PIBs having face value of Rs. Rs. 123 million (market value of Rs 126.126 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 Securities and Exchange Commission of Pakistan. These carry mark-up 11.25% per annum and will mature latest by July 17, 2017.

14.2.2 Term Finance Certificates

Name	Mark-up rate	Maturity	Repayment Terms	Usecured/ details of security	Rating
Askari Bank Limited - III	6 months KIBOR + 250 bps	18 November 2019	Semi-annually	Unsecured	AA-
Bank Alfalah Limited - IV	6 months KIBOR + 250 bps	2 December 2017	Semi-annually	Unsecured	AA-
Bank Alfalah Limited - IV	15.00%	2 December 2017	Semi-annually	Unsecured	AA-

The aggregate market value of the above investmentsis Rs. 61.425 million (2013: Rs. 125.925 million).

14.2.3 Units of open end mutual funds - related parties

2014	2013	Face value	Name of the investee entity		2014	2013
(Number of units)		(Rupees)			(Rupees)	
667,644	-	100	UBL Government Securities Fund	14.2.3.1	68,911,751	-
-	214,925	100	Al-Ameen Islamic Sovereign Fund (Formerly known as UBL Islamic Sovereign Fund)	14.2.3.1	-	21,399,325
					68,911,751	21,399,325

14.2.3.1 Market value of the above investments is Rs. 72.750million (2013: Rs. 21.698 million). The company uses net assets value issued by the fund manager at the balance sheet date to determine the market value.

14.3 Had these investments been measured at fair value as required by International Accounting Standard (IAS) – 39, the carrying value of investments of the Company as atDecember 31, 2014 would have been higher by Rs. 21.4 million (2013: lower by Rs. 0.557 million).

15. DEFERRED TAXATION

15.1 Deferred tax asset

Deferred taxation comprises temporary difference relating to following:

		2014	2013
		(Rupees)	
Deferred tax asset arising in respect of:			
- staff retirement benefits		270,817	-
- accelerated depreciation		527,446	142,500
- unutilized tax losses carried forward		19,813,832	60,464,449
- provision for bad debts		79,889	97,970
- provision for employee bonus		1,096,544	1,976,736
		21,788,528	62,681,655

15.2 Reconciliation of deferred tax

Opening provision		62,681,655	80,326,575
Reversal in other comprehensive income		270,817	223,898
Charged to profit and loss account		(41,163,944)	(17,868,818)
Closing balance		21,788,528	62,681,655

15.3 As of the balance sheet date, the Company has accumulated tax losses of Rs. 56.610 million (2013: Rs. 172.756 million).

15.4 The management, based on financial projections of the Company for the future years, estimates that sufficient taxable profits would be available in future against which the above deferred tax asset could be realized.

16. PREMIUMS DUE BUT UNPAID - unsecured		2014	2013
		(Rupees)	
Considered good	16.1	191,761,997	145,165,711
Considered doubtful		158,979	279,915
		191,920,976	145,445,626
Provision against doubtful debts	16.2	(158,979)	(279,915)
		191,761,997	145,165,711

16.1 This includes an amount of Rs. 31.558 million (2013 : Rs. 42.020 million) due from related parties.

16.2 Provision against doubtful debts

Balance as on January 1,		279,915	702,660
Written off during the year		(279,915)	(702,660)
Charge for the year		158,979	279,915
Balance as on December 31,		158,979	279,915

17. AMOUNTS DUE FROM OTHER INSURERS / REINSURERS - unsecured

Considered good			
- Foreign reinsurers		18,861,808	9,408,761
- Local reinsurers		18,564,121	14,726,982
- Co-insurers		220,037,162	146,610,285
Considered doubtful			
- Co-insurers		69,276	-
		257,532,367	170,746,028
Provision against doubtful balances	17.1	(69,276)	-
		257,463,091	170,746,028

17.1 Provision against doubtful balances

Balance as on January 1,		-	-
Charge for the year		69,276	-
Balance as on December 31,		69,276	-

18. PREPAYMENTS - OTHERS

	2014	2013
	(Rupees)	
Tracker monitoring charges	14,179,825	10,437,160
Office rent	3,528,156	2,989,388
Others	765,967	496,507
	18,473,948	13,923,055

19. FIXED ASSETS

	Note	2014	2013
Tangible - operating fixed assets	19.1	57,285,857	56,326,171
Intangible - computer software	19.2	222,771	311,961
		57,508,628	56,638,132

