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got you
covered**



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CHAIRMAN'S MESSAGE



It is of great pleasure for me to present the Annual Report of the Company for the year ended December 31, 2020. As I reflect on 2020, the world clearly appears to have been tremendously and deeply affected by the COVID-19 pandemic and without a doubt we are yet to see the end of it. The pandemic resulted in unprecedented effects globally, especially on the loss of precious human lives. And on behalf of the Board of Directors, I convey our heartfelt condolences for all those who have lost their loved ones during this difficult time. Despite the challenges faced by the economy, your Company has managed to show a good improvement and completed another successful year 2020. Its combined gross premium and contribution income increased by Rs. 96.28million representing 16.49% increase from previous year. The profit after tax has increased by Rs. 38.98 million

representing 1,679.45% increase from previous year. The profit before tax has also increased by Rs. 87.02 million from previous year. I am happy to mention that our journey of progress and accomplishments is continuing despite economic challenges faced by the country in 2020. This continued sustainability and improvement in business and operations of the Company would not have been possible without the untiring hard work of the field force, back office staff and professional management of the Company. I am confident that the Company's spirited manpower will continue their hard work to increase the market share of your Company to a well-deserved level commensurate with its peers. The new business strategy for 2021 approved by your Board of Directors is aimed at growth and expansion in leaps and bounds. The continued sustainability will be sustained to encourage all stakeholders of the Company including its employees, management, shareholders and its valued client. Under the able guidance of its illustrious Board of Directors, the management and staff of Asia Insurance Company will continue to remain committed to their vision, mission and core values. Your Company will continue to capitalize the new opportunities and the development of new products and services to achieve the fulfillment of its insurance potential. In addition to our dedicated staff and management, I would like to also thank Securities and Exchange Commission of Pakistan, State Bank of Pakistan, Members of Pakistan Banking Council, our Auditors, brokers and above all our valued clients for their continued support and confidence in us.

Chairman



Our Vision

Asia Insurance Company Limited aims to be an ideal Insurance company with a large equity base; to provide more opportunities and options for utilization of funds and to increase profitability through economies of scale, better resource mobilization and reduction in operational cost; to achieve this while providing better service to our clients and stakeholders.

Our Mission

Provide excellent services by way of best risk management and hassle-free settlement of claims through a nation-wide network of branches manned by a sound and dynamic team to ensure good governance.



Core Value

Dedication towards customer services, motivated personnel, reward them and enhance their skills, Contribute towards Company's financial goals and focus on achieving results, Commitment towards excellence in quality of work.

COMPANY INFORMATION

Chairman	Mr. Khalid Rashid (Over 40 Year Experience in Insurance Industry)
Chief Executive	Mr. Ihtsham ul Haq Qureshi (Prince Henrik Medal of Honour by Royal Kingdom of Denmark)
Directors	Mr. Khawaja Suhail Iftikhar (Former General Manager of PIA) Mr. Ihtsham ul Haq Qureshi (Prince Henrik Medal of Honour by Royal Kingdom of Denmark) Mrs. Nosheen Ihtsham Qureshi (Tamgha-e-Imtiaz by Government of Pakistan) Mr. Zain ul Haq Qureshi Mr. Khalid Rashid (Over 40 Year Experience in Insurance Industry) Mr. Hassan Ahmed Khan Mr. Thibaud Ponchon (Nominee Director of InsuResilience Investment Fund SICAV RAIF, Luxembourg)
Audit Committee	Mr. Hassan Ahmed Khan (Chairman) Mr. Khalid Rashid (Member) Mr. Thibaud Ponchon (Member) Mr. Khawaja Suhail Iftikhar (Member) Mr. Iftikhar Ahmed (Secretary)
Legal Advisor	Barister Munawar-us-Salam Cornelius, Lane & Mufti, Advocates and Solicitors, Nawa-e-Waqt Building, 4-Shahra-e-Fatima Jinnah, Lahore.
Sharia Advisor	Mufti Muhammad Akhlaq
Share Registrar	Corplink (Pvt.) Limited, Wings Arcade, 1-K, Model Town, Lahore.
CFO	Mr. Muhammad Ali Raza (ACA)
Company Secretary/ Compliance Officer	Ms. Shazia Hafeez (B.Sc.) (LL.B.)
Internal Auditor	Mr. Iftikhar Ahmed (MBA) (APFA) (CICA) (CAF)
Auditors	BDO Ebrahim & Company Chartered Accountants.
Actuary	Anwar Associate

Management Committees

Risk Management & Compliance Committee

Mr. Zain ul Haq Qureshi	Chairman
Mr. Shahbaz Hameed	Member
Mr. Muhammad Masood	Member
Ms. Shazia Hafeez	Secretary

Underwriting committee

Mr. Khalid Rashid	Chairman
Mr. Zain ul Haq Qureshi	Member
Mr. Mustajab Ahmed	Member
Mr. Amjad Rao	Secretary

Claim settlement Committee

Mr. Khawaja Suhail Iftikhar	Chairman
Mr. Shahbaz Hameed	Member
Mr. Hassan Ahmad Khan	Member
Mr. Asif Ali Mughal	Secretary

Reinsurance & Co-insurance Committee

Mr. Khalid Rashid	Chairman
Mr. Zain ul Haq Qureshi	Member
Mr. Mohammad Ali Raza	Member
Mr. Muhammad Masood	Secretary

Board Committees

Ethic, Human Resource & Remuneration Committee

Mr. Hassan Ahmad Khan	Chairman
Mrs. Nosheen Ihtsham	Member
Mr. Ihtisham ul Haq Qureshi	Member
Mr. Shahbaz Hameed	Secretary

Investment Committee

Mr. Ihtisham ul Haq Qureshi	Chairman
Mr. Zain ul Haq Qureshi	Member
Mrs. Nosheen Ihtsham	Member
Mr. Hassan Ahmed Khan	Member
Mr. Mohammad Ali Raza	Secretary

Audit Committee

Mr. Hassan Ahmed Khan	Chairman
Mr. Khalid Rashid	Member
Mr. Thibaud Ponchon	Member
Mr. Khawaja Suhail Iftikhar	Member
Mr. Iftikhar Ahmed	Secretary

MANAGEMENT

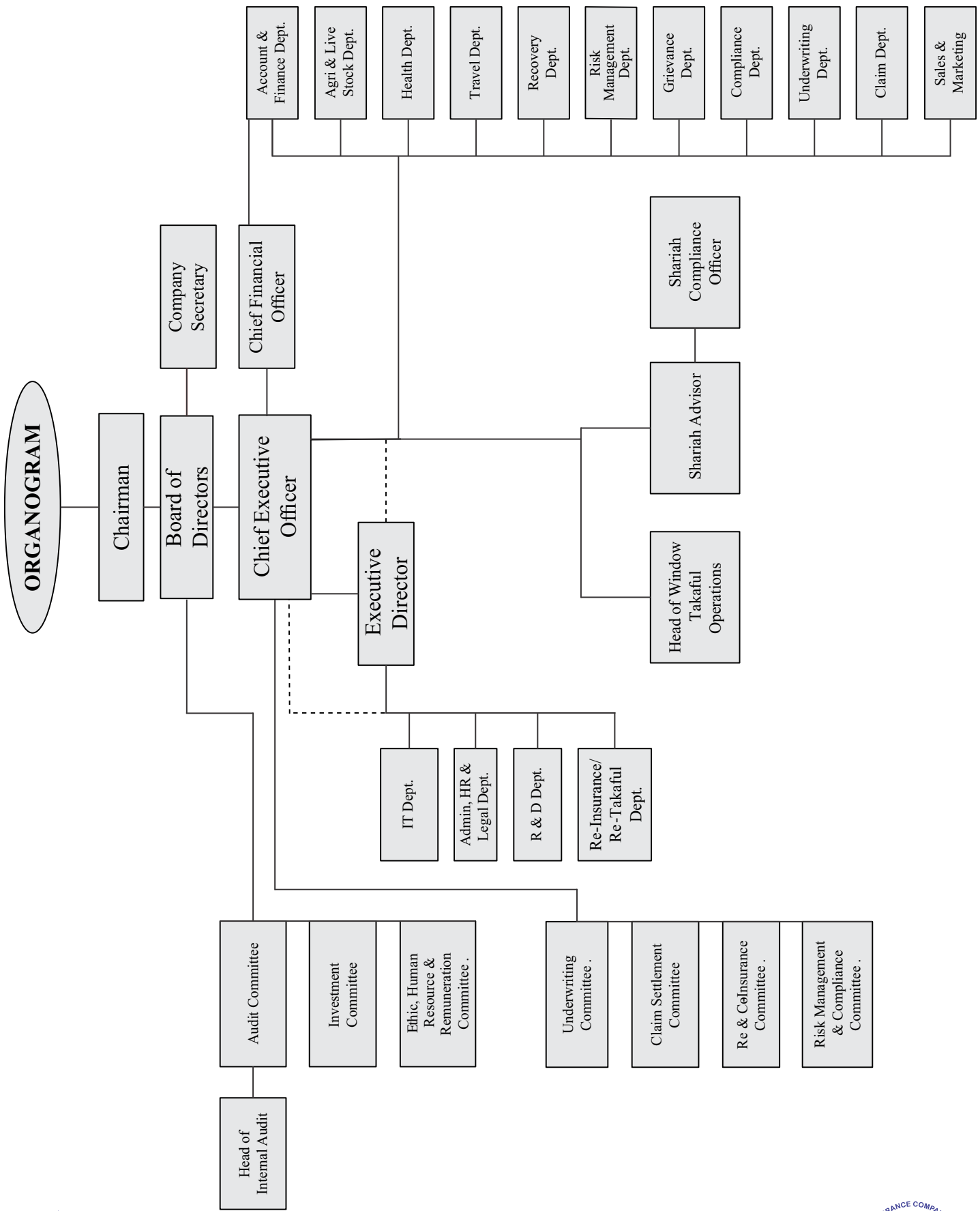
Mr. Ihtsham ul Haq Qureshi	Chief Executive Officer
Mr. Zain ul Haq Qureshi	Executive Director
Mr. Muhammad Ali Raza	Chief Financial Officer
Ms. Shazia Hafeez	Company Secretary & Compliance Officer
Mr. Riaz Hussain Shah	Executive Vice President (EVP)
Mr. Shahbaz Hameed	Deputy General Manager HR/Admin & Legal Head
Mr. M. Amjad Rao	Deputy General Manager/Controller of Branches
Mr. Gulfaraz Anis	Assistant General Manager MIS
Mr. Abdul Hamid	Head of Takaful
Mr. M. Imran Qureshi	Agri & Corporate Head
Dr. Asrar Hussain Ch.	VP Live Stock Projects.
Mr. Muhammad Ahmad Chauhan	Head of Corporate Health
Mr. Iftikhar Ahmad	Head of Internal Audit
Mr. Omer Yousaf	Senior Manager Accounts
Mr. Mustjab Ahmed	Manager Co-Insurance Underwriting/Head of Department
Mr. Muhammad Masood	Manager Reinsurance/Head of Department
Mr. Asif Ali Mughal	Manager Claims/Head of Department
Mr. Amjad Hussain	Manager Travel & Recovery/Head of Department
Mr. Faisal Mehmood Qureshi	Manager Underwriting/Head of Department
Mr. Asif Masood Bhatti	General Manager South

Registered & Head Office: Asia House, 19 C/D Block-L, Gulberg III, Main Ferozpur Road, Lahore, Pakistan.

Phone: +92-42-35865575-78

Fax: +92-42-35865579

UAN: +92-311-111-ASIA (2742)



Statement Of Ethics:

All Directors and staff are required to:

- Act with integrity, dignity and in an ethical manner when dealing with the public, clients and peers.
- Protect the confidentiality of client information at all times except where required by law to disclose it.
- Protect the confidentiality of information relating to the Company both during the course of Directorship or employment (as the case may be) and after its' termination (regardless of reason).
- Obtain written permission from the Company's Compliance Officer (or the Chief Executive Officer in the event that the Compliance Officer is Unavailable) to hold any position (paid or unpaid) with any outside party, firm or organization. For clarity, positions covered include but are not limited to consultant, employee, Director, representative and agent. Directors are exempt from the requirement.
- Maintain accurate records of business transactions related to the Company or its clients.
- Report any business or professional activity that may result in a conflict with or be competitive with the interest of the Company.
- Report any person or activity to the Compliance Officer or their opinion is in violation of this statement.
- Disclose their shareholding in the Company's securities upon agreement and any changes in shareholding within 24 hours of any such change.
- Every Director and employee who has knowledge of confidential material information of the Company's affairs is prohibited from trading in shares of the Company.

Statement Of Business Practices

- **Uncompromising Integrity:**

Our business is founded on trust and we manage it ethically, lawfully and fairly. It is our objective to conduct business with reputable clients and business partners who are involved in lawful business activities. We do not facilitate money laundering.

- **Clients' Interest:**

Nothing we do is more important than shielding and preserving our clients' lawful interests. We hold responsibilities towards our clients in the highest regard.

- **Entrepreneurship:**

We work hard every day to hire the best people, stimulate them, reward them and endorse them to innovate. We are an equal opportunity employer.

- **Zeal for Performance:**

We contribute towards our Company's financial goals and focus on achieving better results.

- **A Culture of Distinction:**

We measure our performance on every task we undertake not just by the results but also by the quality of our work.

- **A Tradition of Success:**

While we are fair and ethical at all times, we compete fairly with the quality and the price of our innovative products and services, not by offering improper benefits to others. Employees are not permitted to use their jobs to solicit, to demand, accept, obtain or be promised advantages.

PRODUCTS AND SERVICES

a. CONVENTIONAL INSURANCE BUSINESS:

• **Motor Insurance**

We provide complete Auto Insurance plans for both individuals and corporate clients, covering accidental damage, theft, snatching, armed hold up, third party liability and terrorism. This is backed up with the liberty to have your vehicle repaired at the workshop of your own choice.

• **Property Insurance**

We provide insurance coverage to your homes, offices & factories against accidental fire, lightning and allied perils like Riot & Strike Damage, Malicious Damage, Earthquake (Fire and Shock), Explosion, Atmospheric Disturbance, Impact Damage, Burglary etc.

• **Marine Insurance**

We provide insurance coverage for the imports and exports of consignments, loss or damage of cargo during transit by air, sea and rail/road. It also covers dispatching of finished goods from the insured's premises to anywhere within and outside Pakistan.

• **Agriculture Insurance**

We provide insurance coverage against agriculture loans disbursed by banks, which cover insurance of crops and livestock, as well as farm implements like tractors and harvesters.

• **Travel Insurance**

We provide bank guarantees for travel agents and travel insurance service for our corporate clients, individuals, students and special packages for Hajj and Ummrah tour operators and groups. Our travel insurance policies are approved for travel around the world, including the Schengen States.

• **Miscellaneous Insurance**

We also provide customized insurance solutions for our corporate clients, the covers range from the insurance of engineering projects to electrical equipment and machinery breakdown, contractor all risks, erection all risk, bonds and guarantees.

• **Health Insurance**

We provide health insurance services to corporate employees and their families to safe guard against injuries and accidents in the course of daily life. We are also providing personal accident insurance for individuals and special policy for school going children.

PRODUCTS AND SERVICES

b. TAKAFUL BUSINESS:

- **Motor Takaful**

We offer complete Auto Takaful plans for both individuals and corporate clients, covering accidental damage, theft, snatching, armed hold up, third party liability and terrorism. This is backed up with the liberty to have your vehicle repaired at the workshop of your own choice.

- **Property Takaful**

We provide Takaful coverage to your homes, offices & factories against accidental fire, lightning and allied perils like Riot & Strike Damage, Malicious Damage, Earthquake (Fire and Shock), Explosion, Atmospheric Disturbance, Impact Damage, Burglary etc.

- **Marine Takaful**

We provide Takaful coverage for the imports and exports of consignments, loss or damage of cargo during transit by air, sea and rail/road. It also covers dispatching of finished goods from the insured's premises to anywhere within and outside Pakistan.

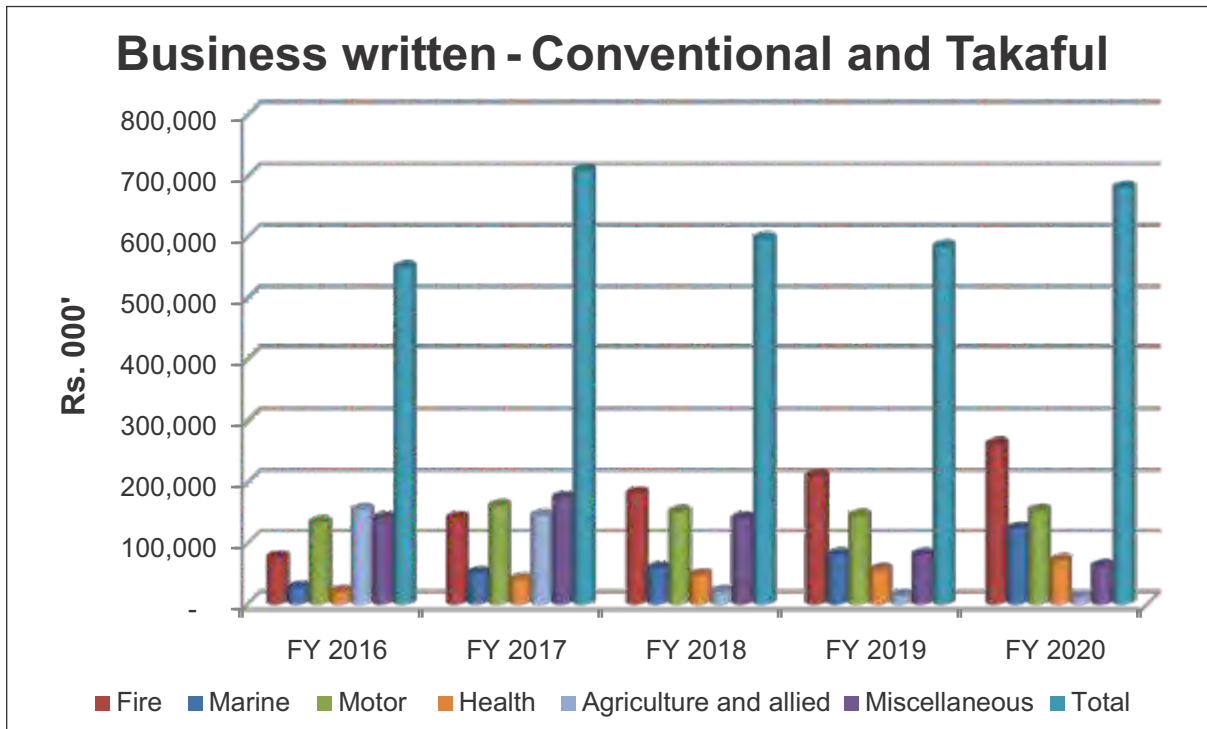
- **Miscellaneous Takaful**

We also provide customized Takaful solutions for our corporate clients, the covers range from the Takaful of engineering projects to electrical equipment and machinery breakdown, contractor all risks, erection all risk, money Takaful, plate glass.