19.1 Tangible - operating fixed assets

2014

		Cost			Depreciation			Written down	Depreciation
		As at January 1, 2014	Additions / (disposals)	As at December 31, 2014	As at January 1, 2014	For the year / (on disposals)	As at December 31, 2014	value as at December 31, 2014	rate %
		(Rupees)							
OWNED									
Furniture and fixtures		9,977,924	1,197,184 (25,828)	11,149,280	5,111,508	1,007,229 (18,282)	6,100,455	5,048,825	10
Office equipment		9,598,060	914,099 (139,697)	10,372,462	8,617,648	316,043 (139,697)	8,793,994	1,578,468	20
Motor vehicles		52,233,348	9,611,667 (2,193,294)	59,651,721	19,179,687	8,721,618 (2,150,362)	25,750,943	33,900,778	20
Computer and accessories		7,107,826	658,101	7,765,927	6,591,689	247,716	6,839,405	926,522	25
Tracking device	19.1.1	4,280,429	-	4,280,429	4,262,942	13,350	4,276,292	4,137	33
Mobile phone		326,530	95,000 (69,500)	352,030	177,964	84,387 (34,280)	228,071	123,959	33
Leasehold improvements		28,493,981	2,697,640 (3,171,289)	28,020,332	11,750,489	2,804,094 (2,237,419)	12,317,164	15,703,168	10
		112,018,098	15,173,691 (5,599,608)	121,592,181	55,691,927	13,194,437 (4,580,040)	64,306,324	57,285,857	

2013

		Cost			Depreciation			Written down	Depreciation
		As at January 1, 2013	Additions / (disposals) / transfers	As at December 31, 2013	As at January 1, 2013	For the year / (on disposals)	As at December 31, 2013	value as at December 31, 2013	rate %
		(Rupees)							
OWNED									
Furniture and fixtures		9,275,656	733,443 (31,175)	9,977,924	4,175,233	956,499 (20,224)	5,111,508	4,866,416	10
Office equipment		9,501,770	957,576 (861,286)	9,598,060	8,353,300	1,064,259 (799,911)	8,617,648	980,412	20
Motor vehicles		40,561,388	19,228,960 (7,557,000)	52,233,348	20,216,250	6,520,437 (7,557,000)	19,179,687	33,053,661	20
Computer and accessories		7,131,558	490,779 (514,511)	7,107,826	6,991,176	115,024 (514,511)	6,591,689	516,137	25
Tracking device	19.1.1	13,534,897	34 (9,254,502)	4,280,429	13,501,651	15,792 (9,254,501)	4,262,942	17,487	33
Mobile phone		278,930	125,000 (77,400)	326,530	141,959	81,979 (45,974)	177,964	148,566	33
Leasehold improvements		31,627,005	8,901,746 (12,034,770)	28,493,981	14,466,858	2,959,912 (5,676,281)	11,750,489	16,743,492	10
		111,911,204	30,437,538 (30,330,644)	112,018,098	67,846,427	11,713,902 (23,868,402)	55,691,927	56,326,171	

19.1.1 Represents tracking devices installed in the motorvehicles insured by the Company and therefore are not in the possession of the Company.

19.2 Intangible assets

	Cost			Amortisation			Written down	Amortisation
	As at January 1,	Additions	As at December 31,	As at January 1,	For the year	As at December 31,	value as at December 31,	rate %
	--		------------------------(Rupees)---------------			---		
Computer software								
2014	7,858,745	19,500	7,878,245	7,546,784	108,690	7,655,474	222,771	25
2013	7,745,527	113,218	7,858,745	7,448,641	98,143	7,546,784	311,961	25

19.3 The depreciation charge for the year has been alloated as follows:

		2014	2013
		(Rupees)	
Management expenses	20	6,880,466	5,109,047
General and administrative expenses	22	6,313,971	6,604,855
		13,194,437	11,713,902

19.4 The amortization charge for the year has been allocated to General and administrative expenses

20. MANAGEMENT EXPENSES

Salaries wages and benefits	20.1	62,758,556	50,480,604
Rent, rates and taxes		6,446,801	6,106,173
Medical		612,051	230,531
Utilities		2,296,523	2,019,919
Communication		4,070,203	3,818,930
Printing and stationery		545,901	411,480
Travel		1,426,049	1,038,322
Entertainment		727,380	584,195
Repair and maintenance		1,011,683	834,655
Vehicle running and maintenance		9,512,284	7,069,731
Advertising expenses		143,310	35,200
Depreciation	19.3	6,880,466	5,109,047
Insurance expense		5,000	-
Legal and professional expense		22,115	44,525
Tracker charges		25,624,399	17,251,357
Service charges		4,802,876	4,101,584
Bank charges		13,447	58,132
Other expenses		1,237,784	1,001,661
		128,136,828	100,196,046