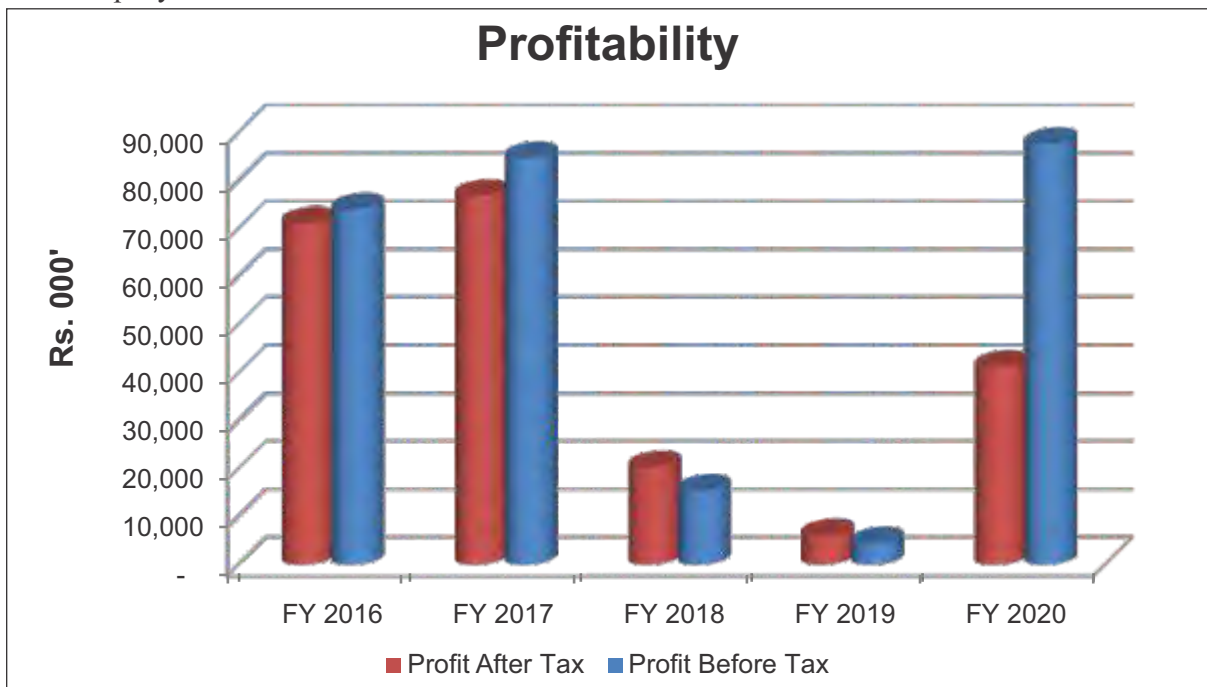
- **Health Takaful**

We provide health takaful services to corporate employees and their families to safe guard against injuries and accidents in the course of daily life. We are also providing personal accident takaful for individuals.

Financial Highlights – Performance at a glance
 (Graphical Presentation)
 (Rupees in Thousand)

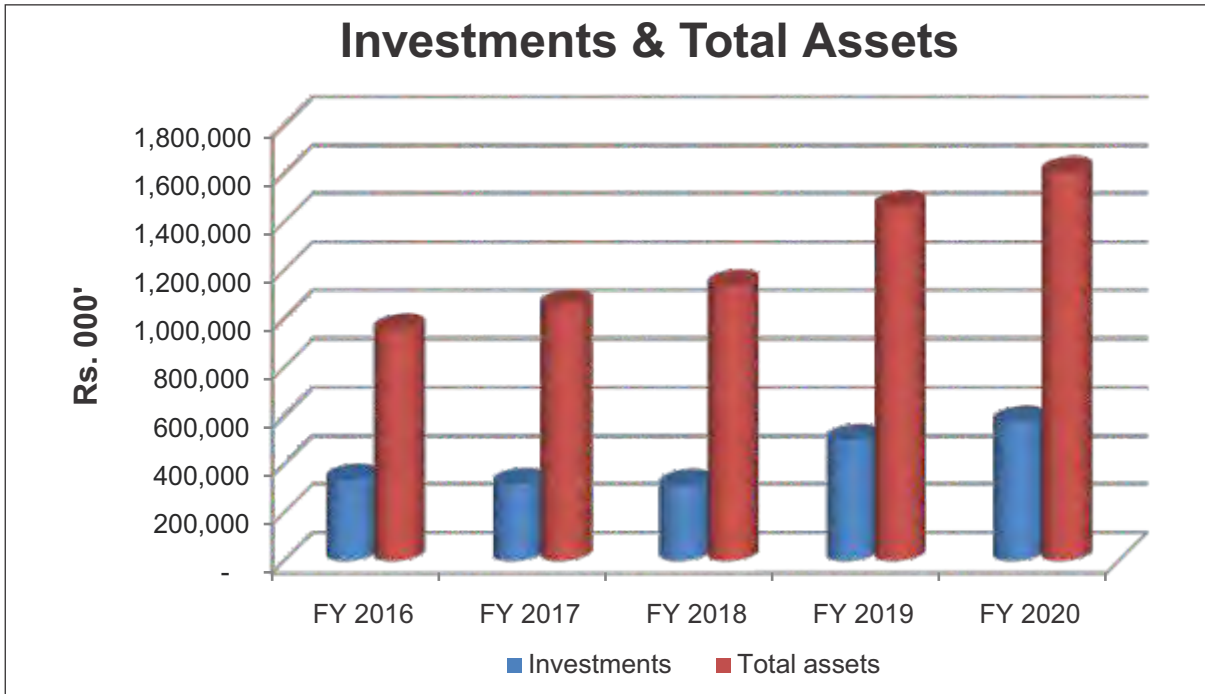


The company has sustained its premium and contribution growth for the third year in a row, with a small dip in the last year. The company's consistent drive for growth and its sustenance, stamps the credibility of the Company among its customers and shows the bright future of the Company.

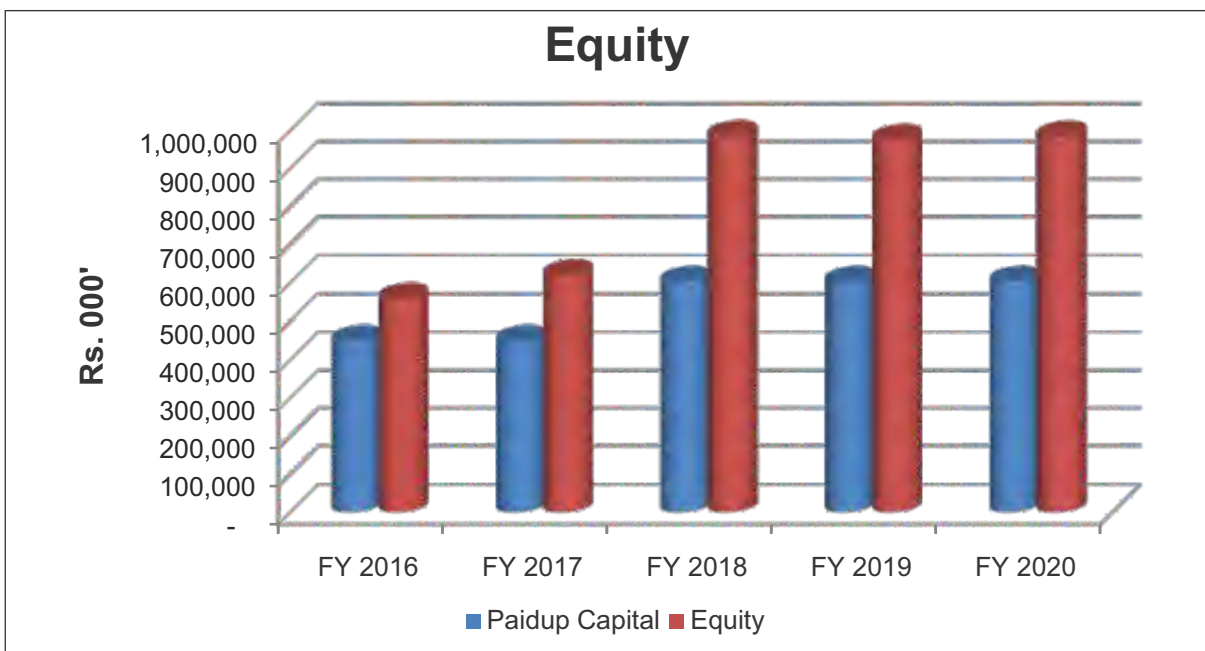


With the adverse economic indicators, the company still managed to post profit along with expansion of its branch network. It also reflects management's best utilization of resources to generate benefits for all stakeholders specially shareholders

Financial Highlights – Performance at a glance
 (Graphical Presentation)
 (Rupees in Thousand)



Healthier increase in total assets over the period of 5 years, shows company's prudent policies regarding safety of regarding safety of shareholders' investments along with growth.



Consistent hard work and diligent business strategy adopted by the Company's management resulted in persistent growth in the value of shareholder's wealth, except for 2019 which shows a 1% minuscule dip due to changes in the applicable accounting standards.

Financial Highlights - Performance at glance
(Graphical Presentation)
(Rupees in Thousand)

Key operating and financial data for the last six years are as follows:

	2020	2019	2018	2017	2016	2015
Rupees in Thousands						
CONVENTIONAL						
Paidup Capital	603,373	603,373	603,373	450,000	450,000	300,000
Total Assets	1,736,613	1,603,980	1,464,002	1,136,324	1,039,241	952,688
Equity	984,887	963,586	977,546	621,087	543,829	488,142
Cash and Bank Deposits	116,685	202,790	316,248	243,196	116,140	70,721
Gross Premium	607,062	523,656	521,370	659,319	540,234	450,173
Net Premium Revenue	471,450	437,893	480,215	527,728	420,122	347,054
Gross Claim Paid	238,051	170,907	194,584	188,544	124,004	87,142
Net Claim Expense	145,131	131,677	136,964	179,238	95,338	64,193
Under Writing Profit/(Loss)	(25,571)	(67,990)	(19,527)	(17,495)	15,394	80,341
Profit/(Loss) Before Tax	87,623	606	7,085	84,669	73,955	93,261
Profit/(Loss) After Tax	41,301	2,321	11,943	76,795	71,099	68,325
Investment Income/(Loss)	110,631	52,855	10,778	(30,084)	51,676	12,926
Earnings Per Share(Rs.)	0.68	0.04	0.21	1.71	1.58	1.52
TAKAFUL						
PTF						
Gross Contribution	73,003	60,120	42,584	27,579	11,801	-
Net Contribution Revenue	23,735	17,280	8,433	(1,490)	(6,967)	-
Gross Claim Paid	27,217	3,815	5,039	2,751	1,585	-
Net Claim Expense	23,977	12,218	5,662	4,055	1,976	-
Under Writing Profit/(Loss)	172	4,602	2,754	(5,563)	(9,024)	-
Investment Income	-	-	-	-	-	-
OPF						
Investment Income	-	-	-	79	318	-

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that 40th Annual General Meeting “AGM” of the members of the Asia Insurance Company Limited (the “Company”) will be held on Thursday, 29th April, 2021, at 2:30 PM at 19 C/D, Block L, Gulberg III, Lahore, via video conferencing, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of Extraordinary General Meeting held on January 9, 2021
2. To receive, consider, and adopt the Audited Annual Accounts of the Company for the year ended December 31, 2020 together with the Chairman's Review Report, Directors' and Auditors' report thereon.
3. To appoint Auditors of the Company for the year ending 31 December 2021 and fix their remuneration. The present auditors M/s BDO Ebrahim & Co., Chartered Accountant, being eligible, have offered themselves for re-appointment.
4. To approve and declare the final cash dividend for the year ended 31 December 2020 @ Re. 1 per share i.e. 10% as recommended by the Board of Directors and issuance of bonus shares at 10% i.e. 1 share for every 10 shares held.
5. To consider any other business of the Company with the permission of the Chair.

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

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

- (a) AGM will be held through Zoom Application – a video link facility.
- (b) Shareholders interested in attending the AGM through Zoom Application will be requested to get themselves registered with the Company Secretary office at least 2 working days before AGM at email address corporate@asiainsurance.com.pk or may whatsapp or sms on 03154008755 by providing the following detail:

Name of Shareholder	CNIC No	Folio/CDS No	Cell No	Email Address

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

- (c) Shareholders may send their comments and suggestions relating to the agenda items of the AGM to the Company Secretary Office at least two working days before the AGM at corporate@asiainsurance.com.pk or may whatsapp or sms on 03154008755. Shareholders are required to mention their full name, CNIC no. and folio/CDS no. for this purpose.

By order of the Board

**Lahore
April 6, 2021**

**Shazia Hafeez
Company Secretary**



NOTES:

1. The Share Transfer Books of the Company will remain closed from 23-04-2021 to 29-04-2021 (both days inclusive). Transfers received by our Shares Registrar M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K, Model Town, Lahore, by the close of business on 22-04-2021 will be treated as being in time for the purpose of entitlement of final cash dividend and bonus shares to the transferees and to attend and vote at the AGM.
2. A Member entitled to attend and vote at the meeting may appoint another Member as his/her proxy to attend the meeting and vote for him/her. Instruments appointing proxies, in order to be effective, must reach the Registered Office of the Company not less than 48 hours before the meeting, duly signed / notarized certified copy, as the case may be.
3. Shareholders are required to immediately notify the company of any change to their postal addresses.
4. CDC Account Holders are required to follow guidelines provided in Circular 1, dated January 26, 2000 (issued by the Securities and Exchange Commission of Pakistan):

Attending the Meeting

- I. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall authenticate their identity by showing their original CNIC or original passport at the time of attending the meeting.
- ii. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominee (along with CNIC) shall be produced at the time of the meeting.

Appointing Proxies

- i. In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as provided above.
- ii. The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his original CNIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature (and attested copy of CNIC of nominee) shall be submitted along with proxy form to the Company.
5. Members are requested to notify/submit the following in case of book entry securities in CDC to respective CDC participants and in case of physical shares to the Company's Share Registrar, if not earlier provided/notified:
 - a. Change in their addresses
 - b. Valid and legible photocopies of CNIC, for individual and NTN both for individual & corporate entities.
6. The members holding in aggregate 10% or more shareholding residing in the city, can also avail video conference facility under the provisions of section 134 (1) (b) of the Act to participate in the meeting. The consent of such members must reach at the registered office of the Company at least 10 days before the meeting.
7. Pursuant to Notification vide SRO 787, 10/2014 dated September 8, 2014, the Securities and Exchange Commission of Pakistan has directed all the companies to facilitate their members receiving annual financial statements and notice of AGM through electronic mail system. The Company is pleased to offer this facility to its valued members who desire to receive annual financial statements and notices through email in future.

In this regard, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available on the Company's website.
8. Pursuant to SECP directives vide Circular No.19/2014 dated October 24, 2014 SECP has directed all companies to inform shareholders about changes made in the section 150 of the Income Tax Ordinance, we hereby advise shareholder as under;
 - (I) The Government of Pakistan through Finance Act, 2019, effective from July 1, 2019, has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:
 - a. for filers of income tax returns: 15 %
 - b. for non-filers of income tax returns: 30 %

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @30% instead @15%.

- (ii) In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax be deducted by the Company on the basis of shareholding of each joint-holder as may be notified to the Company in writing. The joint-holders are, therefore, requested to submit their shareholdings otherwise each joint-holder shall be presumed to have an equal number of shares.
 - (iii) For any query / problem / information, the investors may contact the Company and / or the Share Registrar at the following phone numbers & email address. The contact number of Company Secretary is 042-35865574-78 & email (as given above) and the contact numbers of Shares Registrar M/s Corplink (Pvt.) limited, is (042) 35916714, 35916719, 35839182 and email: corplink786@gmail.com/shares@corplink.com.pk.
 - (iv) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.
9. Members can exercise their right to demand a poll subject to meeting requirements under Sections 143-145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018
 10. In compliance of Section 244 of the Act, the Company uploaded the details of unclaimed dividend on its website and submitted a statement to the Commission through e-services portal, stating the amount of dividend, which remained unclaimed for a period of 3 years from the date it was due.
 11. financial statements and reports have been placed on the website of the Company www.asiainsurance.com.pk
 12. The Company has circulated financial statements to its members through CD at their registered address, printed copy of above referred statement can be provided to members upon request.

13. Electronic Dividend Mandate:

Under Section 242 of Companies Act, 2017, it is mandatory for all listed companies to pay cash dividend to its shareholders through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive dividend directly into their bank account, shareholders are requested to fill in Bank Mandate Form (if not already provided) for Electronic Credit of Cash Dividend, available on the Company's website, and send it duly signed along with a copy of CNIC to the Share Registrar, M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K, Model Town, Lahore, in case of physical shares.

In case of shares held in CDC, the Electronic Dividend Mandate Form must be directly submitted to shareholder's brokers/participant/CDC account services.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders.

14. Deposit of Physical Shares into CDC Accounts:

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the SECP with in a period not exceeding four years from the commencement of the Companies, Act, 2017.

The shareholders having physical shareholding may open CDC sub-account with any of the brokers or investor account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want as the trading of the physical shares is not permitted as per existing regulations of Pakistan Stock Exchange.

15. Form of Proxy is enclosed.

14. CDC اکاؤنٹ میں فزیکل شیئرز کو جمع کرنا

کمپنیز ایکٹ 2017ء کے سیکشن 72 کے تحت ہر موجودہ کمپنی کے لئے اپنے فزیکل شیئرز کو طے شدہ وضع اور کمپنیز ایکٹ 2017ء کے اطلاق سے 4 سال کے عرصہ میں SECP کی مقررہ تاریخ کے مطابق بک اینٹری فارم میں تبدیل کرنا لازمی ہے۔ فزیکل شیئرز ہولڈنگ کے حامل حصص داران کسی بھی بروکر یا انویسٹر اکاؤنٹ کی مدد سے CDC ذیلی اکاؤنٹ کھول سکتے ہیں۔ تاکہ وہ اپنے فزیکل شیئرز غیر دستاویزی صورت میں رکھ سکیں۔ اس طرح سے انہیں کئی سہولیات میسر آئیں گی اس میں پاکستان اسٹاک ایکسچینج کے موجودہ ضوابط کے تحت فزیکل شیئرز میں تجارت کی اجازت نہ ہونے کی وجہ سے حصص کا محفوظ قبضہ اور فروخت شامل ہے۔

15. پراکسی فارم لف ہذا ہے۔

8. SECP کے مورخہ 24 اکتوبر 2014ء کے مراسلہ نمبر 19/2014 کی روشنی میں تمام کمپنیوں کو انکم آرڈیننس کے سیکشن 150 میں تبدیلی سے متعلق حصص داران کو آگاہ کرنے کی ہدایت جاری کی گئی ہے۔ لہذا ہم حصص داران کو حسب ذیل تجویز کرتے ہیں:

(i) حکومت پاکستان نے یکم جولائی 2019ء سے مؤثر بذریعہ فائننس ایکٹ 2019 انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 میں چند ترامیم کی ہیں۔ جس کے مطابق کمپنیوں کی جانب سے ادا شدہ منافع منقسمہ کی رقم پر وہولڈنگ ٹیکس کی کٹوتی کے لئے مختلف شرح تجویز کی گئی ہے۔ ٹیکس کی شرح حسب ذیل ہے

a. انکم ٹیکس گوشواروں کے فائلرز کے لئے: 15 فی صد

b. انکم ٹیکس گوشواروں کے نان فائلرز کے لئے: 30 فی صد

کمپنی کو نقد منافع منقسمہ پر 30 فی صد کی بجائے 15 فی صد کی شرح پر ٹیکس کٹوتی کا اہل بنانے کے لئے FBR کی ویب سائٹ پر فائلر ہونے کے باوجود فعال ٹیکس دہندگان کی فہرست (ATL) میں غیر موجود تمام حصص داران کو تجویز دی جاتی ہے کہ وہ نقد منافع منقسمہ کی ادائیگی سے قبل ATL میں اپنے نام کے اندراج کو یقینی بنائیں بصورت دیگر نقد منافع منقسمہ پر 15 فی صد کی بجائے 30 فی صد کی شرح سے ٹیکس کی کٹوتی ہوگی۔

(ii) دو یا زائد حصص داران کے نام پر حصص کے اندراج کی صورت میں ہر مشترکہ ہولڈر کو انفرادی طور پر فائلر یا نان فائلر کی حیثیت میں زیر غور لایا جائے گا اور کمپنی کو تحریری طور پر آگاہ کی گئی ہر شریک ہولڈر کی شیئر ہولڈنگ کی بنیاد پر کمپنی ٹیکس کی کٹوتی کرے گی۔ لہذا مشترکہ ہولڈرز کو اپنی شیئر ہولڈنگ سے متعلق آگاہ کرنے کی درخواست کی جاتی ہے بصورت دیگر ہر مشترکہ ہولڈر کو مساوی تعداد میں حصص کا مالک تصور کیا جائے گا۔

(iii) کسی بھی سوال/مسئلہ/معلومات کے لئے سرمایہ داران کمپنی اور/یا شیئر رجسٹرار سے مندرجہ ذیل فون نمبر اور ای میل ایڈریس پر رابطہ کر سکتے ہیں:

فون نمبر کمپنی سیکریٹری: 042-35865574-78

ای میل: (مذکورہ بالا)

شیئر رجسٹرار میسرز کارپ لنک لمیٹڈ کے رابطہ نمبران: 042) 35916714, 35839182, 35916719,

ای میل: corplink786@gmail.com/shares@corplink.com.pk

(iv) CDC کا وٹ کے حامل کارپوریٹ شیئر ہولڈرز کو اپنا نیشنل ٹیکس نمبر (NTN) کی اپنے متعلقہ شرکاء کو تجدید کرانی ہوگی۔ جب کہ کارپوریٹ فزیکل شیئر ہولڈرز اپنے NTN سرٹیفکیٹ کی نقل کمپنی یا اس کے شیئر رجسٹرار کو لازمی ارسال کریں گے۔ NTN یا NTN سرٹیفکیٹ ارسال کرتے ہوئے شیئر ہولڈرز کمپنی کا نام اور ان کا متعلقہ فوئیو نمبر واضح درج کریں گے۔

9. اراکین کمپنیز ایکٹ 2017ء کے سیکشن 145-143 اور کمپنیز (پوسٹل بیلٹ) ضوابط 2018ء کی مروجہ شیئوں کے تحت اجلاس کے معیارات سے مشروط ایک پول کا مطالبہ کرنے کا حق استعمال کر سکتے ہیں۔

10. ایکٹ کے سیکشن 244 کی تعمیل میں کمپنی نے لادعویٰ منافع منقسمہ کی تفصیلات اپنی ویب سائٹ پر شائع کر دی ہیں اور کمیشن کو بذریعہ ای سروں پورٹل ایک بیان جمع کرا دیا ہے جس میں منافع منقسمہ کی رقم درج ہے جو مقررہ تاریخ سے 3 سال کے دورانہ میں لادعویٰ رہی ہے۔

11. مالیاتی اسٹیٹمنٹس اور رپورٹس کمپنی کی ویب سائٹ www.asiainsurance.com.pk پر ڈال دی گئی ہیں

12. کمپنی نے اپنے اراکین کو ان کے رجسٹرڈ پتہ پر CD میں مالیاتی اسٹیٹمنٹس ارسال کر دی ہیں مذکورہ بالا اسٹیٹمنٹ کی پرنٹ شدہ نقل مطالبہ پر اراکین کو فراہم کی جاسکتی ہے۔

13. برقی منافع منقسمہ میٹڈ

کمپنیز ایکٹ 2017ء کے سیکشن 242 کے تحت تمام لسٹڈ کمپنیز کے لئے لازمی ہے کہ وہ برقی ذرائع سے اپنے اہل حصص داران کو ان کے اکاؤنٹ میں براہ راست منافع منقسمہ منتقل کریں۔ فزیکل شیئرز کی صورت میں بینک اکاؤنٹ میں براہ راست منافع منقسمہ کی وصولی کے لئے حصص داران کو نقد منافع منقسمہ کے الیکٹرونک کریڈٹ کے لئے کمپنی کی ویب سائٹ پر دستیاب بینک مینڈیٹ فارم (اگر پہلے فراہم نہ کیا گیا ہو) پر کرنے اور باضابطہ دستخط کے ساتھ شناختی کارڈ کی نقل شیئر رجسٹرار میسرز کارپ لنک لمیٹڈ، ونگ آرکیڈ، 1-K ماڈل ٹاؤن، لاہور کو ارسال کرنے کی درخواست کی جاتی ہے۔ CDC میں موجود حصص کی صورت میں الیکٹرونک ڈیویڈنڈ مینڈیٹ فارم شیئر ہولڈر کے بروکرز/شریک/CDC اکاؤنٹ سروسز کو براہ راست جمع کرایا جائے گا۔ معلومات کی عدم وصولی کی صورت میں کمپنی حصص داران کو منافع منقسمہ کی ادائیگی روک دے گی۔

نوٹس:

1. کمپنی کی شیئر ٹرانسفر books (بشمول دونوں ایام) 23-04-2021 تا 29-04-2021 بند رہیں گے۔ حتمی نقد منافع منقسمہ اور بونس حصص کی فراہمی اور AGM میں شرکت اور ووٹ کرنے کی غرض سے 22-04-2021 کو کاروبار بند ہونے تک ہمارے شیئر رجسٹر اری میسرز کارپ لنک (پرائیویٹ) لمیٹڈ ونگز آرکیڈ، 1-1 ماڈل ٹاؤن، لاہور کو موصول ٹرانسفرز کو بروقت وصولی تصور کیا جائے گا۔
2. اجلاس میں شرکت اور ووٹ کرنے کا/کی اہل رکن کسی دوسرے رکن کو اپنی جگہ اجلاس میں شرکت اور ووٹ کرنے کے لئے اپنا پراسی مقرر کر سکتا/سکتی ہے۔ پراسی کی تقرری کے دستاویز کو موثر کرنے کی غرض سے پراسی کے دستاویز کی باضابطہ دستخط شدہ/نوٹرائزڈ تصدیق شدہ نقل اجلاس کے انعقاد سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازمی پہنچ جانی چاہئیں۔
3. حصص داران کو اپنے ڈاک کے پتے میں تبدیلی کی صورت میں کمپنی کو فوراً آگاہ کرنے کی درخواست کی جاتی ہے۔
4. CDC اکاؤنٹ ہولڈرز کو (سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ) 26 جنوری 2000ء کے مراسلہ نمبر 1 میں فراہم کی گئی ہدایات پر عمل کرنا ہوگا:

اجلاس میں شرکت کرنا

- i. افراد کی صورت میں اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا گروپ اکاؤنٹ میں سیکیورٹیز اور CDC ضوابط کے تحت شائع کردہ رجسٹریشن تفصیلات کے حامل افراد کو اجلاس میں شرکت کے وقت اپنا اصلی شناختی کارڈ یا پاسپورٹ پیش کر کے اپنی شناخت کروانی ہوگی۔
- ii. کاروباری ادارہ کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ نامزد فرد کے نمونہ کے دستخط (بشمول شناختی کارڈ) اجلاس کے موقع پر پیش کرنا ہوگا۔

پراسی کا تقرر

- i. فرد واحد کی صورت میں اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا گروپ اکاؤنٹ میں سیکیورٹیز اور CDC ضوابط کے تحت شائع کردہ رجسٹریشن تفصیلات کے حامل افراد کو مذکورہ بالا معیار کے مطابق پراسی فارم جمع کرنا ہوگا۔
- ii. دو افراد پراسی فارم کی گواہی دیں گے جن کے نام، پتے اور شناختی کارڈ نمبر فارم پر درج ہوں گے۔
- iii. مستفید ہونے والے مالکان اور پراسی کے شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پراسی فارم کے ساتھ پیش کرنا ہوں گی۔
- iv. پراسی اجلاس کے موقع پر اپنا اصلی شناختی کارڈ اور پاسپورٹ پیش کرے گا۔
- v. کاروباری ادارہ کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ نمونہ کے دستخط (اور نامزد فرد کے شناختی کارڈ کی مصدقہ نقول) پراسی فارم کے ہمراہ کمپنی کو جمع کرنا ہوگا۔

5. اراکین کو CDC میں book entry سیکیورٹیز کی صورت میں متعلقہ CDC شرکاء اور فزیکل شیئرز کی صورت میں کمپنی کے شیئر رجسٹر اری کو مندرجہ ذیل سے متعلق آگاہ کرانے/جمع کرانے کی درخواست کی جاتی ہے۔ اگر پہلے جمع نہ کرایا گیا ہو/مطلع نہ کیا گیا ہو۔

a. اپنے پتے میں تبدیلی

- b. شناختی کارڈ کی موثر اور واضح نقول فرد واحد کے لئے اور فرد واحد اور کاروباری ادارہ کے لئے NTN
6. دوسرے شہر میں مقیم 10 فی صد یا زائد کی شیئر ہولڈنگ کے حامل اراکین ایکٹ کے سیکشن (b)(1) 134 کے قواعد کے تحت اجلاس میں شرکت کے لئے ویڈیو کانفرنس کی سہولت حاصل کر سکتے ہیں۔ ان اراکین کا اقرار نامہ اجلاس کے انعقاد سے کم از کم 10 یوم قبل کمپنی کے رجسٹرڈ آفس میں لازمی پہنچ جانا چاہئے۔
7. سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے مورخہ 8 ستمبر 2014ء کے مراسلہ نمبر SRO787,10/2014 کی پیروی میں تمام کمپنیوں کو سالانہ مالیاتی اسٹیٹمنٹس اور AGM نوٹس بذریعہ برقی ڈاک سسٹم فراہمی کی ہدایت جاری کی گئی ہے۔ کمپنی سالانہ مالیاتی اسٹیٹمنٹس اور نوٹس کی بذریعہ ای میل وصولی کے خواہش مند اپنے معزز اراکین کو یہ سہولت ازراہ مسرت پیش کرتی ہے۔ اس تناظر میں جو اراکین یہ سہولت حاصل کرنے کے خواہش مند ہیں انہیں باضابطہ درخواست کی جاتی ہے کہ وہ اپنا اقرار نامہ معیاری درخواست فارم پر بذریعہ ای میل ارسال کریں۔ یہ درخواست فارم کمپنی کی ویب سائٹ پر دستیاب ہے۔

نوٹس برائے سالانہ اجلاس عام

نوٹس ہذا سے مطلع کیا جاتا ہے کہ ایشیا انشورنس کمپنی لمیٹڈ ("کمپنی") کے اراکین کا چالیسواں (40واں) سالانہ اجلاس عام "AGM" مورخہ 29 اپریل 2021ء بروز جمعرات دوپہر 2 بج کر 30 منٹ پر C/D 19، بلاک L، گلبرگ III لاہور میں بذریعہ ویڈیو کانفرنسنگ مندرجہ ذیل امور پر بحث کے لئے منعقد ہوگا:

عمومی امور

1. 9 جنوری 2021ء کو منعقدہ غیر معمولی اجلاس عام کی روئیداد کی توثیق کرنا۔
 2. 31 دسمبر 2020ء کو اختتام پذیر سال کے لئے کمپنی کے پڑتال شدہ سالانہ کھاتوں بمعہ چیئر مین تجزیہ رپورٹ، ڈائریکٹرز اور آڈیٹرز کی رپورٹ کو وصول کرنا، اپنا اور زیر غور لانا۔
 3. 31 دسمبر 2021ء کو اختتام پذیر سال کے لئے کمپنی کے آڈیٹرز کا تقرر کرنا اور ان کا مشاہیرہ طے کرنا۔ حالیہ آڈیٹرز میسرز BDO ابراہیم اینڈ کو، چارٹرڈ اکاؤنٹنٹس اہلیت کی بنا پر اپنی دوبارہ تقرری کی پیشکش کرتے ہیں۔
 4. 31 دسمبر 2020ء کو اختتام پذیر سال کے لئے بہ شرح 1 روپے فی حصص یعنی بورڈ آف ڈائریکٹرز کی جانب سے مجوزہ 10 فی صد حتمی نقد منافع منقسمہ اور 10 فی صد یعنی ہر 10 حصص کے لئے 1 حصص پر بونس حصص کے اجرا کی منظوری دینا اور اعلان کرنا۔
 5. چیئر مین کی اجازت سے کمپنی کے دیگر امور کو زیر غور لانا۔
- کرونا وائرس عالمی وبا کی اہتر صورت حال کے پیش نظر اور سیکورٹی اینڈ ایکسیجنگ کمیشن آف پاکستان کی جانب سے 15 فروری 2021 اور بعد ازاں 3 مارچ 2021ء کو جاری کردہ مراسلہ نمبر 4/2021 اور 6/2021 بالترتیب کے ذریعے لٹڈ کمپنیز کو جاری ہدایات کی روشنی میں کمپنی نے سالانہ اجلاس عام بذریعہ برقی وسائل منعقد کرنے کا فیصلہ کیا ہے۔ بذریعہ برقی وسائل AGM اجلاس میں شرکت کے لئے خصوصی انتظامات حسب ذیل ہوں گے:
- (a) AGM بذریعہ Zoom آپلیکیشن۔ ویڈیو لنک سہولت منعقد ہوگا۔
- (b) Zoom آپلیکیشن کے ذریعے AGM میں شرکت کرنے کے خواہش مند حصص داران کو AGM کے انعقاد سے کم از کم 2 دن قبل کمپنی سیکریٹری آفس میں ای میل ایڈریس corporate@asiainsurance.com.pk یا 03154008755 پر ٹس ایپ یا ایس ایم ایس کے ذریعے مندرجہ ذیل تفصیلات فراہم کر کے اپنا اندراج کروانے کی درخواست کی جاتی ہے:

نام شیئر ہولڈر	شناختی کارڈ نمبر	فولیو/ CDS نمبر	سیل نمبر	ای میل ایڈریس

لاگ ان کی سہولت اجلاس سے 30 منٹ پہلے کھولی جائے گی تاکہ شناختی عمل مکمل ہونے کے بعد شرکاء اجلاس میں شرکت کر سکیں۔ شیئر ہولڈرز ذاتی طور پر یا بذریعہ پراسی شناخت اور تصدیق کے لئے تمام لازمی تقاضوں پر پورا اترنے کے بعد اپنے آلات کے ذریعے AGM کارروائی میں لاگ ان اور شریک ہو سکیں گے۔

(c) AGM کے انعقاد سے 2 یوم قبل corporate@asiainsurance.com.pk یا 03154008755 پر ٹس ایپ یا ایس ایم ایس کے ذریعے حصص داران کمپنی سیکریٹری کو AGM کے ایجنڈا آنمز سے متعلقہ رائے اور تجاویز ارسال کر سکتے ہیں۔ حصص داران کو اس مقصد کے لئے اپنا پورا نام، شناختی کارڈ نمبر اور فولیو/ CDS نمبر لازمی ظاہر کرنا ہوگا۔

بحکم بورڈ

شازیہ حفیظ

کمپنی سیکریٹری

لاہور

106 اپریل 2021ء

Directors' Report

For the year ended December 31, 2020

Dear Shareholders!

The Directors of Asia Insurance Company Limited (“the Company”) take pleasure in presenting the annual report of your company, together with the audited financial statements for the year ended December 31, 2020.

The Director's Report prepared under Sections 226 and 227 of the Companies Act, 2017 and Code of Corporate Governance, will be put forward to the members at the 40th Annual General Meeting of the Company to be held on April 29, 2021.

Business Overview

During the period under review, the country's economy adversely affected by the COVID-19 pandemic, which was an unexpected global event resulted in disruption across all walks of life. Many countries closed their borders. A strict nationwide lock down for few months resulted into a stock market crash in March 2020 which declined by 28.2%.

Despite these challenges, your Company showed a good improvement and continued striving for better by offering the best professional service to its clients. Consequent to higher business volumes, the claims payout and expenses have also recorded increase, but overall claim expense ratios are at satisfactory level.

The Company posted a healthy profit before tax of Rs. 87.623 Million which shows a humongous increase as compared to last year.

Window Takaful Operations

The written contribution for the year was Rs. 73.003 million; while net contribution revenue was Rs. 23.735 million. Participants' Takaful Fund surplus for the year was Rs. 2.204 million and profit from Operator's Funds (for shareholders) for the year was Rs. 12.478 million.