20.1 This includes staff retirement benefits amounting to Rs. 2.805 million (2013: Rs. 2.456 million).

21. OTHER INCOME

Income from financial assets		
Profit on bank accounts	3,490,305	3,215,906
Income from non-financial assets		
Gain / (loss) on sale of fixed assets	182,738	(4,811,507)
Miscellaneous income	75,765	823,674
	258,503	(3,987,833)
	3,748,808	(771,927)

22. GENERAL AND ADMINISTRATION EXPENSES

	Note	2014	2013
		(Rupees)	
Salaries wages and benefits	22.1	34,301,269	39,131,373
Rent, rates and taxes		5,000,730	6,104,872
Medical		1,639,725	1,934,025
Utilities		2,451,582	2,456,913
Communication		4,253,229	3,664,123
Printing and stationery		1,734,305	1,286,679
Travel		1,630,270	968,034
Advertisement expense		1,114,934	1,094,003
Entertainment		1,186,959	971,293
Repair and maintenance		1,284,119	1,315,393
Vehicle running and maintenance		6,065,986	5,697,939
Depreciation	19.3	6,313,971	6,604,855
Amortisation	19.4	108,690	98,143
Insurance expense		2,040,383	1,557,170
Legal and professional		5,944,569	4,452,630
Auditors' remuneration	22.2	907,000	750,000
Bank charges		1,302,044	848,624
Office expense		1,594,445	1,574,782
Provision against doubtful debts	16.2 & 17.1	228,255	279,915
Written off against premium due but unpaid		-	58,322
Workers welfare fund		2,077,129	1,126,566
		81,179,594	81,975,654

22.1 This includes staff retirement benefits amounting to Rs. 3.064 million (2013: Rs. 2.394 million).

22.2 Auditors' remuneration

	2014	2013
Annual audit	441,000	365,000
Interim review	220,500	185,000
Other certifications	115,500	110,000
Out of pocket expenses	130,000	90,000
	907,000	750,000

23. TAXATION - net

	2014	2013
Current	(789,674)	(853,565)
Deferred	(41,163,944)	(17,868,818)
	(41,953,618)	(18,722,383)

23.1 Relationship between tax expense and accounting profit

	2014	2013
	(Rupees)	
Profit before taxation for the year	101,779,343	55,248,754
Tax at the applicable rate of 33% (2013: 34%)	33,587,183	18,784,576
Tax effect of change in tax rate	2,035,587	-
Tax effect of permanent difference	479,753	492,353
Tax effect of capital gains subject to separate rate of tax	(789,675)	(1,088,181)
Tax effect of unutilised tax losses	5,057,294	-
Others	1,583,476	533,635
	41,953,618	18,722,383

23.2 In respect of tax year 2008, the tax authorities have served notice on the Company under Section 122 (9) for amendment under section 122 (5A) in the return filed by the Company in respect of the aforesaid year. The amendment mainly relates to inclusion of unearned commission income in taxable income, apportionment of expenses against exempt income, disallowance of brought forward loss, IBNR, provisions charged on account of employ ees and reinsurance expense paid under section 152 of Income Tax Ordinance, 2001 on account of non deduction of tax.

The Additional Commissioner Inland Revenue (LTU) pa ssed orders in favour of the Company with respect to above mentioned items excluding provision for IBNR and apportionmen t of expenses against exempt income amounting to Rs 18 million and Rs. 13.8 million respectively. However, the Company is of th e view that the aforesaid disallowance is unjustified and has filed an appeal to Commissioner Inland Revenue, Appeals.

23.3 The Company has not recognized minimum tax charge for the year amounting to Rs. 4.096 million in view of expectation of availability of sufficient future taxable profits resulting in tax liability under normal tax regime in next five years against which such liability would be adjusted.

24. EARNINGS PER SHARE - basic and diluted

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

	2014	2013
Profit after tax for the year	59,825,725	36,526,371
	(Number of shares)	
Weighted average number of shares of Rs. 10 each	115,217,391	115,217,391
	(Rupees)	
Basic earnings per share	0.52	0.32

24.1 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.