Financial Results

Following is the overall performance of the Company for the year ended December 31, 2020.

	2020	2019
Gross Premium	607,062,294	523,656,271
Profit for the year before tax	87,623,165	606,019
<u>Taxation:</u>		
Current	(32,491,321)	(6,863,124)
Deferred	(14,952,387)	12,626,648
Prior years	1,121,767	(4,048,361)
	(46,321,941)	1,715,163
Profit for the year after tax	41,301,224	2,321,182
Un-appropriated profit brought forward	161,085,770	183,439,310
Qard-e-Hasna	(20,000,000)	-
Transfer of loss on disposal of investment – available for sale	-	(24,141)
Un-appropriated profit carried forward	182,386,994	161,085,770

Dividend/Bonus Shares

In view of the financial performance of the Company the Board of Directors in its meeting dated 29 March 2021 has recommended to pay final cash dividend for the year ended 31 December 2020 @ Re. 1 per share i.e. 10% and also approve the issuance of fully paid bonus shares in proportion of 1 share for every 10 shares held by the members i.e. 10%.

Earnings per Share

Earnings per share is Rs. 0.68. Earnings per share shows a humongous increase as compared to the last year.

Composition of Board

The Board of Directors of the Company consist of seven (7) Directors (one Female and six male directors). Composition of Board is as under:

Category	Names of Directors
Independent Directors	Mr. Khalid Rashid
	Mr. Hassan Ahmed Khan
Non-Executive Director	Mr. Khawaja Suhail Iftikhar
	Mr. Thibaud Ponchon (Nominee Director)
Executive Director	Mr. Ihtsham ul Haq Qureshi
	Mr. Zain ul Haq Qureshi
Female Director	Mrs. Nosheen Ihtsham (Non-Executive Director)

Remuneration Policy of the Non-Executive and Independent Directors

In order to comply with the Companies Act, 2017, Listed Companies (Code of Corporate Governance, Regulations 2019 and Articles of Association of the Company, the Company has policy with respect to the remuneration of Executive, Non-executive and Independent directors.

The Non-Executive and Independent Directors are not paid employees of the Company and are not involved in its day-to-day running. The non-executive and Independent directors are entitled to receive a meeting fee.

Insurer Financial Rating Strength

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the IFS rating of the Company as “A” (Single A) with positive outlook in May 2018 and have retained the same in their latest report dated August 26, 2020. This rating denotes a strong capacity to meet policyholders' and contractual obligations and reflects the gains achieved by the management in core insurance business.

Related Party Transactions

At each board meeting the Board of Directors approves Company's transactions with Associated Companies / Related parties. All the transactions executed with related parties are on arm's length basis.

Risk Management Policy and Know Your Customer Policy

The Company has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the Company. Our Company's Risk Management approach is made for qualitative evaluation of risk and minimizing its hazards. The same has also been adopted by your Board and is also subject to its review from time to time. Risk mitigation process and measures have been formulated and clearly spelled out in the said guidelines.

In addition to the Risk Management Policy, the Board has approved Know Your Customer Policy as formulated and recommended by the Risk Management and Compliance Committee.

A Compliance Program is also in place, which ensure and provide guidelines that relevant Laws are complied with in letter and spirit.

Internal Control

The system of internal controls is sound and is being implemented and monitored by the Internal Audit Department. This is a continuing process and any weaknesses are identified and removed. Further, same is regularly reviewed by the board.

Committees

The Board in compliance with the Code of Corporate Governance has established following committees;

Management Committees

Risk Management & Compliance Committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Zain ul Haq Qureshi	Chairman	4	4
Mr. Shahbaz Hameed	Member	4	4
Mr. Muhammad Masood	Member	4	4
Ms. Shazia Hafeez	Secretary	4	4

Underwriting committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Khalid Rashid	Chairman	4	4
Mr. Zain ul Haq Qureshi	Member	4	4
Mr. Mustajab Ahmed	Member	4	4
Mr. Amjad Rao	Secretary	4	4

Claim Settlement Committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Khawaja Suhail Iftikhar	Chairman	4	4
Mr. Shahbaz Hameed	Member	4	4
Mr. Hassan Ahmad Khan	Member	4	4
Mr. Asif Ali Mughal	Secretary	4	4

Reinsurance & Co-insurance Committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Khalid Rashid	Chairman	4	4
Mr. Zain ul Haq Qureshi	Member	4	4
Mr. Mohammad Ali Raza	Member	4	4
Mr. Muhammad Masood	Secretary	4	4

Board Committees

Ethic, Human Resource & Remuneration Committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Hassan Ahmad Khan	Chairman	4	4
Mrs. Nosheen Ihtsham	Member	4	4
Mr. Ihtisham ul Haq Qureshi	Member	4	4
Mr. Shahbaz Hameed	Secretary	4	4

Investment Committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Ihtisham ul Haq Qureshi	Chairman	4	4
Mr. Zain ul Haq Qureshi	Member	4	4
Mrs. Nosheen Ihtsham	Member	4	4
Mr. Hassan Ahmed Khan	Member	4	4
Mr. Mohammad Ali Raza	Secretary	4	4

Audit Committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Hassan Ahmed Khan	Chairman	6	6
Mr. Khalid Rashid	Member	6	5
Mr. Thibaud Ponchon	Member	6	6
Mr. Khawaja Suhail Iftikhar	Member	6	6
Mr. Iftikhar Ahmed	Secretary	6	5

Branch Network

Your company is fully aware of the fact that the network of feasible and profitable branches must be established in as many cities of Pakistan as possible. Our aims and objectives of opening branches are to provide excellent services to our esteemed clients and prompt settlement of claims besides ensuring ultimate profitability for the shareholders through prudent underwriting and cost efficiency.

Statement of Investment of Provident Fund

The company operates approved provident fund scheme covering all its permanent employees. The investment balances are as follows:

Particulars	December 31, 2020 Rupees	December 31, 2019 Rupees
Investment	33,191,100	26,978,470

Annual Evaluation of Board's Performance

The Board has placed a mechanism to evaluate its performance annually as required by the Code of Corporate Governance. The mechanism devised is based on the emerging and leading trends on the functioning of the Board and improving its effectiveness.

In view of the aforesaid and in compliance with the Code of Corporate Governance for Listed Companies, 2019 and subsequent SECP'S SRO 301(1)/2020 dated 9 April 2020, the Board adopted the in-house approach for the performance evaluation of the Board of Directors of the Company. The Board evaluated the performance of the CEO of the Company as well.

Principal Risks and Uncertainties

The principal risk the Company faces under insurance contracts is the possibility that the insured event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy aims to minimize insurance risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Company underwrites mainly property, motor, marine cargo and transportation and other miscellaneous general insurance business. These classes of insurance are generally regarded as short term insurance contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate insurance risk.

COVID-19

The pandemic outbreak COVID-19 globally poses lots of new challenges and learning especially in the corporate world. In line with the Company's philosophy a cross-functional team has been formed to prepare a comprehensive plan taking all relevant measures and SOPs for the safety and health of our employees.

Majority of the employees were operating from home during lock down period, ensuring the Company's smooth operations. Furthermore employees are required to strictly follow the SOPs while attending office.

Risk Management Function

Your Company established a Risk Management Function. It is overseen by the Risk Management and Compliance Committee to identify and monitor risks associated with various operations of the Company.

Asia Insurance Company is committed to enhancing its overall profitability through optimization of value added activities, while maintaining a strong risk-adjusted capitalization.

Corporate Briefing Session

Corporate Briefing Session was held on October 9, 2020 for shareholders and analysts as per requirement of Pakistan Stock Exchange. Company's senior management shareholders and analysts attended the session.

Statement of Ethics and Business Practices

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

Compliance with Code of Corporate Governance

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

Compliance with AML/CFT Laws

The Company has duly complied with the AML/CFT laws of the country and timely reporting in this regard has been done.

Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity,
- Proper books of accounts have been maintained by the Company,
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments,
- The International Financial Reporting Standards (IFRS) as applicable in Pakistan, have been followed in preparation of financial statement and any departure from there has been adequately disclosed,
- The system of internal control is sound in design and has been effectively implemented and monitored,
- There are no significant doubts upon the Company's ability to continue as a going concern,
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations,
- The key operating and financial data for the last six years is annexed,
- The value of investments of provident fund based on their audited accounts as on December 31, 2020 was Rs. 33,191,100.
- The statement of pattern of shareholding in the Company as at 31 December 2020 is included with the Report.

Key Financial Data

Key operational and financial data for the last 6 years is as follows:

Rupees in Thousands

	2020	2019	2018	2017	2016	2015
Rupees in Thousands						
CONVENTIONAL						
Paidup Capital	603,373	603,373	603,373	450,000	450,000	300,000
Total Assets	1,736,613	1,603,980	1,464,002	1,136,324	1,039,241	952,688
Equity	984,887	963,586	977,546	621,087	543,829	488,142
Cash and Bank Deposits	116,685	202,790	316,248	243,196	116,140	70,721
Gross Premium	607,062	523,656	521,370	659,319	540,234	450,173
Net Premium Revenue	471,450	437,893	480,215	527,728	420,122	347,054
Gross Claim Paid	238,051	170,907	194,584	188,544	124,004	87,142
Net Claim Expense	145,131	131,677	136,964	179,238	95,338	64,193
Under Writing Profit/(Loss)	(25,571)	(67,990)	(19,527)	(17,495)	15,394	80,341
Profit/(Loss) Before Tax	87,623	606	7,085	84,669	73,955	93,261
Profit/(Loss) After Tax	41,301	2,321	11,943	76,795	71,099	68,325
Investment Income/(Loss)	110,631	52,855	10,778	(30,084)	51,676	12,926
Earnings Per Share(Rs.)	0.68	0.04	0.21	1.71	1.58	1.52
TAKAFUL						
PTF						
Gross Contribution	73,003	60,120	42,584	27,579	11,801	-
Net Contribution Revenue	23,735	17,280	8,433	(1,490)	(6,967)	-
Gross Claim Paid	27,217	3,815	5,039	2,751	1,585	-
Net Claim Expense	23,977	12,218	5,662	4,055	1,976	-
Under Writing Profit/(Loss)	172	4,602	2,754	(5,563)	(9,024)	-
Investment Income	-	-	-	-	-	-
OPF						
Investment Income	-	-	-	79	318	-

Board Meetings

During the year ended December 31, 2020 following meetings of the Board of Directors were held and attended by the Directors as below:

Name of Directors	Meetings Held	Meetings Attended
Mr. Khalid Rashid	6	6
Mr. Ihtisham ul Haq Qureshi	6	6
Mr. Khawaja Suhail Iftikhar	6	6
Mr. Zain ul Haq Qureshi	6	6
Mr. Thibaud Ponchon	6	6
Mrs. Nosheen Ihtsham	6	5
Mr. Hassan Ahmad Khan	6	6

Leave of absence was granted to those Directors who could not attend the Board Meeting.

Company's relations with stakeholders

As witnessed towards the end of the year under review, it is important to mention that the economy staged a strong comeback with the hope of development of COVID-19 vaccines and the declining fatality rate, however it seems the financial year 2021 will also be challenging year due to the after effects of the pandemics on the trade and industry and on overall business.

However, the Company will continue to focus its momentum of growth in premium while at the same time maintaining profitability of decent standard.

FUTURE OUTLOOK

As signs of economic stabilization are emerging in the country and it is expected that GDP growth rate would improve in the next fiscal year. With external account in surplus and expected decline in headline inflation, monetary policy is likely to turn expansionary which will hopefully provide momentum to the economic activities in general and could have potential impact on insurance business.

The Company will continue to focus its momentum of growth in premium while at the same time maintaining profitability of decent standard

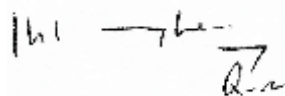
Auditors

The present Auditors M/s. BDO Ebrahim & Co., Chartered Accountants, had been appointed for the year ended December 31, 2020, and shall retire on the conclusion of 40th Annual General Meeting. Present Auditors will be re-appointed for the year ended December 31, 2021 in the upcoming 40th AGM.

Pattern of shareholding is attached with this report.

We would like to thank our valued customers for their continued patronage and support and to Pakistan Reinsurance Company Limited, Securities and Exchange Commission of Pakistan and State Bank of Pakistan for their guidance and assistance.

It is a matter of deep gratification for your Directors to place on record their appreciation of the efforts made by officers, field force and staff who had contributed to the growth of the Company and the continued success of its operations.



Chief Executive Officer



Director

PATTERN OF SHAREHOLDING AS ON DECEMBER 31, 2020

No. of Shareholders	Shareholdings		Total shares held
	From	To	
68	1	100	681
8	101	500	2,502
6	501	1,000	4,151
8	1,001	5,000	19,337
1	30,001	35,000	33,104
1	360,001	365,000	362,265
1	820,001	825,000	821,202
1	920,001	925,000	924,808
1	1,765,001	1,770,000	1,767,150
1	2,290,001	2,295,000	2,292,137
1	13,315,001	13,320,000	13,318,269
1	15,335,001	15,340,000	15,337,391
1	25,450,001	25,455,000	25,454,394
99			60,337,391

Categories of shareholders	Holding	%age
Directors, Chief Executive Officer, and their spouse and minor children	40,911,272	67.8042%
Insurance Companies	33,104	0.0549%
Shareholders holding 10% or more	54,110,054	89.6791%
General Public		
- Local	3,233,922	5.3597%
- Foreign	-	-
Government Holding	500	0.0008%
Foreign Companies	821,202	1.3610%

Sr. No.	Name	Holding	%age
1	MR. IHTSHAM UL HAQ QURESHI	38,772,663	64.2598%
2	MRS. NOSHEEN IHTSHAM	362,265	0.6004%
3	MR. KHALID RASHEED	736	0.0012%
4	MR. ZAIN UL HAQ QURESHI	1,770,275	2.9340%
5	KHAWAJA SUHAIL IFTIKHAR	1,654	0.0027%
6	MR. THIBAUD PONCHON (NOMINEE)	0	0.0000%
7	MR. HASSAN AHMAD KHAN	1,103	0.0018%
8	MRS. SHIZA HASSAN	2,576	0.0043%
		40,911,272	67.8042%

PATTERN OF SHAREHOLDING AS ON DECEMBER 31, 2020

Insurance Companies

Sr. No.	Name	Holding	%age
1	Pakistan Reinsurance Company Limited	33,104	0.0549%

Government Holding

Sr. No.	Name	Holding	%age
1	Federal Board of Revenue	821,202	1.3610%

General Public

Sr. No.	Name	Holding	%age
1	Shares held by the General Public - Local	3,233,922	5.3597%

Shareholders Holding 5% or More of Total Capital

Sr. No.	Name	Holding	%age
1	Mr. Ihtsham ul Haq Qureshi	38,772,663	64.2598%
2	InsuResilience Investment Fund	15,337,391	25.4194%
		54,110,054	89.6791%

During the financial year there has been no trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children

سٹیک ہولڈرز کے ساتھ کمپنی کے تعلقات

ہمارے متعدد سٹیک ہولڈرز خصوصاً ریگولیٹری اتھارٹیز یعنی سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP)، فیڈرل بورڈ آف ریونیو (FBR)، اسٹیٹ بینک آف پاکستان (SBP)، دیگر انشورنس کمپنیوں، ری انشوررز اور انشورنس ایسوسی ایشن آف پاکستان (IAP) کے ساتھ تعلقات میں مثبت اور عملی رویہ ہے۔ کمپنی سیکیورٹی ادارے کو اعلیٰ مقام پر رکھنے کے لئے تمام لاگو قوانین و ضوابط اور روایات پر عمل درآمد کا ذمہ دار ہے۔

مستقبل کا نقطہ نظر

اگلے مالیاتی سال کے دوران ملک میں معاشی استحکام کے آثار موجود ہیں اور GDP نمو کی شرح میں بہتری کی توقع کی جارہی ہے۔ بیرونی ذخائر میں اضافہ اور افراط زر میں متوقع کمی کے ساتھ مانیٹری پالیسی میں توسیع کے امکانات ہیں جس کی وجہ سے عموماً معاشی سرگرمیوں کی رفتار میں بہتری کی امید ہے جس کے انشورنس کے شعبہ پر دور رس اثرات مرتب ہوں گے۔

کمپنی پریمیم میں اضافہ کی رفتار پر مسلسل توجہ دے گی اور ساتھ ساتھ اسے منافع بخش بنانے کی کوشش کرے گی۔

اڈیٹرز

حالیہ اڈیٹرز میسرز BDO ابراہیم اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی 31 دسمبر 2020ء کو اختتام پذیر سال کے لئے تقرری کی گئی تھی اور 40 ویں سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے اور اسی اجلاس میں 31 دسمبر 2021ء کو اختتام پذیر سال کے لئے حالیہ اڈیٹرز کی دوبارہ تقرری کی جائے گی۔

شینر ہولڈنگ کی وضع اس رپورٹ کے ساتھ منسلک ہے۔

اعتراف

ہم اپنے معزز صارفین کے مسلسل بھروسہ اور حمایت اور پاکستان ری انشورنس کمپنی لمیٹڈ، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی رہنمائی اور معاونت پر ان کا تہ دل سے شکریہ ادا کرتے ہیں۔

ہمارے ڈائریکٹرز کے لئے یہ انتہائی خوشگوار معاملہ ہے کہ وہ افسران، فیلڈ فورس اور عملہ کی انتہک محنت کو سراہتے ہیں جن کے کرار کی بدولت کمپنی کی نمو میں بہتری آئی اور آپریشنز میں مسلسل کامیابی کے جھنڈے گاڑے۔

ڈائریکٹر

چیف ایگزیکٹو

(j) 31 دسمبر 2020ء کو کمپنی کی شیئر ہولڈنگ کی وضع کا بیان اس رپورٹ میں شامل ہے۔

اہم مالیاتی اعداد و شمار

گذشتہ چھ برسوں کا اہم فعالی و مالیاتی ڈیٹا حسب ذیل ہے:

روپے ہزاروں میں

2015	2016	2017	2018	2019	2020	تفصیلات
روایتی						
300,000	450,000	450,000	603,373	603,373	603,373	ادا شدہ سرمایہ
952,688	1,039,241	1,136,324	1,464,002	1,603,980	1,736,613	کل اثاثہ جات
488,142	543,829	621,087	977,546	963,586	984,887	ایکوئیٹی
70,721	116,140	243,196	316,248	202,790	116,685	کیش اور بینک ڈیبٹز
450,173	540,234	659,319	521,370	523,656	607,062	مجموعی پریمیم
347,054	420,122	527,728	480,215	437,893	471,450	خالص پریمیم ریونیو
87,142	124,004	188,544	194,584	170,907	238,051	اداشدہ مجموعی کلیم
64,193	95,338	179,238	136,964	131,677	145,131	خالص کلیم اخراجات
80341	15,394	(17,495)	(19,527)	(67,990)	(25,571)	انٹر رائٹنگ نفع/(نقصان)
93,261	73,955	84,669	7,085	606	87,623	نفع/(نقصان) بمعہ ٹیکس
68,325	71,099	76,795	11,943	2,321	41,301	نفع/(نقصان) علاوہ ٹیکس
12,926	51,676	(30,084)	10,778	52,855	110,631	سرمایہ داری آمدنی/(خسارہ)
1.52	1.58	1.71	0.21	0.04	0.68	فی حصص آمدنی (روپے)
تکافل						
PTF						
-	11,801	27,579	42,584	60,120	73,003	مجموعی کنٹریبیوشن
-	(6,967)	(1,490)	8,433	17,280	23,735	خالص کنٹری بیوشن ریونیو
-	1,585	2,751	5,039	3,815	27,217	مجموعی ادا شدہ کلیم
-	1,976	4,055	5,662	12,218	23,977	خالص کلیم اخراجات
-	(9,024)	(5,563)	2,754	4,602	172	انٹر رائٹنگ نفع/(نقصان)
-	-	-	-	-	-	سرمایہ داری آمدنی
OPF						
-	318	79	-	-	-	سرمایہ داری پر آمدنی

بورڈ اجلاس

31 دسمبر 2020ء کو اختتام پذیر سال کے دوران بورڈ آف ڈائریکٹرز کے منعقد ہونے اجلاس کی تعداد اور اراکین کی حاضری حسب ذیل ہے:

اجلاس میں حاضری	منعقدہ اجلاس	نام ڈائریکٹرز
6	6	محترم خالد رشید
6	6	محترم احتشام الحق قریشی
6	6	محترم خواجہ سہیل افتخار
6	6	محترم زین الحق قریشی
6	6	محترم تھیو پونچو
5	6	محترمہ نوشین احتشام صاحبہ
6	6	محترم حسن احمد خان

بورڈ اجلاس میں شرکت نہ کرنے والے ڈائریکٹرز کو غیر حاضری کی رخصت عنایت کی گئی۔

کرونا وائرس کی عالمگیر وبا نے خصوصاً کاروباری شعبہ میں کئی محاذ کھول دیئے ہیں۔ کمپنی کے فلسفہ کی روشنی میں جامع منصوبہ وضع کرنے کے لئے ایک کثیر العمل ٹیم تشکیل دی ہے تاکہ اپنے ملازمین کی صحت اور تحفظ کے لئے اقدامات اور SOPs مرتب کئے جا سکیں۔

لاک ڈاؤن کے دوران کمپنی کے آپریشنز کی روانی کو یقینی بنانے کے لئے زیادہ تر ملازمین گھر سے کام کرتے رہے۔ مزید برآں دفتر میں کام کرنے والے ملازمین کو SOPs پر سختی سے عمل کرنے کی تلقین کی گئی۔

رسک مینجمنٹ شعبہ

آپ کی کمپنی نے رسک مینجمنٹ کا شعبہ قائم کیا ہے۔ رسک مینجمنٹ اور کمپلائنس کمیٹی اس کی نگرانی کرتی ہے تاکہ کمپنی کے آپریشنز سے منسوب خطرات کی نشاندہی اور نگرانی کی جا سکے۔

ایشیا انشورنس کمپنی ویلیو ایڈڈ سرگرمیوں کی نگرانی کے ذریعے مجموعی منافع کو بڑھانے کے لئے پرعزم ہے۔

کارپوریٹ بریفنگ سیشن

پاکستان اسٹاک ایکسچینج قواعد کی پیروی میں حصص داران اور تجزیہ کاروں کے لئے 9 اکتوبر 2020ء کو کارپوریٹ بریفنگ سیشن منعقد کیا گیا۔ کمپنی کی اعلیٰ انتظامی حصص داران اور تجزیہ نگاروں نے اس سیشن میں شرکت کی۔

اخلاقیات اور کاروباری عمل داری کا نظام

بورڈ نے اخلاقیات اور کاروباری عمل داری کا نظام اپنا یا ہے۔ تمام ملازمین کو اس بیان سے آگاہ کیا جاتا ہے اور انہیں کاروباری امور کے دوران ان اصولوں پر عمل درآمد کی تنبیہ کی جاتی ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

ریگولٹری اتھارٹیز کی جانب سے مرتب کردہ کوڈ آف کارپوریٹ گورننس کے معیارات پر مکمل عمل کیا جاتا ہے۔ اس تناظر میں بیان اس رپورٹ کے ساتھ منسلک ہے۔

AML/CFT قوانین کی تعمیل

کمپنی ملکی AML/CFT قوانین پر سختی سے عمل کرتی ہے اور اس تناظر میں بروقت رپورٹنگ بھی کر دی گئی ہے۔

کاروباری و مالیاتی رپورٹنگ فریم ورک

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی بیانات اس کے کاروباری امور، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو مؤثر انداز میں پیش کرتے ہیں۔
- کمپنی نے کھاتوں کی مناسب بکس تیار کی ہیں۔
- مالیاتی اسٹیٹمنٹس کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات موزوں اندازوں کے مطابق لگانے گئے ہیں۔
- مالیاتی اسٹیٹمنٹس کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) کی پیروی کی گئی ہے اور ان سے کسی بھی قسم کے انحراف کو مناسب انداز میں واضح کیا گیا ہے۔
- داخلی ضبط کا ایک مربوط نظام ہے اور اس کی مؤثر نگرانی اور اطلاق کیا جاتا ہے۔
- کمپنی کی کاروبار جاری رکھنے کی صلاحیت میں کوئی ابہام موجود نہ ہے۔
- لسٹنگ ضوابط کے مطابق کارپوریٹ گورننس کی بہترین عمل داری میں کوئی ابہام نہ ہے۔
- گذشتہ چھ برسوں کا اہم فعالی اور مالیاتی ڈیٹا لف ہذا ہے۔
- 31 دسمبر 2020ء کو پڑتال شدہ کھاتوں کی بنیاد پر پروویڈنٹ فنڈ کی سرمایہ داری کی رقم 33,191,100 روپے تھی۔

انویسٹمنٹ کمیٹی

نام رکن	عہدہ	منعقدہ اجلاس	اجلاس میں حاضری
محترم احتشام الحق قریشی	چیئر مین	4	4
محترم زین الحق قریشی	رکن	4	4
نوشین احتشام صاحبہ	رکن	4	4
محترم حسن احمد خان	رکن	4	4
محترم محمد علی رضا	سیکرٹری	4	4

آڈٹ کمیٹی

نام رکن	عہدہ	منعقدہ اجلاس	اجلاس میں حاضری
محترم حسن احمد خان	چیئر مین	6	6
محترم خالد رشید	رکن	6	5
محترم تھیو پونجو	رکن	6	6
محترم خواجہ سپیل افتخار	رکن	6	6
محترم افتخار احمد	سیکرٹری	6	5

برانچ نیٹ ورک

آپ کی کمپنی اس حقیقت سے بخوبی آگاہ ہے کہ پاکستان کے تقریباً تمام شہروں میں کمپنی کی موزوں اور منافع بخش شاخیں قائم کی جائیں۔ شاخیں کھولنے کے ہمارے عزائم اور مقاصد میں اپنے معزز کلانٹس کو بہترین خدمات فراہم کرنا اور کلیمز کی بروقت سیٹلمنٹ کرنا شامل ہیں۔ اس طرح انٹر رائٹنگ لاگت کو بہتر کر کے حصص داران کو فوری منافع کی فراہمی کو یقینی بنایا جاسکتا ہے۔

پراویڈنٹ فنڈ کی سرمایہ داری پر بیان

کمپنی اپنے تمام مستقل ملازمین کے لئے منظور شدہ پراویڈنٹ فنڈ سکیم چلاتی ہے۔ سرمایہ داری کے بیلنس حسب ذیل ہیں:

تفصیلات	31 دسمبر 2020 ء	31 دسمبر 2019 ء
سرمایہ داری	33,191,100 روپے	26,978,470 روپے

بورڈ کی کارکردگی کا سالانہ تعین

بورڈ نے کوڈ آف کارپوریٹ گورننس کے تحت سالانہ کارکردگی کے جائزہ کا طریقہ کار وضع کیا ہے۔ وضع کردہ طریقہ کار بورڈ کے فعل اور اس کی اثر انگیزی کی مد میں ابھرتے ہوئے اور صف اول کے رجحانات کی بنیاد پر تیار کیا گیا ہے۔

مذکورہ بالا کی روشنی میں اور لمیٹڈ کمپنیز کے لئے کوڈ آف کارپوریٹ گورننس 2019 اور SECP کے مورخہ 9 اپریل 2020ء کے مراسلہ نمبر 301(1)2020 کی پیروی میں بورڈ نے کمپنی کے بورڈ آف ڈائریکٹرز کی کارکردگی کے جائزہ کے لئے داخلی دائرہ کار کو اپنایا ہے۔ بورڈ نے CEO کی کارکردگی کا بھی جائزہ لیا۔

اہم خطرات و خدشات

انشورنس معاہدوں کے تحت کمپنی کو لاحق بنیادی خطرات میں بیمہ شدہ واقعات کا وقوع پذیر ہونا، طے شدہ کلیمز کی رقم میں بے یقینی یعنی کلیمز کا تعدد اور شدت اور انشورنس واجبات کی رقم کا مقررہ ادائیگیوں سے تجاوز کر جانا شامل ہیں۔ انشورنس معاہدہ کی نوعیت سے منسوب خطرہ اتفاقی ہے لہذا یہ غیر متوقع ہوتا ہے۔ کمپنی کا مقصد ان واجبات کے احاطہ کے لئے معقول ذخائر کو برقرار رکھنا یقینی بنانا ہے۔

کمپنی ان خطرات سے انڈر رائٹنگ حکمت عملی، معقول ری انشورنس انتظامات اور قبل از وقت کلیمز بینڈنگ کے ذریعے نبرد آزما ہوتی ہے۔ انڈر رائٹنگ حکمت عملی بزنس کلاس کے توازن اور پھیلاؤ کے ذریعے انشورنس خطرات کو کم کرتی ہے۔ کمپنی عموماً پراپرٹی، موٹر، میرین کارگو اور ٹرانسپورٹیشن اور متفرق عمومی انشورنس بزنس کو انڈر رائٹ کرتی ہے۔ انشورنس کے یہ درجے قلیل مدتی انشورنس معاہدے ہوتے ہیں جہاں کلیمز کم مدت یعنی ایک سال کے دوران سیٹل کئے جاتے ہیں۔ اس طرح انشورنس رسک سے بچنے میں مدد ملتی ہے۔

داخلی نظم و ضبط

داخلی نظم و ضبط کا ایک مربوط پروگرام داخلی آڈٹ ڈیپارٹمنٹ کے زیر نگرانی لاگو کیا گیا ہے۔ یہ ایک جاری عمل ہے اور اس میں کمزوریوں کی نشاندہی کی گئی ہے اور انہیں حذف کیا گیا ہے۔ مزید برآں بورڈ بھی اس پر باقاعدگی سے نظر ثانی کرتا ہے۔

کمیٹیاں

بورڈ نے کوڈ آف کارپوریٹ گورننس کی پیروی میں مندرجہ ذیل کمیٹیاں قائم کی ہیں۔

انتظامی کمیٹیاں

رسک مینجمنٹ اور کمیلاننس کمیٹی

نام رکن	عہدہ	منعقدہ اجلاس	اجلاس میں حاضری
محترم زین الحق قریشی	چینر مین	4	4
محترم شہباز حمید	رکن	4	4
محترم محمد مسعود	رکن	4	4
شازیہ حفیظ صاحبہ	سیکرٹری	4	4

انڈر رائٹنگ کمیٹی

نام رکن	عہدہ	منعقدہ اجلاس	اجلاس میں حاضری
محترم خالد رشید	چینر مین	4	4
محترم زین الحق قریشی	رکن	4	4
محترم مستجاب احمد	رکن	4	4
محترم امجد راؤ	سیکرٹری	4	4

کلیم سیٹلمنٹ کمیٹی

نام رکن	عہدہ	منعقدہ اجلاس	اجلاس میں حاضری
محترم خواجہ سہیل افتخار	چینر مین	4	4
محترم شہباز حمید	رکن	4	4
محترم حسن احمد خان	رکن	4	4
محترم آصف علی مغل	سیکرٹری	4	4

ری انشورنس اور کو انشورنس کمیٹی

نام رکن	عہدہ	منعقدہ اجلاس	اجلاس میں حاضری
محترم خالد رشید	چینر مین	4	4
محترم زین الحق قریشی	رکن	4	4
محترم محمد علی رضا	رکن	4	4
محترم محمد مسعود	سیکرٹری	4	4

بورڈ کمیٹیاں

اخلاقی، انسانی وسائل اور مشاہیرہ کمیٹی

نام رکن	عہدہ	منعقدہ اجلاس	اجلاس میں حاضری
محترم حسن احمد خان	چینر مین	4	4
نوشین احتشام صاحبہ	رکن	4	4
محترم احتشام الحق قریشی	رکن	4	4
محترم شہباز حمید	سیکرٹری	4	4

فی حصص آمدنی

0.68 روپے فی حصص آمدنی گذشتہ برس کے مقابلہ میں بھاری اضافہ ظاہر کرتا ہے۔

بورڈ کی تشکیل

کمپنی کے بورڈ آف ڈائریکٹرز سات (7) ڈائریکٹرز (ایک خاتون اور چھ مرد ڈائریکٹرز) پر مشتمل ہے۔ بورڈ کی تشکیل حسب ذیل ہے:

درجہ	نام ڈائریکٹرز
آزاد ڈائریکٹرز	محترم خالد رشید محترم حسن احمد خان
نان ایگزیکٹو ڈائریکٹرز	محترم خواجہ سہیل افتخار محترم تھیو پونچو (نامزد ڈائریکٹر)
ایگزیکٹو ڈائریکٹرز	محترم احتشام الحق قریشی محترم زین الحق قریشی
خاتون ڈائریکٹر	نوشین احتشام صاحبہ (نان ایگزیکٹو ڈائریکٹر)

نان ایگزیکٹو اور آزاد ڈائریکٹرز کے معاوضہ کی پالیسی

کمپنیز ایکٹ 2017ء، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس، ریگولیشنز 2019) اور کمپنی آرٹیکل آف ایسوسی ایشن کی پیروی میں کمپنی نے ایگزیکٹو، نان ایگزیکٹو اور آزاد ڈائریکٹرز کے معاوضہ پر ایک پالیسی مرتب کی ہے۔

نان ایگزیکٹو اور آزاد ڈائریکٹرز کمپنی کے بامعاوضہ ملازمین نہیں ہوتے اور اس کے روزمرہ کے امور میں شامل نہیں ہوتے۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز اجلاس کی فیس کے اہل ہوتے ہیں۔

انشورر فناننشیئل ریٹنگ سٹرینگتھ (IFS)

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے مئی 2018ء میں مثبت امکانات کے ساتھ کمپنی کی IFS درجہ بندی "A" (واحد A) مقرر کی ہے اور انہوں نے اپنی 26 اگست 2020ء کی تازہ ترین رپورٹ میں اسے برقرار رکھا ہے۔ یہ ریٹنگ پالیسی ہولڈرز کے منافع کو پورا کرنے اور معاہدہ جاتی فرائض کی انجام دہی کو ظاہر کرتی ہے اور بنیادی انشورنس کاروبار میں انتظامیہ کی کامیابی کی عکاسی کرتی ہے۔

متعلقہ فریقین کے لین دین

بورڈ کے ہر اجلاس میں بورڈ آف ڈائریکٹرز نے معاون کمپنیوں / متعلقہ فریقین کے ساتھ کمپنی کے لین دین کو منظور کیا ہے۔ متعلقہ فریقین سے تمام لین دین کا اطلاق مساوی بنیادوں پر ہوتا ہے۔

خطرات کے انتظام کی پالیسی اور اپنے صارف کو جاننے کی پالیسی

کمپنی نے رسک مینجمنٹ پالیسی وضع کر رکھی ہے جو کمپنی کے قیام کو خطرے میں ڈالنے والے ممکنہ خطرات کی نشاندہی کرتی ہے۔ ہماری کمپنی کی رسک مینجمنٹ کا دائرہ کار خطرہ کے معیاری تعین اور خطرات میں کمی تک محیط ہے۔ اس پالیسی کو آپ کے بورڈ نے بھی اپنایا ہے اور یہ ہمہ وقت نظر ثانی سے مشروط ہے۔ خطرات کے تدارک کا عمل اور اقدامات مذکورہ ہدایات میں واضح طور پر وضع اور ظاہر کئے گئے ہیں۔

رسک مینجمنٹ پالیسی کے علاوہ بورڈ نے رسک مینجمنٹ اور کمپلائنس کمیٹی کی سفارشات کے تحت اپنے صارف کو جاننے کی پالیسی بھی منظور کی ہے۔

تعمیل کا پروگرام بھی قائم کیا گیا ہے جو متعلقہ قوانین پر من و عن عمل کرنے سے متعلق ہدایات جاری کرتی ہے اور ان پر عمل درآمد کو یقینی بناتی ہے۔

ڈائریکٹرز رپورٹ

31 دسمبر 2020ء کو اختتام پذیر سال کے لئے

معزز حصص داران!