25. REMUNERATION OF CHIEF EXECUTIVE 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		Director		Executive / key management personnel		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees)		(Rupees)		(Rupees)		(Rupees)	
Managerial remuneration	4,897,659	5,973,948	-	-	15,417,659	11,975,269	20,315,318	17,949,217
House rent allowance	2,203,951	2,688,276	-	-	6,937,945	5,388,886	9,141,896	8,077,162
Utilities	979,527	1,194,780	-	-	3,142,439	2,395,054	4,121,966	3,589,834
Medical	1,043,939	1,591,964	-	-	1,541,765	1,631,402	2,585,704	3,223,366
Retirement benefits 25.1	612,207	746,744	-	-	2,078,919	1,684,444	2,691,126	2,431,188
Others	2,392,622	5,445,859	-	-	7,780,826	6,669,852	10,173,448	12,115,711
	12,129,905	17,641,571	-	-	36,899,553	29,744,907	49,029,458	47,386,478
Number of persons	2*	1	5	7	19	12	26	20

* During the year new Chief Executive Officer has been appointed.

25.1 This includes provident fund and gratuity fund (retirement benefits) expenses relating to the company's employee.

25.2 In addition, the Chief Executive Officer and other executives are provided with company maintained cars in accordance with their entitlements.

26. TRANSACTIONS WITH RELATED PARTIES

26.1 Related parties of the Company comprise of associated companies, companies with common directors, major shareholders, staff retirement funds, directors and key management personnel. Transaction with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Transactions and balances with related parties	2014	2013
	(Rupees)	
Transactions during the year with associated companies.		
Premium underwritten	340,905,539	306,347,904
Profit on bank accounts	3,233,404	2,941,485
Payments for investments	732,864,048	870,000,001
Term deposits	150,000,000	200,000,000
Proceeds from disposal of investments	689,864,048	887,296,721
Insurance claims expense	145,210,136	187,061,766
Commission paid	660,119	492,104
Bank charges	1,296,800	896,908
Gain on sale of investment	4,512,426	5,703,277
Loan advance to key management personnel	132,000	50,000
Communication charges	2,016,000	2,016,000
Internal audit fees	350,000	325,000
Secretarial fees	16,667	-
	(Number of units)	
Bonus units received	20,806	43,496
Balances with associated companies	(Rupees)	
Premium due but unpaid*	31,560,301	42,019,972
Profit receivable on bank accounts	77,717	80,912
Profit receivable on term deposits	16,224,659	19,402,398
Commission payable	573,818	1,961,851
Communication charges payable	5,532,000	3,516,000
Secretarial fee payable	16,667	-
Loan advance receivable from key management personnel	4,167	25,000
Transactions during the year with other related parties including key management personnel		
Contribution to provident fund	3,287,386	2,966,389
Contribution to gratuity fund	2,581,032	1,883,507
Sale proceeds of motor vehicles having written down value of Rs. Nil (2013: Rs. Nil)	201,000	576,700

* Age analysis of premium due but unpaid from related paries at the reporting date was:

	2014		2013	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Upto 1 year	30,878,689	-	42,019,972	-
1-2 years	679,233	-	-	-
2-3 years	-	-	-	-
Over 3 years	2,379	2,379	-	-
Total	31,560,301	2,379	42,019,972	

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26.2 Remuneration to the key management personnel are in accordance with the terms of their employment (refer note 25). Contribution to the provident fund is in accordance with the Company's staff services rules.

27. 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.

27.1 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.

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 and third party liabilities etc.

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework indudes 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.

(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 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 based on the management's best estimate which takes into account the past trends, expected future patterns of reporting of claims and the claim actually reported subsequent to the balance sheet date.

There are several variable factors which affect theamount 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; hence, actual amount of incurred but not reported claims may differ from the amount estimated. Outstanding claims are reviewed on a periodic basis.

(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 quali tative 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.

(d) Changes in assumptions

The Company did not change its assumptions for theinsurance contracts as disclosed in above (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 gross claim liabilities, underwriting results, net claim liabilities, profit before tax and shareholder's equity is as follows:

Average claim cost	Underwriting results		Shareholder's equity	
	2014	2013	2014	2013
	(Rupees)			
Fire and property	1,734,707	1,242,804	1,127,560	807,823
Marine and transport	1,119,511	977,979	727,682	635,686
Motor	11,421,067	13,055,281	7,423,694	8,485,933
Bankers Blanket	801,544	3,960,477	521,004	2,574,310
Others	2,596,971	1,533,128	1,688,031	996,533
	17,673,800	20,769,669	11,487,971	13,500,285

Concentration of risk

To optimise benefits form the principle of averageand 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 withthe commercial/ industrial/ residential occupation of the insured. Details regarding the fire separation/ segregation with respect to the manufacturing proce ss, storage, utilities, etc are extracted form the layout plan of the insured facility. Such details are formed 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 (Ins urance Association of Pakistan). For instance, the presence of perfect party walls, double fire proofiron 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 confineinsured 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 precisegeographic 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 sumsinsured, 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 recover ed from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

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

The concentration of risk by type of contracts based on singe risk with maximum exposure is summarised below.

	Gross sum insured		Reinsurance		Net	
	2014	2013	2014	2013	2014	2013
	(Rupees)					
Fire and property	16,630,188,140	4,345,770,786	16,610,188,140	4,333,270,786	20,000,000	12,500,000
Marine and transport	851,366,800	1,867,500,000	830,082,630	1,774,125,000	21,284,170	93,375,000
Motor	12,000,000	15,000,000	11,000,000	13,000,000	1,000,000	2,000,000
Banker's Blanket	2,192,750,001	2,036,125,001	2,129,160,251	1,925,844,000	63,589,750	110,281,001
Others	80,000,000	50,000,000	78,400,000	47,000,000	1,600,000	3,000,000
	19,766,304,941	8,314,395,787	19,658,831,021	8,093,239,786	107,473,920	221,156,001

Claims development tables

The following table shows the development of claims over a period of time on gross basis. For each class of business the uncertainty about the amount and timings of claims paymentsiusually resolved within a year.

Analysis on gross basis

Accident year	2010 and prior years	2011	2012	2013	2014	Total
	(Rupees)					
Estimate of ultimate claims cost:						
At end of accident year	1,212,508,569	208,739,348	459,087,232	582,353,802	611,464,874	3,074,153,825
One year later	1,679,656,825	369,110,568	371,612,554	643,083,916	-	3,063,463,863
Two years later	1,605,721,488	413,289,801	376,535,920	-	-	2,395,547,209
Three years later	1,626,757,755	395,486,241	-	-	-	2,022,243,996
Four years later	1,579,437,845	-	-	-	-	1,579,437,845
Estimate of cumulative claims	1,579,437,845	395,486,241	376,535,920	643,083,916	611,464,874	3,606,008,796
Cumulative payment made to date	(1,555,501,968)	(372,712,408)	(322,340,799)	(523,789,784)	(253,494,484)	(3,027,839,443)
Liability for outstanding claims	23,935,877	22,773,833	54,195,121	119,294,132	357,970,390	578,169,353

27.2 Financial risk management

The Board of Directors of the Company has overall responsibi lity 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:

- Credit risk
- Liquidity risk
- Market risk

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27.2.1 Risk management framework

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regula rly to reflect changes in market conditions and the Company's activities.

27.2.2 Credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument willfail to discharge its obligation and cause the other party to incur afinancial 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 continually assessing the creditworthiness of counterparties.

27.2.2.1 Exposure to credit risk

Credit risk of the Company arises principally from the balances with banks, loans to employees, investments (except for investment in government securities and units of mutual funds), 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 at December 31, is as follows:

		December 31, 2014		December 31, 2013	
		Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
		(Rupees)			
Bank balances	12	181,453,440	181,453,440	230,552,918	230,552,918
Loans to employees	13	1,008,153	1,008,153	961,151	961,151
Investments	14	509,284,722	60,280,800	395,118,853	126,544,602
Premiums due but unpaid	16	191,761,997	191,761,997	145,165,711	145,165,711
Amounts due from other insurers / reinsurers	17	257,463,091	257,463,091	170,746,028	170,746,028
Accrued investment income		34,404,546	34,404,546	20,643,754	20,643,754
Reinsurance recoveries against outstanding claims		461,890,370	461,890,370	422,435,406	422,435,406
Staff retirement benefits	7	-	-	478,691	478,691
Sundry receivables		3,480,191	3,480,191	548,911	548,911
		1,640,746,510	1,191,742,588	1,386,651,423	1,118,077,172

Differences in the balances as per financial statements and maximum exposure in investments is due to investments in government securities of Rs. 380.092million (2013: Rs. 247.175 million) and mutual fun d units of Rs. 68.912 million (2013: Rs. 21.399 million) which are not exposed to credit risk.

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

	Rating Short term	Rating Long term	Rating Agency	2014	2013
				(Rupees)	
United Bank Limited	A-1+	AA+	JCR-VIS	19,780,805	25,738,635
Summit Bank Limited	A-3	A-	JCR-VIS	11,472,696	4,790,897
Khushhali Bank Limited	A-1	A	JCR-VIS	199,939	23,386
				31,453,440	30,552,918

The credit quality of Company's exposure in Term Fi nance Certificates are disclosed in note 14.2.2 of the financial statements.