ایشیا انشورنس کمپنی لمیٹڈ ("کمپنی") کے ڈائریکٹرز 31 دسمبر 2020ء کو اختتام پذیر سال کے لئے آپ کی کمپنی کی سالانہ رپورٹ بمعہ پڑتال شدہ مالی اسٹیٹمنٹس ازراہ مسرت پیش کرتے ہیں۔

کمپنیز ایکٹ 2017ء کے سیکشن 226 اور 227 اور کارپوریٹ گورننس کے تحت تیار کردہ ڈائریکٹرز رپورٹ 29 اپریل، 2021ء کو منعقدہ کمپنی کے 40ویں سالانہ اجلاس عام میں اراکین کے سامنے رکھی جائے گی۔

کاروباری جائزہ

زیر جائزہ مدت کے دوران ملکی معیشت کرونا وائرس کی عالمگیر وبا سے بری طرح متاثر ہوئی۔ ان غیر متوقع عالمی حالات کی وجہ سے زندگی کے ہر شعبہ میں جمود طاری ہو گیا۔ کئی ملکوں نے اپنی سرحدوں کو بند کر دیا۔ چند ماہ کے لئے ملک گیر لاک ڈاؤن سے سٹاک مارکیٹ مارچ 2020ء میں 28.2 فی صد کمی کے ساتھ کریش ہو گئی۔

ان مشکلات کے باوجود آپ کی کمپنی نے اچھے اعشاریے ظاہر کئے اور اپنے کلانتس کو اعلیٰ پیشہ ورانہ خدمات پیش کر کے بہتری کی جانب گامزن ہے۔ زیادہ کاروباری حجم کے باعث کلیمز کی ادائیگی اور اخراجات میں ریکارڈ اضافہ ہوا لیکن مجموعی کلیم اخراجات کا تناسب تسلی بخش سطح پر رہا۔

کمپنی نے 87,623 ملین روپے کا بھاری نفع علاوہ ٹیکس درج کیا جو گذشتہ برس کے مقابلہ میں غیر معمولی اضافہ ہے۔

ونڈوز تکافل آپریشنز

سال بھر کے لئے تحریری شراکت 73,003 ملین روپے جب کہ خالص شراکتی آمدنی 23,735 ملین روپے رہی۔ شرکاء کا تکافل فنڈ سال بھر کے لئے 2,204 ملین روپے سرپلس میں رہا اور آپریٹرز فنڈ سے نفع (برائے حصص داران) 12,478 ملین روپے رہا۔

مالیاتی نتائج

31 دسمبر 2020ء کو اختتام پذیر سال کے لئے کمپنی کی مجموعی کارکردگی حسب ذیل ہے:

2019	2020	
523,656,271	607,062,294	مجموعی پریمیم
606,019	87,623,165	نفع بمعہ ٹیکس
		ٹیکسیشن:
(6,863,124)	(32,491,321)	حالیہ
12,626,648	(14,952,387)	تاخیر
(4,048,361)	1,121,767	گذشتہ برسوں میں
1,715,163	(46,321,941)	
2,321,182	41,301,224	نفع علاوہ ٹیکس
183,439,310	161,085,770	آگے لائی گئی برقرار کمائی
-	(20,000,000)	قرض حسنہ
(24,141)	-	ایڈجسٹمنٹ/ٹرانسفر
161,085,770	182,386,994	آگے لیجائی گئی برقرار کمائی

منافع منقسمہ / بونس حصص


کمپنی کی مالیاتی کارکردگی کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے 29 مارچ 2021ء کو منعقدہ اجلاس میں 31 دسمبر 2020ء کو اختتام پذیر سال کے لئے 1 روپے فی حصص یعنی 10 فی صد حتمی نقد منافع منقسمہ کی ادائیگی کی سفارش کی ہے اور اراکین کے ملکیتی ہر 10 حصص کے لئے 1 حصص کے تناسب یعنی 10 فی صد سے کلی طور پر ادا شدہ بونس حصص کے اجرا کی منظوری بھی دی ہے۔

Statement Under Section 46 (6) of the Insurance Ordinance, 2000

The incharge of the management of the business was Mr. Ihtsham ul Haq Qureshi, Chief Executive Officer and the report on the affairs of business during the year 2020 signed by Mr. Ihtsham ul Haq Qureshi and approved by the Board of Directors is part of the Annual Report 2020 under the title of “Directors’ Report to Members” and

- a. in our opinion the annual statutory accounts of the Asia Insurance Co. Ltd. set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000 (Ordinance) and any rules made thereunder.
- b. Asia Insurance Co. Ltd. has at all times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements; and
- c. As at the date of the statement, the Asia Insurance Co. Ltd. continues to be in compliance with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and re-insurance arrangements.


Chairman


Chief Executive Officer


Director


Director

**Statement of Compliance with the Code of
Corporate Governance for Insurers, 2016 and Listed Companies
(Code of Corporate Governance) Regulations, 2019
Asia Insurance Company Limited
For the Year Ended December 31, 2020**

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

The company has applied principles in the Code and has complied with the requirements of the Regulations in the following manner

1. The total number of directors are seven (7) as per the following:
 - a) Male: Six (6)
 - b) Female: One (1)
2. The Company encourages representation of independent non-executive directors and directors representing minority on its Board of Directors (the Board). At present the composition of the Board is as follows:

Category	Names
a) Independent Directors	Mr. Khalid Rashid Mr. Hassan Ahmed Khan
b) Other Non-Executive Directors	Mr. Khawaja Suhail Iftikhar Mr. Thibaud Ponchon (Nominee Director)
c) Executive Directors	Mr. Ihtsham ul Haq Qureshi Mr. Zain ul Haq Qureshi
d) Female Director	Mrs. Nosheen Ihtsham

- The independent directors meet the criteria of independence as laid down under the Code and Regulations
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
 4. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company. A DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.
 5. There was no change in Board of Directors of the Company during the year.
 6. The Company has prepared a “Statement of Ethics and Business Practices” as Code of Conduct and has ensured the appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
 7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.
 8. All powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations. The decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers have been taken by the Board.

9. The meeting of the Board was presided over 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. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board. Written notice of the Board meetings, along with the agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
10. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
11. Out of seven Directors, four have obtained the certification under Director's training program, while one is exempted from the requirement, one Director is in the process of completion. Only one female director is left who will undertake the Directors Training Program within the stipulated time.
12. The Board has established a system of sound internal control, which is effectively implemented at all levels with the company. The company has adopted and complied with all the necessary aspects of internal controls given in the Code.
13. There was no change of Chief Financial Officer, Head of Internal Audit and Company Secretary during the year. The Board approved their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
14. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and Regulations and fully describes the salient matters required to be disclosed.
15. The financial statements of the company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
16. The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the company other than disclosed in the pattern of shareholding.
17. The company has complied with all the corporate and financial reporting requirements of the Code.
18. The Board has formed the following Management Committees:

Underwriting committee:

Name of the Member	Category
Mr. Khalid Rashid	Chairman
Mr. Zain ul Haq Qureshi	Member
Mr. Mustajab Ahmed	Member
Mr. Amjad Rao	Secretary

Claim Settlement committee:

Name of the Member	Category
Mr. Khawaja Suhail Iftikhar	Chairman
Mr. Hassan Ahmad Khan	Member
Mr. Shahbaz Hameed	Member
Mr. Asif Ali Mughal	Secretary

Reinsurance & Co-insurance Committee:

Name of the Member	Category
Mr. Khalid Rashid	Chairman
Mr. Zain ul Haq Qureshi	Member
Mr. Mohammad Ali Raza	Member
Mr. Muhammad Masood	Secretary

Risk Management & Compliance Committee

Name of the Member	Category
Mr. Zain ul Haq Qureshi	Chairman
Mr. Shahbaz Hameed	Member
Mr. Muhammad Masood	Member
Ms. Shazia Hafeez	Secretary

19. The Board has formed the following Board Committees

Ethic, Human Resource & Remuneration Committee:

Name of the Member	Category
Mr. Hassan Ahmad Khan	Chairman – Independent Director
Mrs. Nosheen Ihtsham	Member – Non-Executive Director
Mr. Ihtisham ul Haq Qureshi	Member – Executive Director/CEO
Mr. Shahbaz Hameed	Secretary

Investment Committee:

Name of the Member	Category
Mr. Ihtisham ul Haq Qureshi	Chairman – Executive Director/CEO
Mr. Zain ul Haq Qureshi	Member – Executive Director
Mrs. Nosheen Ihtsham	Member – Non-Executive Director
Mr. Hassan Ahmed Khan	Member – Independent Director
Mr. Mohammad Ali Raza	Secretary

20. The Board has formed an Audit Committee. It comprises of Four (4) members, of whom two (2) are independent directors and two (2) are non-executive directors. The chairman of the Committee is an independent director. The composition of the Audit Committee is as follows:

Audit Committee:

Name of the Member	Category
Mr. Hassan Ahmad Khan	Chairman – Independent Director
Mr. Khalid Rashid	Member – Independent Director
Mr. Thibaud Ponchon	Member – Non-Executive / Nominee Director
Mr. Khawaja Suhail Iftikhar	Member – Non Executive
Mr. Iftikhar Ahmed	Secretary

21. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance
22. The meetings of the Underwriting, Claims, Re-insurance & Co-insurance, Risk Management, Investment and Audit Committees were held at every quarter prior to approval of interim and final results of the company and as required by the Code.
23. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- Audit Committee: Six (6) meetings
 - Ethics, Human Resource & Remuneration Committee: Four (4) meetings
 - Risk Management Committee : Four (4) meetings

24. The Board has set up an effective internal audit function, the staff is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on a regular basis
25. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit are competent and qualified as per the Code. Moreover, the persons who are heading the underwriting, claims, reinsurance, risk management and grievance functions/department are competent, experience and qualified, as required under section 12 of the Insurance Ordinance, 2000.

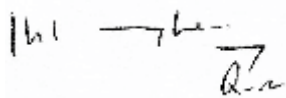
Name of the Person	Category
Mr. Ihtisham ul Haq	Chief Executive Officer
Mr. Mohammad Ali Raza	Chief Financial Officer
Ms. Shazia Hafeez	Company Secretary /Head of Compliance
Mr. Iftikhar Ahmed	Head of Internal Audit
Mr. Mustajab Ahmed	Head of Underwriting
Mr. Asif Ali Mughal	Head of Claims and Head of Grievance Department
Mr. Muhammad Masood	Head of Reinsurance and Head of Risk Management Department

26. The statutory auditors of the company have been appointed from the panel of auditors approved by the Commission in terms of sections 48 of the Insurance Ordinance, 2000. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;
27. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard.
28. The Board ensures that the Appointed Actuary complies with the requirements set out for him in the Code.
29. The Board ensures that the investment policy of the company has been drawn up in accordance with the provision of the Code.
30. The Board ensures that the risk management system of the company is in place as per the requirements of the Code.
31. The company has set up a risk management department, which carries out its tasks as covered under the Code.
32. The Board ensures that as part of the risk management system, the company gets itself rated from Pakistan Credit Rating Agency (the PACRA), which is being used by its risk management department and the respective Committee as a risk monitoring tool. The rating assigned by the PACRA on August 26, 2020 is A with positive outlook.

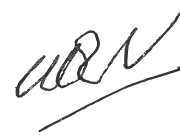
33. The Board has set up a grievance department, which fully complies with the requirements of the Code.
34. The company has not obtained any exemption(s) from the Securities and Exchange Commission of Pakistan in respect of the requirement of the Code.
35. We confirm that all other material principles contained in the Code and all other requirements of the regulations 3,6,7,8,27,32,33 and 36 of the Regulations
Explanation for Regulation 6: The Board of the Company comprises of seven elected Directors and one-third works out to be 2.33. Presently, two (2) independent Directors were elected by the shareholders in terms of Section 166 of the Companies Act, 2017, which have requisite competencies, skills, knowledge, and experience to discharge and execute their duties competently as per laws and regulations to fulfill the requirements, therefore, not warrant the appointment of a third independent Director.
36. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8 27, 32, 33, and 36 are below:

As per regulation 29, "Nomination Committee" the Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors as it mat deem appropriate.

No seperate committee is constituted as these functions are performed by Human Resource committee



Chief Executive Office
March 29, 2021



Chariman

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ASIA INSURANCE
COMPANY LIMITED**

**REVIEW REPORT ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE
GOVERNANCE FOR INSURERS, 2016 & LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)
REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (combined called “the Regulations”) prepared by the Board of Directors of Asia Insurance Company Limited (“the Company”) for the year ended December 31, 2020 in accordance with the requirements of regulation 36 of the Listed Companies (Code of Corporate Governance), Regulations, 2019 and provision Ixxvi of the Code of Corporate Governance for insurers, 2016.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2020.

Further, we highlight content of paragraph 35 of the Statement where the matter of minimum number of Independent Directors on the Board of Directors of the Company has been explained.

LAHORE

DATED: March 29, 2021

Bdo Ebrahim & Co

BDO EBRAHIM & CO
CHARTERED ACCOUNTANTS
Engagement Partner: Muhammad Imran

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ASIA INSURANCE COMPANY LIMITED
Report on the Audit of the Financial Statements**

Opinion

We have audited the annexed financial statements of **ASIA INSURANCE COMPANY LIMITED**, (the Company), which comprise the statement of financial position as at December 31, 2020, and the profit and loss account, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2020 and of the profit and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

S. No	Key audit matters	How the matter was addressed in our audit
1.	Compliance with laws and regulations	
	<p>The Company is in highly regulated industry and is governed by stringent laws and regulations which mainly include Insurance Ordinance, 2000, Insurance Accounting Regulations, 2017, Insurance Rules, 2017 and Companies Act, 2017, and various circulars issued by the SECP from time to time to regulate the business of the Company. The Company is required to comply with these rules and regulations.</p> <p>We have considered compliance with laws and regulation as a key audit matter since failure to comply with any of these applicable laws and regulations could have a material financial impact on the business of the Company.</p>	<p>Our audit procedures in respect of this area included the following:</p> <ul style="list-style-type: none"> ● Obtained an understanding of the relevant legal and regulatory framework within which the Company operates and assessed the design and operation of its key controls over this framework. ● Discussed the applicable policies and procedures with senior management and reviewed Board papers, and internal audit reports for any recorded instances of potential non-compliance, and maintained a high level of vigilance when carrying out our other audit procedures for indications of non-compliance. ● Reviewed the Company's documentation and correspondence with the regulators.
2.	Valuation of Investment	
	<p>The Company's investment comprises investments in equity, term deposit and debt instruments. As at December 31, 2020 total net investment amount to Rs. 613.234 million.</p> <p>The valuation of these investments is made using different valuation techniques as disclosed in note 8.8 to the financial statements.</p> <p>The Company's accounting policy and movement in the year in the investments balances are disclosed in note 10, 11 and 12 to the financial statements.</p> <p>We have considered this as a key audit matter in view of the significance of these investments in relation to the total assets of the Company.</p>	<p>Valuation of investments were addressed by applying following procedures:</p> <ul style="list-style-type: none"> ● Evaluated the design and implementation of key control around investments; ● Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; ● Performed purchases and sales testing on sample basis of trades made during the year and checked that transactions were recorded in the correct period as part of investment in case of purchases. ● Checked the existence of the securities from the Central Depository Company's report; ● We also reviewed management's assessment of whether there are any indicators of impairment including those securities that are not actively traded; and <p>Furthermore, we also assessed the adequacy of the respective disclosure relating to investments as disclosed in the financial statements.</p>

S. No	Key audit matters	How the matter was addressed in our audit
3.	<p>Revenue recognition risks</p> <p>Refer note 8.2 to the financial statements for accounting policies and details in respect of revenue recognition. The Company receives its revenue primarily from two main sources namely, premiums and investments income. Premiums from insurance policies comprise of 85.59% of the total revenue.</p> <p>We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transitions may not be recognized in the appropriate period.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> ● Obtained the understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to premiums and investment income. ● Assessed the appropriateness of the company's accounting policy for recording of premiums and investment income in line with requirements of applicable accounting and reporting standards; ● Tested the policies on sample basis where premium was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; and ● Tested the investment income transaction on sample basis where investment income was recorded close to year end subsequent to year end and evaluated that these were recorded in the appropriate period.
4.	<p>Valuation of outstanding claims including claims incurred but not reported (IBNR)</p> <p>As disclosed in note 29 to the financial statements, outstanding claims including IBNR amounting to Rs. 189.002 million as at December 31, 2020.</p> <p>The outstanding claims including IBNR represented significant portion of the Company's total liabilities.</p> <p>We focused on this area because the valuation of outstanding claims including IBNR are significant in magnitude and requires use of judgement and estimates. Outstanding claims including IBNR are estimates for settlement of claims in future which are impacted by a number of factors which includes the trends in severity of historical claims, frequency of historical claims and changes in government regulations.</p> <p>The valuation involves complex and subjective judgements about future events, both internal and external to the business, for which small changes in assumptions can materially impact the valuation of these liabilities.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> ● We assessed and tested the operating effectiveness of selected key controls relating to the claims handling and reserving process, including controls over completeness and accuracy of the claims estimates recorded. ● Substantive tests were performed on the amounts recorded for a sample of claims notified, focusing on those with significant impact on the financial statements, to assess whether the claims are appropriately estimated and recorded. ● Tested the completeness and accuracy of the underlying data used in the valuation of outstanding claims including IBNR ● We assessed the adequacy of the disclosures by reference to the relevant accounting standards and applicable regulations.

5.	<p>Valuation of insurance / re-insurance receivables</p> <p>Refer to note 8.29 and 14 to the financial statements for accounting policies and details in respect of valuation of insurance/reinsurance receivables.</p> <p>The Company's insurance / reinsurance receivable represents 18.92 % of its total assets which are stated net of provision for impairment of Rs. 20.722 million. Valuation of these receivable involves significant judgment regarding uncertainty in determining impairment/ provisions.</p> <p>We identified the valuation of insurance / reinsurance receivables as a key matter as the estimation involves a significant degree of judgment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> ● Tested the accuracy of insurance/reinsurance receivables aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to evaluate that the balances appearing in the ageing report were classified within appropriate ageing bucket. ● Assessed the appropriateness of assumptions and estimates made by the management for the provision for impairment by comparing, on a sample basis, past experience and historical trends of collection the financial circumstances of counter parties, their credit ratings and actual write offs, and receipts an settlement from/with customers and reinsurer subsequent to the financial year end ● Assessed the reinsurance share of claims outstanding against the terms of the reinsurance contracts and the related recorded liabilities and ● Assessed the historical accuracy of provisions for bad debts recorded by examining the utilization or release of previously recorded provisions.
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Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Imran.