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The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables as disclosed in note 16 to the financial statements.

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 company manages concentration of credit risk through diversification of activities among individuals, groups and industry segments.

Sector-wise analysis of premium due but unpaid at the reporting date was:

	December 31, 2014		December 31, 2013	
	(Rupees)	%	(Rupees)	%
Automobiles	46,791,962	24.4	32,192,995	22.3
Banks, Modaraba and leasing	70,327,485	36.6	58,322,732	40.1
Textile and composite	45,057,584	23.5	25,228,723	17.3
Sugar	798,664	0.4	500,376	0.3
Chemicals and allied industries	10,627,427	5.5	13,142,701	9.0
Glass, Ceramics and tiles	660,982	0.3	274,035	0.2
Food and confectionary	7,049,724	3.7	6,677,144	4.6
Fuel and energy	3,103,563	1.6	1,526,980	1.0
Others	7,503,585	4.0	7,579,940	5.2
	191,920,976	100	145,445,626	100

Age analysis of premium due but unpaid at the reporting date was:

	December 31, 2014		December 31, 2013	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Upto 1 year	165,107,138	-	132,131,161	-
1-2 years	18,011,536	-	11,885,466	-
2-3 years	8,643,323	-	1,149,084	-
Over 3 years	158,979	158,979	279,915	279,915
Total	191,920,976	158,979	145,445,626	279,915

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 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 withentities rated at least 'BBB' by reputable ratingsagency.
An analysis of all reinsurance assets recognised by the rating of the entity from which it is due is as follows:

	Amount due from other insurers / reinsurers	Reinsurance and other recoveries against outstanding claims	Prepaid reinsurance premium ceded	2014	2013
	(Rupees)				
A or above (including PRCL)	243,600,597	437,020,970	246,370,649	926,992,216	657,293,345
BBB	13,702,991	24,583,250	13,858,811	52,145,052	87,542,074
Others	159,503	286,150	161,317	606,970	16,597,009
	257,463,091	461,890,370	260,390,777	979,744,238	761,432,428

Age analysis of amount due from other insurers / reinsurers at the reporting date was:

	2014		2013	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Upto 1 year	202,883,296	-	135,707,949	-
1-2 years	46,246,066	-	26,419,679	-
Over 2-3years	8,333,729	-	8,618,400	-
Over 3 years	69,276	69,276	-	-
	257,532,367	69,276	170,746,028	-

Age analysis of reinsurance recoveries against outs tanding claims at the reporting date was:

	2014		2013	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Up to 1 year	285,976,894	-	198,544,641	-
1-2 years	95,302,199	-	80,262,727	-
Over 2 years	80,611,277	-	143,628,038	-
	461,890,370	-	422,435,406	-

In respect of the aforementioned insurance and reinsurance assets, the Company takes into account its past history / track record of recoveries and financial position of the counterparties while creating provision for impairment. Further, reinsurance recoveries are made when corresponding liabilities are settled.

27.2.3 Liquidity risk

Liquidity risk is defined as the risk that the Comp any will encounter difficulty in meeting its financ ial 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:

	Carrying Amount	
	2014	2013
	(Rupees)	
Non-Derivative Financial liabilities		
Provision for outstanding claims	578,169,353	509,199,405
Amount due to other insurers / reinsurers	156,488,646	68,778,242
Accrued expenses	20,565,466	21,883,754
Other creditor and accruals	53,954,394	56,760,021
	809,177,859	656,621,422

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

27.2.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices may affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All transactions are carried in Pak Rupees therefore, the Company is not exposed to currency risk. However, the Company is exposed to interest rate risk and other price risk.

27.2.4.1 Interest rate risk

Interest rate risk is the risk that fair value of future cash flow of the financial instrument will fluctuate due to changes in the market interest rates. The Company is expose to interest rate risk only in respect of the following:

	2014							
	Profit rate	Profit / mark-up bearing financial instruments			Non profit / mark-up bearing financial instruments			
	% per annum	Maturity upto one year	Maturity over one to five year	Sub total	Maturity upto one year	Maturity over one to five year	Sub total	Total
		------------------	------------------	(Rupees)	------------------	------------------	------------------	------------------
Financial assets								
Cash and bank deposits	6.50 - 11.75	171,162,554	-	171,162,554	10,290,886	-	10,290,886	181,453,440
Loans		-	-	-	1,008,153	-	1,008,153	1,008,153
Investments	9.96 - 15.0	50,904,798	389,468,173	440,372,971	68,911,751		68,911,751	509,284,722
Security deposits		-	-	-	-	2,700,400	2,700,400	2,700,400
Premium due but unpaid		-	-	-	191,761,997	-	191,761,997	191,761,997
Amount due to other insurers / reinsurers		-	-	-	257,463,091	-	257,463,091	257,463,091
Accrued investment income		-	-	-	34,404,546	-	34,404,546	34,404,546
Reinsurance recoveries against outstanding claims		-	-	-	461,890,370	-	461,890,370	461,890,370
Sundry receivable		-	-	-	3,480,191	-	3,480,191	3,480,191
		222,067,352	389,468,173	611,535,525	1,029,210,985	2,700,400	1,031,911,385	1,643,446,910
Financial liabilities								
Provision for outstanding claims (including IBNR)			-	-	578,169,353	-	578,169,353	578,169,353
Amount due to other insurers / reinsurers		-	-	-	156,488,646	-	156,488,646	156,488,646
Accrued expenses		-	-	-	20,565,466	-	20,565,466	20,565,466
Other creditors and accruals		-	-	-	53,954,394	-	53,954,394	53,954,394
		-	-	-	809,177,859	-	809,177,859	809,177,859
Interest rate risk sensitivity gap		222,067,352	389,468,173	611,535,525				
Cumulative interest rate risk sensitivity gap		222,067,352	611,535,525					

	2013							
	Profit rate % per annum	Profit / mark-up bearing financial instruments			Non profit / mark-up bearing financial instruments			Total
		Maturity upto one year	Maturity over one to five year	Sub total	Maturity upto one year	Maturity over one to five year	Sub total	
		(Rupees)						
Financial assets								
Cash and bank deposits	6.00-11.25	219,001,347	-	219,001,347	11,551,571	-	11,551,571	230,552,918
Loans		-	-	-	961,151	-	961,151	961,151
Investments	8.97-15.5	253,185,082	120,534,446	373,719,528	21,399,325	-	21,399,325	395,118,853
Security deposits		-	-	-	-	1,491,040	1,491,040	1,491,040
Premium due but unpaid		-	-	-	145,165,711	-	145,165,711	145,165,711
Amount due to other insurers / reinsurers		-	-	-	170,746,028	-	170,746,028	170,746,028
Accrued investment income		-	-	-	20,643,754	-	20,643,754	20,643,754
Reinsurance recoveries against outstanding claims		-	-	-	422,435,406	-	422,435,406	422,435,406
Sundry receivable		-	-	-	548,911	-	548,911	548,911
		472,186,429	120,534,446	592,720,875	793,451,857	1,491,040	794,942,897	1,387,663,772
Financial liabilities								
Provision for outstanding claims (including IBNR)		-	-	-	509,199,405	-	509,199,405	509,199,405
Amount due to other insurers / reinsurers		-	-	-	68,778,242	-	68,778,242	68,778,242
Accrued expenses		-	-	-	21,883,754	-	21,883,754	21,883,754
Other creditors and accruals		-	-	-	56,760,021	-	56,760,021	56,760,021
		-	-	-	656,621,422	-	656,621,422	656,621,422
Interest rate risk sensitivity gap		472,186,429	120,534,446	592,720,875				
Cumulative interest rate risk sensitivity gap		472,186,429	592,720,875					

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Fair value sensitivity analysis for fixed rate inst ruments

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.

Cash flow sensitivity analysis for variable rate in struments

The Company is exposed to cash flow interest rate r isk in respect of its balances with profit and loss sharing account with banks and term finance ce rtificates. A change of 100 basis points in interest rates at the year end would not have material impact on profit for the profit for the year and equity of the Company.

27.2.4.2 Equity price risk

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of KSE-100 Index and the value of individual shares. The equity price risk exposure arises from the Company's investments in e quity securities and units of mutual funds. This arises from investments held by the Company for which prices in the future are uncertain. The Company policy is to manage price risk through diversification and selection of securities within specified limits set by the management.

The Management monitors the fluctuations of prices of equity securities on regular basis. The Company also has necessary skills for monitoring and managing the equity portfolio in line with fluctuations of the market.

Market prices are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

27.2.4.3 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 foreign rates The Compnay, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

27.3 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate theirfair values, except for certain equity and debt instruments, held whose fair values have been disclosed in their respective notes to these financial statements.

The fair value hierarchy has not been presented as the Company's investments are stated at cost as per the Company's accounting policy (refer note 4.10.2).

28. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safe guard 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 businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

The Company currently meets the paid up capital requirement as required by Securities and Exchange Commission of Pakistan.

29. PROVIDENT FUND RELATED DISCLOSURE

The followoing is based on un-audited financial statements for the year ended 31 December 2014 and audited financial statement for the year ended 31 December 2013:

	2014	2013
	(Rupees)	
Size of the fund - Net Assets	34,590,201	30,763,298
Cost of investments	31,979,674	29,924,801
Percentage of investments made	92.45%	97.27%
Fair value of investments	32,365,124	30,245,623

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

	2014	2013	2014	2013
	Percentage		(Rupees)	
Bank balances	1.0%	0.16%	330,085	48,584
Pakistan investment bonds	53.5%	0.00%	17,285,388	-
Market treasury bills	36.8%	84.54%	11,918,476	25,569,518
Mutual Funds	8.7%	15.30%	2,831,175	4,627,521
	100.0%	100.00%	32,365,124	30,245,623

29.2 The above investment / placement of funds in special bank account has been made in accordance with the provision of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

30. NUMBER OF EMPLOYEES

The number of employees as at / average during the year are as follows:	2014	2013
At the year end	173	157
Average during the year	167	153

31. RECLASSIFICATION

Following reclassifications have been made in these financial statements in order to give better and more appropriate presentation:

	From	To	2013
			(Rupees)
Reinsurance and other recoveries against outstanding claims	Provision for outstanding claims (including IBNR)	Reinsurance and other recoveries against outstanding claims	91,805,327

32. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors in their meeting held on February 16, 2015

Chief Executive Officer | Director | Director | Chairman

Head Office
UBL Insurers Limited Building
126-C, Jami Commercial
Street No. 14, Phase – VII,
DHA, Karachi-Pakistan.
UAN: 021-111-845-111
Phone No: 021-35314 508
Fax No: 021-35314 504

Karachi Branch
Uni Tower, 6th Floor,
I. I. Chundrigar Road
Karachi
Phone No: 021-32465 123
021-32465 124

Corporate Branch
3rd floor, UBL Insurers Limited Building
126-C, Jami Commercial
Street No. 14, Phase – VII,
DHA, Karachi-Pakistan.
UAN: 021-111-845-111 (EXT: 7829, 7838)
Phone Number: 021-35314 513, 35314 515
Fax: 021-35314 516

DHA Branch
4th floor, UBL Insurers Limited Building
126-C, Jami Commercial
Street No. 14, Phase – VII,
DHA, Karachi-Pakistan.
UAN: 021-111-845-111 (EXT : 7830)
Phone Number: 021-35314 519
Fax: 021-35314 504

Hyderabad Branch
Office NO. 3, 4 & 5,
Mezzanine Floor, MASKAN COMPLEX,
Old Rahat Cinema, Near Risala Road,
Hyderabad
Phone Number: 022-2784501
Fax: 022-2784 439

Peshawar Office,
Unit #.TF-53 & 54, 3rd Floor,
Deans Trade Centre,
Peshawar Cantt.
Phone Number: 091-2572 175-6

City Branch
Room # 608 & 609,
Uni Tower, 6th Floor,
I. I. Chundrigar Road
Karachi
Phone Number: 021-32424 707
32424 699
Fax: 021-32424 689

Islamabad Branch
Benazir Plaza, 3rd Floor, 72-West,
Opp: Saudi Pak Tower,
Jinnah Avenue, Blue Area,
Islamabad.
UAN: 051-111-845-111
Phone Number: 051- 2803 226
Fax: 051-2803 230

Faisalabad Branch
P – 72 /2, 3rdfloor,Chiragh Plaza,
Liaquat Road,
Faisalabad
UAN: 041-111-845-111
Phone Number: 041-2602 222
Fax: 041-2606 058

Multan Branch
Chen One Tower,
3rd floor, 74 – Abdalli Road,
Multan
UAN: 061-111-845-111
Phone Number: 061- 4500 171
Fax: 061-4500 170

Lahore Branch
C- 306, 3RD Floor, City Tower, 6 K,
Main Boulevard, Gulberg –II,
Lahore
UAN: 042-111-845-111
Phone Number: 042- 35788 960
042-35770 029
Fax: 042-3577 0406

Jami Commercial
4th floor, UBL Insurers Limited Building
126-C, Jami Commercial
Street No. 14, Phase – VII,
DHA, Karachi-Pakistan.
UAN: 021-111-845-111 (EXT : 7830)
Phone Number: 021-35314 519
Fax: 021-35314 504