LAHORE

DATED March 29, 2021

Bdo Ebrahim & Co


BDO EBRAHIM & CO
CHARTERED ACCOUNTANTS
Engagement Partner: Muhammad Imran

ASIA INSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	2020 Rupees	Restated 2019 Rupees	Restated 2018 Rupees
ASSETS				
Property and equipment	9	161,334,759	192,591,881	81,188,744
Investments				
Equity securities	10	114,930,719	76,263,007	101,856,787
Debt securities	11	63,303,902	62,727,995	61,515,022
Term deposits	12	435,000,000	435,000,000	335,000,000
		613,234,621	573,991,002	498,371,809
Loans and other receivables	13	139,877,847	103,815,529	44,018,098
Insurance / reinsurance receivables	14	328,558,561	269,530,720	284,560,274
Reinsurance recoveries against outstanding claims	29	122,847,674	43,521,203	49,401,986
Deferred commission expense / acquisition cost	30	71,018,195	53,439,780	52,334,737
Deferred taxation	16	18,732,486	33,684,873	14,411,329
Taxation - payments less provision	15	10,367,419	28,937,298	26,740,770
Prepayments	17	86,978,701	36,937,331	46,879,546
Cash and bank	18	116,685,060	202,789,977	316,248,002
		1,669,635,323	1,539,239,594	1,414,155,295
Total assets of window takaful operations - OPF	19	66,977,612	64,740,352	49,846,736
TOTAL ASSETS		1,736,612,935	1,603,979,946	1,464,002,031
EQUITY AND LIABILITIES				
Capital and reserves attributable to Company's equity holders				
Ordinary share capital	20	603,373,910	603,373,910	603,373,910
Share premium - capital reserve	20.4	196,626,090	196,626,090	196,626,090
Reserves - revenue	21	2,500,000	2,500,000	2,500,000
Unappropriated profit - revenue reserve		182,386,994	161,085,770	175,066,313
Available for sale reserve		-	-	(19,992)
TOTAL EQUITY		984,886,994	963,585,770	977,546,321
LIABILITIES				
Underwriting provisions				
Outstanding claims including IBNR	29	189,002,250	108,865,952	126,110,519
Unearned premium reserves	28	281,981,893	262,243,543	252,509,416
Premium deficiency reserve		5,836,322	3,453,183	-
Unearned reinsurance commission	30	20,098,704	7,765,517	8,031,216
Retirement benefit obligations	22	634,843	613,051	579,172
Lease liabilities	23	137,663,384	143,209,055	-
Premiums received in advance	24	718,859	726,520	2,026,600
Insurance / reinsurance payables	25	39,081,407	34,933,909	34,400,219
Other creditors and accruals	26	48,451,998	60,085,969	51,429,759
TOTAL LIABILITIES		723,469,660	621,896,699	475,086,901
Total liabilities of window takaful operations - OPF	19	28,256,281	18,497,477	11,368,809
TOTAL EQUITY AND LIABILITIES		1,736,612,935	1,603,979,946	1,464,002,031
CONTINGENCIES AND COMMITMENTS				
	27			

The annexed notes 1 to 55 form an integral part of these financial statements.


Chairman


Chief Executive Officer


Director


Director



Chief Financial Officer

ASIA INSURANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 Rupees	Restated 2019 Rupees
Net insurance premium	28	471,450,281	437,892,972
Net insurance claims	29	(145,131,095)	(131,677,417)
Premium deficiency		(2,383,139)	(3,453,183)
Net commission and other acquisition costs	30	(110,347,016)	(91,579,059)
Insurance claims and acquisition expenses		(257,861,250)	(226,709,659)
Management expenses	31	(239,159,675)	(279,173,113)
Underwriting results		(25,570,644)	(67,989,800)
Investment income	32	110,630,657	52,854,555
Other income	33	10,484,948	26,600,427
Other expenses	34	(4,942,325)	(2,721,438)
Results of operating activities		90,602,636	8,743,744
Finance cost	35	(15,457,927)	(15,902,673)
Profit from Window Takaful Operations	19	12,478,456	7,764,948
Profit before tax		87,623,165	606,019
Income tax (expense) / gain	36	(46,321,941)	1,715,163
Profit after tax		41,301,224	2,321,182
Earnings per share - basic & diluted (restated)	37	0.68	0.04

The annexed notes 1 to 55 form an integral part of these financial statements.


Chairman


Chief Executive Officer


Director


Director



Chief Financial Officer

ASIA INSURANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Rupees	Restated 2019 Rupees
Profit after tax	41,301,224	2,321,182
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss account		
Unrealized gains /(losses) on available for sale investments - net of deferred tax		
Remeasurement of investment - available for sale	-	(5,843)
Related tax thereon	-	1,694
	-	(4,149)
Total comprehensive income for the year	41,301,224	2,317,033

The annexed notes 1 to 55 form an integral part of these financial statements.


Chairman


Chief Executive Officer


Director


Director


Chief Financial Officer

ASIA INSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020


	Note	2020 Rupees	Restated 2019 Rupees
OPERATING CASH FLOWS			
a) Underwriting activities			
Insurance premium received		549,462,105	511,063,282
Reinsurance premiums ceded / (paid)		(163,584,863)	(54,562,691)
Claims paid		(238,051,350)	(170,906,862)
Reinsurance and other recoveries received		93,730,082	27,865,661
Commission paid		(148,552,382)	(112,482,536)
Commission received		35,829,325	14,046,072
Management expenses paid		(227,498,906)	(224,943,442)
Other underwriting payments		(41,764,257)	(50,834,077)
Net cash flow from underwriting activities		(140,430,246)	(60,754,593)
b) Other operating activities			
Income tax paid		(12,799,675)	(13,106,319)
Finance charges paid		(15,457,927)	(15,902,673)
Other operating receipts		382,015	5,062,985
Other receipts in respect of operating assets		8,848,459	24,505,927
Net cash flow from other operating activities		(19,027,128)	559,920
Total cash flow from all operating activities		(159,457,374)	(60,194,673)
INVESTMENT ACTIVITIES			
Profit / return received		78,201,350	49,301,199
Dividend received		4,922,372	1,964,855
Decrease in net assets in window takaful operations		(12,478,456)	(7,764,945)
Payments for investments / investment properties		(468,021,125)	(207,283,688)
Proceeds from investments / investment properties		474,015,063	132,016,843
Fixed capital expenditure		(531,684)	(18,070,468)
Proceeds from sale of property and equipment		2,790,608	4,544,179
Total cash flow from investing activities		78,898,128	(45,292,025)
FINANCING ACTIVITIES			
Repayments of lease		(5,545,671)	(7,971,327)
Net cash flow from financing activities		(5,545,671)	(7,971,327)
Net cash flow from all activities		(86,104,917)	(113,458,025)
Cash and cash equivalents at the beginning of the year		202,789,977	316,248,002
Cash and cash equivalents at the end of the year		116,685,060	202,789,977

ASIA INSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 Rupees	Restated 2019 Rupees
Reconciliation to Profit and Loss Account			
Operating cash flows		(159,457,374)	(60,194,673)
Depreciation expense		(30,634,687)	(32,471,860)
Profit on disposal of fixed assets		1,636,489	2,094,500
Dividend income		4,922,372	1,964,855
Investment income		105,708,285	50,889,700
Profit from window takaful operations		12,478,456	7,764,948
Increase in assets other than cash		228,718,702	23,249,501
Decrease / (increase) in liabilities other than borrowings		(107,118,632)	(3,600,743)
Deferred taxation		(14,952,387)	12,624,954
Profit/(loss) after taxation for the year		41,301,224	2,321,182

The annexed notes 1 to 55 form an integral part of these financial statements.


Chairman


Chief Executive Officer


Director


Director


Chief Financial Officer

ASIA INSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020


	Share capital Issued subscribed and paid-up	Reserves			Available for sale reserve	Total reserves	Un-appropriated profit	Total share capital and reserves
		Share premium reserve	Revenue reserves					
-----Rupees-----								
Balance as at December 31, 2018- reported	603,373,910	196,626,090	2,500,000	(19,992)	199,106,098	183,439,310	985,919,318	
Effect of change in accounting policy - Wakala fee	-	-	-	-	-	(8,372,997)	(8,372,997)	
Balance as at January 1, 2019 - as restated	603,373,910	196,626,090	2,500,000	(19,992)	199,106,098	175,066,313	977,546,321	
Effect of change in accounting policy - IFRS-16	-	-	-	-	-	(16,277,584)	(16,277,584)	
Balance as at January 1, 2019 - restated	603,373,910	196,626,090	2,500,000	(19,992)	199,106,098	158,788,729	961,268,737	
Total comprehensive income for the year - Restated	-	-	-	-	-	2,321,182	2,321,182	
Profit after tax	-	-	-	-	-	(4,149)	(4,149)	
Other comprehensive loss for the year	-	-	-	-	-	-	-	
Qard e Hasna payment to PTF	-	-	-	-	-	-	-	
Transfer of loss on disposal of investment- available for sale	-	-	-	24,141	24,141	(24,141)	-	
Balance as at December 31, 2019 - Restated	603,373,910	196,626,090	2,500,000	-	199,126,090	161,085,770	963,585,770	
Balance as at January 01, 2020	603,373,910	196,626,090	2,500,000	-	199,126,090	161,085,770	963,585,770	
Total comprehensive income for the year	-	-	-	-	-	41,301,224	41,301,224	
Profit after tax	-	-	-	-	-	-	-	
Other comprehensive income for the year	-	-	-	-	-	-	-	
Qard e Hasna payment to PTF	-	-	-	-	-	(20,000,000)	(20,000,000)	
Balance as at December 31, 2020	603,373,910	196,626,090	2,500,000	-	199,126,090	182,386,994	984,886,994	

Note

6

The annexed notes 1 to 55 form an integral part of these financial statements.


Chairman


Chief Executive Officer


Director


Director


Chief Financial Officer

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1 STATUS AND NATURE OF BUSINESS

- 1.1 Asia Insurance Company Limited ('the Company') is a quoted public limited company which was incorporated in Pakistan on December 06, 1979 under the repealed Companies Act, 1913 (now the Companies Act, 2017). The Company is engaged in non-life insurance business mainly comprising of fire, marine, motor, bond and suretyship, agriculture and allied and miscellaneous. The Company commenced its commercial operations in 1980. The registered and principal office of the Company is situated at 19 C/D, Block L, Gulberg III, Main Ferozpur Road, Lahore-Pakistan. Shares of the Company are quoted on Pakistan Stock Exchange.
- 1.2 The Company has been allowed to work as Window Takaful Operator through License No.10 on August 13, 2015 by Securities and Exchange Commission of Pakistan under Window Takaful Rules, 2012 to carry on Islamic General Insurance in Pakistan. It has not transacted any business outside Pakistan.
- 1.3 The SECP has issued investigation order dated March 21, 2019 against the Company for matters pertaining to claims paid/payable and property valuation and appointed an investigation team. The Company has submitted a response to SECP and is confident, based on the confirmation from the legal advisors that no adverse inference is expected in respect of these matters except two orders have been issued against claim investigation by the SECP during the year. Detail is as follows:

The Securities and Exchange Commission of Pakistan (SECP) has concluded its investigation against order dated March 21, 2019 against the Company and has issued two Orders during the year. The Orders have alleged that the Company has processed allegedly fake/bogus claims. The Company has responded through its letter dated July 17, 2020 and vehemently denied, and it is submitted that the Company has never been knowingly involved in processing any such claims. The allegedly fake/bogus claims were referred to the Surveyor in accordance with law, and the same were processed after obtaining the survey reports from the Surveyor. The Company relied on the expertise of the Surveyor, which is duly licensed entity by the SECP to conduct the insurance surveys under the Ordinance. In addition, it was submitted that from the year 2013 onwards, the Company has paid a total of 25,633 claims. Annually, the number of claims paid by the Company average over 3,000 claims.

The Company has adequate internal control systems which are reflected in the processing over 3,000 claims in accordance with the law annually. The Company had requested to withdraw the show cause notices, however, the SECP through its order dated July 21, 2020 has imposed the penalty amounting to Rs. 5.880 million to the Company and its Board of Directors. The Company has challenged the orders and filed an appeal before the Appellate Bench of the Commission and expecting a favorable outcome based on the legal advisor opinion. The Company has blacklisted the Surveyor during the year. Further, the Company has a filed a suit against the Surveyor for amounting to Rs. 20.150 million. Therefore no provision has been made in these financial statements in this regard.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at 19 C/D, Block L, Gulberg III, Main Ferozpur Road, Lahore-Pakistan. The Company operates through 1 (2019: 1) principal offices and 28 (2019: 25) branches in Pakistan.

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

3 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING YEAR

Following is the summary of significant transactions and events that have affected the financial position and performance of the Company:

- a) During the year, the Company changed its accounting policy by adopting new rules of Window takaful regarding deferment of wakala fee note 6 and 19.
- b) For discussion on the Company's performance, please refer to Director's report.
- c) All other significant transactions and events that have affected the Company's financial position and performance during the year have been adequately disclosed in the notes to these financial statements.

4 BASIS OF PREPARATION

4.1 Statement of compliance

These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board, as are notified under the Companies Act, 2017, provisions and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and SECP Takaful Rules, 2012.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and SECP Takaful Rules, 2012 shall prevail.

In terms of the requirements of the Takaful Rules 2012, read with SECP Circular 25 of 2015 dated 09 July 2015, the assets, liabilities and statement of comprehensive income of the Operator Fund of the General Takaful operations of the Company have been presented as a single line item in the statement of financial position and profit and loss account of the Company, respectively.

A separate set of financial statements of the General Takaful operations has been annexed to these financial statements as per the requirements of the General Takaful Accounting Regulations, 2019.

4.2 Basis of measurement

These financial statements have been prepared under the historical cost convention without any adjustment for the effect of inflation except for certain investments which are stated at fair value. The financial statements, except for cash flow information, have been prepared under the accrual basis of accounting.

4.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Company's functional currency and presentation currency. All figures have been rounded to the nearest rupee, unless otherwise stated.

5 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

5.1 Standards / amendments that are effective in current year and relevant to the Company

The Company has adopted the standards /amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Effective date (annual periods beginning on or after)
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
IFRS 3 Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 7 Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020
IFRS 9 Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020
IFRS 16 Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	January 01, 2020
IAS 1 Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality	January 01, 2020
IAS 39 Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual improvements to IFRSs (2018 – 2020) Cycle:

IFRS 41 Agriculture	January 01, 2020
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5.2 Amendments that are effective in current year and not relevant to the Company

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

IFRS 9 Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020
IFRS 3 Business Combinations - amendments to clarify the definition of a business	January 01, 2020

5.3 Amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

IFRS 4 Insurance Contracts - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
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ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

		Effective date (annual periods beginning on or after)
IFRS 7	Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 9	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IAS 39	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 16	Leases - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 3	Business Combinations - amendments updating a reference to the Conceptual Framework	January 01, 2022
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2023
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published	January 01, 2023
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities as current or non-current	January 01, 2023

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

Annual improvements to IFRSs (2018 – 2020) Cycle:

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2022
IFRS 9	Financial Instruments	January 01, 2022

5.4 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

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The Company's expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

IFRS 9 'Financial Instruments' is effective for reporting period / year ending on or after June 30, 2019. It replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit and loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Company has determined that it is eligible for the temporary exemption option since the Company has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Company can defer the application of IFRS 9 until the application IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

- a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and

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b) all other financial assets:	December 31, 2020				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain or (loss) during the year	Carrying value	Cost less Impairment	Change in unrealized gain or (loss) during the year
Financial assets	Rupees	Rupees	Rupees	Rupees	Rupees
Cash and bank *	116,685,060	-	-	-	-
Investments in equity securities Held for trading	114,930,719	(3,830,887)	-	-	-
Investments in debt securities Held to maturity	-	-	63,303,902	-	575,907
Term Deposits *	-	-	435,000,000	-	-
Loans and other receivables *	139,877,847	-	-	-	-
Total	371,493,626	(3,830,887)	498,303,902	-	575,907

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of their fair values.

	December 31, 2020			
	Gross carrying amounts of debt instruments that pass the SPPI test			
	A	AA-	A+	Unrated
	Rupees	Rupees	Rupees	Rupees
Investments in debt securities - Held to maturity	-	-	-	63,303,902
Term deposits	400,000,000	35,000,000	-	-
Total	400,000,000	35,000,000	-	63,303,902

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

6 CHANGE IN ACCOUNTING POLICY – IMPLEMENTATION OF GENERAL TAKAFUL ACCOUNTING REGULATIONS, 2019

During 2019, the SECP vide its S.R.O 1416 (I) /2019 dated November 20, 2019 has issued the General Takaful Accounting Regulations, 2019 (Regulations). These regulations prescribed the format for the regulatory returns and published financial statements of the Window Takaful Operations applicable from January 01, 2020. The impact of Regulations has been detailed in the financial statements of the Window Takaful operations for the year ended December 31, 2020. The financial statements for the year ended December 31, 2020 have been prepared in accordance with the these Regulations.

Untill previous year wakala fee was recognised upfront on the issue of Takaful policy/contract. As per section 10 of the General Takaful Accounting Regulations, 2019, the Wakala fee due to the Operator under general Takaful arrangements shall be recognised by the Operator in its OPF and the PTF, "where such fees are a defined part of contributions (wakala based contract), the same be recognised as an expense of relevant PTF at the same time that the contribution is recognised. The Operator shall recognise the same at the same time in its OPF as income. The income amount shall be deferred and amortised over the Takaful contract term in accordance with the pattern of Takaful contribution earned, the Company has changed its accounting policy and accounted for this change in accordance with the IAS 8 "Accounting policies changes in accounting estimates and errors" for the year ended December 31, 2020.

This change in accounting policy has been applied retrospectively as per the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors). The effect on prior periods is tabulated below:

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	Amount Rupees
As at December 31, 2019	
Effect on balance sheet	
Increase in total liabilities of window takaful operations- OPF	12,241,159
For the year ended December 31, 2019	
Effect on profit and loss account	
Decrease in profit from takaful operations	3,868,162
Prior year impact before December 31, 2019	
Effect on retained earnings	
Decrease in un-appropriated profit	8,372,997

7 USE OF JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The judgments, estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the revision and future periods, if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the financial statements or judgment was exercised in application of accounting policies, are as follows:

	Note
- Provision for unearned premiums	8.2.1
- Premium due but unpaid - net	8.2.5
- Provision for outstanding claims (including IBNR)	8.3.1
- Premium deficiency reserve	8.7
- Useful life of fixed assets	8.10
- Taxation (current and deferred)	8.18
- Impairment in the value of investment	8.22
- Commission income unearned	8.6.2
- Reinsurance recoveries against outstanding claims	8.5
- Prepaid reinsurance premium ceded	8.4.2
- Deferred commission expense	8.6.1

8 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these financial statements are set out below. These policies have been applied consistently to all years presented except as disclosed in note 6.

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8.1 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Insurance contracts are classified into the following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property
- Motor
- Health
- Marine, aviation and transport
- Crops
- Miscellaneous

These contracts are provided to individuals as well as commercial organizations with various tenures according to the nature and terms of the contract and the needs of the insured. The Company also accepts insurance risk pertaining to insurance contracts of other insurers as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer. The Company neither issues investment contracts nor does it issue insurance contracts with discretionary participation features (DPF).

8.2 Revenue recognition

8.2.1 Premium

Premium receivable/received under a policy is recognized at the time of issuance of policy. Similarly reinsurance premium is recorded at the time reinsurance is ceded.

Premium written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the Company. This liability is calculated by applying 1/24 method as specified in the Insurance Accounting Regulations, 2017.

8.2.2 Commission income

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

8.2.3 Investment income

Return on investments and fixed deposits are recognized using the effective interest rate method. Profit or loss on sale of investments is recognized at the time of sale.

8.2.4 Dividend Income and other income

Dividend income and entitlement of bonus shares are recognized when the right to receive such dividend and bonus share is established.

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8.2.5 Premiums due but unpaid - net

Premiums due but unpaid is recorded as receivable when it is due, at the fair value of consideration receivable less provision for doubtful debts, if any. If there is objective evidence that receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognizes that impairment loss in profit and loss account.

8.3 Claims expense

General insurance claims include all claims occurring during the year, whether reported or not, including external claims handling costs that are directly related to the processing and settlement of claims, reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims are charged to profit and loss account as incurred based on estimated liability for compensation owed under the insurance contracts.

8.3.1 Provision for outstanding claims (including IBNR)

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

Provision for IBNR is based on the management's best estimate which takes into account the past trends net of exceptional claims.

8.4 Reinsurance contracts

Contracts (treaty and facultative) entered by the Company under which the Company cedes insurance risks assumed during normal course of its business and according to which the Company is compensated for losses on insurance contracts issued by the Company are classified as reinsurance contracts held.

8.4.1 Reinsurance expense

Reinsurance premium ceded (treaty and facultative) is recognised as an expense over the period of reinsurance from inception to which it relates to its expiry as follows:

- a) for proportional reinsurance business, evenly over the period of the underlying policies.
- b) for non-proportional reinsurance business, evenly over the period of indemnity.

Where the pattern of incidence of risk varies over the period of the policy, reinsurance premium is recognized as expense in accordance with the pattern of incidence of risk.

8.4.2 Prepaid reinsurance premium ceded

The portion of reinsurance premium ceded not recognised as an expense as at year end is recognised as prepaid reinsurance premium ceded. Unrecognised portion is determined in the same manner as for provision for unearned premiums.

8.5 Reinsurance recoveries against outstanding claims

Reinsurance recoveries receivable from reinsurers are recognized as an asset at the same time as and when the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

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8.6 Commission

8.6.1 Commission expense

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

8.6.2 Commission income

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates.

8.7 Premium deficiency reserve - (liability adequacy test)

At each balance sheet date, liability adequacy test is performed to ensure the adequacy of unearned premium. Where the cumulative unearned premium reserve for any classes of business is not adequate to meet the expected future liability, after reinsurance from claims and other supplementary expenses, including reinsurance expenses, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of unexpired policies in that class of business in force at balance sheet date, a premium deficiency reserve is recognized as a liability to meet the deficit. The movement in premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year. The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired risk.

8.8 Investments

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for held for trading, in which case transaction costs are charged to profit and loss account. Subsequently, these are recognized and classified into the following categories:

8.8.1 Available for sale

The financial assets that are intended to be held for an indefinite period of time and may be sold in response to the need for liquidity are classified as available-for-sale.

Subsequent to the initial recognition at cost, these are valued at market values and any unrealized gains / (losses) are taken to other comprehensive income.

8.8.2 Fair value through profit or loss-held for trading

Investments which are acquired with the intention to trade by taking advantage of short term market / interest rate movements are considered as held for trading. After initial recognition, these are measured at fair values with any resulting gains or losses recognized directly in the statement of comprehensive income. Subsequent to initial recognition these are measured at fair value by reference to quoted market prices.

8.8.3 In debt securities

Held to maturity

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

Subsequent to initial recognition at cost, these investments are measured at amortized cost, less provision for impairment in value, if any. Amortized cost is calculated taking into account any discount or premium on acquisition, which is deferred and included in the income for the period on a straight line basis, over the term of the investments.

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Investment at fair value through profit or loss-held for trading

Investments which are acquired with the intention to trade by taking advantage of short term market / interest rate movements are considered as held for trading. After initial recognition, these are measured at fair values with any resulting gains or losses recognized directly in the statement of comprehensive income.

In term deposits

Held to maturity

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

Subsequent to initial recognition at cost, these investments are measured at amortized cost, less provision for impairment in value, if any. Amortized cost is calculated taking into account any discount or premium on acquisition, which is deferred and included in the income for the period on a straight line basis, over the term of the investments.

a) Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognized on the trade date, i.e. the date on which commitment to purchase / sale is made by the Company. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

b) Derecognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

c) Impairment

Available-for-sale

The Company considers that available-for-sale investments is impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

8.9 Employee benefits

Defined contribution plan

The Company operates an approved provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 8.33% (2019: 8.33%) of basic salary of the employees.

8.10 Fixed assets and depreciation

8.10.1 Owned assets

These are stated at cost less accumulated depreciation and impairment loss, if any.

Depreciation/amortization is charged to profit and loss account on reducing balance method using the following rates:

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- Building on freehold land	10%
- Furniture and fixture	10%
- Office equipments	10%
- Motor vehicles	20%
- Computer equipment	30%

Full month's depreciation / amortization is charged in the month when assets become available for use and no depreciation is charged in the month of disposal.

The assets' residual values, useful life and method of depreciation / amortization are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognised as a separate part, as appropriate, only when it is possible that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to profit and loss account.

Gains or losses on disposal are included in profit and loss account.

An assessment is made at each balance sheet date to determine whether there is any indication of impairment or reversal of previous impairment, in respect of item of fixed assets and intangible assets. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognized in the profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortization or depreciation), had no impairment losses been recognized for the asset in prior years. Reversal of impairment loss is restricted to the original cost of the asset.

8.10.2 Capital work-in-progress

Capital work-in-progress is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These expenditures are transferred to relevant category of fixed assets or intangibles as and when the assets start operation.

8.10.3 Right of use assets

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

The right of use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

8.11 Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company used its incremental borrowing rate as the discount rate, if any, or market rate.

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Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The short term and low value leases have not been considered under IFRS 16 "Leases".

Ijarah contracts

Operating lease / ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor / Muj'ir (lessor) are classified as operating leases/Ijarah. Payments made during the period are charged to profit and loss on a straight-line basis over the period of the lease / Ijarah.

The SECP has issued directive (vide SRO 431(I)/2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS-2) shall be followed in preparation of the financial statements by companies while accounting for Ijarah (Lease) transactions as defined by said Standard. The Company has adopted the above said standard.

8.12 Investment properties

Property held for the purpose of rental income and long-term capital appreciation is classified as investment property.

8.12.1 Initial recognition

Investment property is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset.

8.12.2 Measurement subsequent to initial recognition

Subsequent to initial recognition, investment property is carried at historical cost less accumulated depreciation and accumulated impairment losses, if any.

8.12.3 Depreciation

Depreciation is charged to profit and loss account in the same manner as owned fixed assets.

8.13 Investment and other income

8.13.1 Dividend income and bonus shares

Dividend income is recognized when the right to receive the same is established.

Entitlement of bonus shares is recognized when the right to receive the same is established.

8.13.2 Interest income

Interest income is recognized on time proportion basis that takes into account effective yield on the assets.

8.13.3 Rental income

Rental income on investment properties is recognized as income on accrual basis.

8.14 Segment reporting

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

The Company has five major segments namely fire and property damage, marine, aviation and transport, motor, crops and miscellaneous, as disclosed in note 8.1.

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The Company accounts for segment reporting are prepared in the format prescribed under the Insurance Ordinance 2000 and the Insurance Rules, 2017 and provide required information at appropriate level of detail.

8.15 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the derecognition of the financial assets and liabilities is included in the net profit and loss account for the period in which it arises.

Financial instruments carried in the statement of financial position include investments, loan and other receivables, insurance / reinsurance receivables, reinsurance recoveries against outstanding claims, cash and bank, provision for outstanding claims, insurance / reinsurance payables, other creditors and accruals.

8.16 Off setting of financial asset and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognized amount and the Company intends either to settle on net basis, or realize the assets and to settle the liabilities simultaneously.

8.17 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Company to do so.

8.18 Taxation

8.18.1 Current

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

8.18.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to be applied to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the

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balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in statement of comprehensive income.

8.19 Foreign currencies

Transactions in foreign currency, if any, are converted into Pak rupees at the rate of exchange prevailing on the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Pak rupees at the rate of exchange prevailing at the reporting date. Exchange difference are taken to profit and loss account.

8.20 Management expenses

Management expenses are allocated to all classes of business in proportion to the net premium income of the year. Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Provision for bad debts is based on review of outstanding amounts as at balance sheet date. Bad debts are written off to the profit and loss account when identified. Expenses not allowable to the underwriting business are charged to Other expenses.

8.21 Creditors, accruals and provisions

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

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

8.22 Impairment

The carrying amounts of the Company's assets are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

8.23 Earnings per share

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

8.24 Cash and cash equivalents

For the purpose of cash flow statement, Cash and cash equivalents include cash at bank in current and saving accounts, cash and stamps in hand and bank deposits.

8.25 Dividend and bonus shares

Dividend to shareholders is recognised as liability in the year in which it is approved. Similarly, reserve for issue of bonus shares is recognised in the year in which such issue is approved.

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8.26 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

8.27 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

8.28 Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any.

8.29 Insurance / reinsurance receivables

Amounts due to / from other insurers/reinsurers are carried at cost which is the fair value of the consideration to be received/paid in the future for the services. However, an assessment is made at each statement of financial position date to determine whether there is objective evidence that a financial asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between the recoverable amount and the carrying amount.

8.30 Reinsurance assets

The Company determines the impairment of the reinsurance assets by looking at objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, which indicates that the Company may not be able to recover amount due from reinsurer under the terms of reinsurance contract. In addition the Company also monitors the financial ratings of its reinsurers on each reporting date.

8.31 Loans and other receivables

These are recognized at cost, which is the fair value of the consideration given. However, an assessment is made at each statement of financial position date to determine whether there is objective evidence that a financial asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between the recoverable amount and the carrying amount.

8.32 Zakat

Zakat on investment income is accounted for in the year of deduction, under Zakat and Ushr Ordinance, 1980.

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9 PROPERTY AND EQUIPMENTS

NOTE	2020 Rupees	2019 Rupees
Operating fixed assets	65,103,806	80,053,845
Right of use assets	96,230,953	112,538,036
	161,334,759	192,591,881

9.1 The statement of operating fixed assets is as follows:

PARTICULARS	2020							Depreciation rate (% per annum)		
	COST / REVALUATION						W.D.V. As at 31, December 2020			
	As at 1, January 2020	Additions	Disposals / write-offs	As at 31, December 2020	As at 1, January 2020	Depreciation for the year			Disposals / write-offs	As at 31, December 2020
Owned										
Building - on freehold land	564,200	-	-	564,200	383,435	18,077	-	401,512	162,688	10%
Furniture and fixtures	11,080,516	113,400	-	11,193,916	3,875,071	724,656	-	4,599,727	6,594,189	10%
Office equipment	19,289,579	289,200	(47,000)	19,531,779	7,359,493	1,203,781	(19,414)	8,543,860	10,987,919	10%
Motor vehicles	132,634,108	50,256	(3,950,000)	128,734,364	74,404,127	11,549,992	(2,823,467)	83,130,652	45,603,712	20%
Computers equipments	10,962,085	-	-	10,962,085	8,454,517	752,270	-	9,206,787	1,755,298	30%
	174,530,488	452,856	(3,997,000)	170,986,344	94,476,643	14,248,776	(2,842,881)	105,882,538	65,103,806	

PARTICULARS	2019							Depreciation rate (% per annum)		
	COST / REVALUATION						W.D.V. As at 31, December 2019			
	As at 1, January 2019	Additions	Disposals / write-offs	As at 31, December 2019	As at 1, January 2019	Depreciation for the year			Disposals / write-offs	As at 31, December 2019
Owned										
Building - on freehold land	564,200	-	-	564,200	363,350	20,085	-	383,435	180,765	10%
Furniture and fixtures	10,788,216	292,300	-	11,080,516	3,104,037	771,034	-	3,875,071	7,205,445	10%
Office equipment	18,813,238	476,341	-	19,289,579	6,061,477	1,298,016	-	7,359,493	11,930,086	10%
Motor vehicles	122,898,341	17,301,827	(7,566,060)	132,634,108	65,928,627	13,591,881	(5,116,381)	74,404,127	58,229,981	20%
Computers equipments	10,962,085	-	-	10,962,085	7,379,845	1,074,672	-	8,454,517	2,507,568	30%
	164,026,080	18,070,468	(7,566,060)	174,530,488	82,837,336	16,755,688	(5,116,381)	94,476,643	80,053,845	

9.2 During the year, the Company has capitalised six vehicles upon completions of Ijarah rental contract at the Rs. 1 per vehicle.

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9.3 Detail of disposal of fixed assets

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Profit on disposal	Mode of disposal	Particulars of purchaser
Motor vehicles							
Toyota Altis (LEB-09-4207)	1,300,000	(563,680)	736,320	1,022,727	286,407	Negotiation	Asif Masood Bhatti
Toyota Corolla (LED-08-2697)	1,369,000	(1,277,275)	91,725	954,545	862,820	Negotiation	Asif Masood Bhatti
Suzuki Cultus (AVG-823)	870,000	(593,531)	276,469	363,636	87,167	Negotiation	Malik Masood Ur Rehman
Sub-total	3,539,000	(2,434,486)	1,104,514	2,340,908	1,236,394		

9.4 The following assets with book value below Rs. 50,000/- were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of purchaser
Vehicles	411,000	(388,981)	22,019	429,700	407,681	Negotiation	Various
Office equipment	47,000	(19,414)	27,586	20,000	(7,586)	Negotiation	Various
Sub-total	458,000	(408,395)	49,605	449,700	400,095		
Grand total 2020	3,997,000	(2,842,881)	1,154,119	2,790,608	1,636,489		
Grand total 2019	7,566,060	(5,116,381)	2,449,679	4,544,179	2,094,500		

9.5 Right of use assets

The following is the statement of right of use assets:

Building	2020	2019
Year ended December 31, 2020	Rupees	Rupees
Net carry value basis		
Opening net book value	112,538,036	-
Addition (at cost)	-	128,254,208
Remeasurement	78,828	-
Depreciation charge	(16,385,911)	(15,716,172)
Closing net book value	96,230,953	112,538,036
Gross carry value basis		
Cost	128,254,208	128,254,208
Remeasurement	78,828	78,828
Accumulated depreciation	(32,102,083)	(15,716,172)
Net book value	96,230,953	112,538,036
Depreciation rate % per annum	10%-33%	10%-33%

9.6 At the reporting period the Company has remeasured the right of use of assets and corresponding liabilities by using the revised payment schedule.

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	Note	2020 Rupees	2019 Rupees
10 INVESTMENTS IN EQUITY SECURITIES			
Investments in equity securities			
Held for trading	10.1	114,930,719	76,263,007
10.1 Held for trading			
Listed shares			
Cost		91,971,276	52,411,561
Less: unrealized loss on revaluation of investment		(7,297,862)	(3,960,011)
Carrying value	10.2	84,673,414	48,451,550
Mutual funds			
Cost		27,726,220	26,990,661
Add: unrealized gain on revaluation of investment		2,531,085	820,796
Carrying value	10.2	30,257,305	27,811,457
		114,930,719	76,263,007

10.2 Investments - Held for trading

	2020			2019		
	Cost	Impairment / Provision	Carrying value	Cost	Impairment / Provision	Carrying value
	Rupees					
Listed shares						
Jubilee Life Insurance Company Limited	7,003,038	(2,229,939)	4,773,099	7,003,038	(2,643,038)	4,360,000
Attock Cement Pakistan Limited	24,539,108	(2,016,603)	22,522,505	-	-	-
EFU Life Assurance Limited	4,356,873	(908,043)	3,448,830	4,356,873	(535,968)	3,820,905
Cherat Cement Company Limited	-	-	-	10,045,965	60,060	10,106,025
D.G Khan Cement Company Limited	18,601,424	(96,754)	18,504,670	5,858,050	(287,800)	5,570,250

	2020			2019		
	Cost	Impairment / Provision	Carrying value	Cost	Impairment / Provision	Carrying value
	Rupees					
Nishat Mills Limited	10,242,665	(778,055)	9,464,610	-	-	-
Kohat Cement Company Limited	-	-	-	5,503,080	(278,580)	5,224,500
Maple Leaf Cement Factory Limited	-	-	-	4,825,915	33,485	4,859,400
Oil & Gas Development Company Limited	-	-	-	4,961,225	375,775	5,337,000
Power Cement Limited	27,228,167	(1,268,467)	25,959,700	4,923,280	(618,280)	4,305,000
Pakistan Petroleum Limited	-	-	-	4,934,135	(65,665)	4,868,470
	91,971,276	(7,297,862)	84,673,414	52,411,561	(3,960,011)	48,451,550
Mutual Funds						
Pakistan Income Fund	27,315,667	2,523,954	29,839,621	26,613,899	808,969	27,422,868
HBL Money Market Fund	410,553	7,131	417,684	376,765	11,824	388,589
	27,726,220	2,531,085	30,257,305	26,990,664	820,793	27,811,457
Total Equity Securities	119,697,496	(4,766,777)	114,930,719	79,402,225	(3,139,218)	76,263,007

11 INVESTMENTS IN DEBT SECURITIES

Held to maturity						
Pakistan Investment Bonds (10 years)	11.1	63,303,902	62,727,995			

	2020			2019		
	Cost	Impairment / Provision	Carrying value	Cost	Impairment / Provision	Carrying value
	Rupees					
Held to maturity						
Government securities - PIBs						
Pakistan Investment Bonds	63,303,902	-	63,303,902	62,727,995	-	62,727,995
	63,303,902	-	63,303,902	62,727,995	-	62,727,995

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11.1 Pakistan Investments Bonds (PIBs) having face value of Rs. 64.50 million, carry interest rate ranging from 7.75% to 9% (2019: 7.75% to 9%) per annum. Profit is paid semi annually and these will mature latest by September 2022.

11.2 The Company has deposited following securities with State Bank of Pakistan against statutory deposits under the Insurance Ordinance, 2000:

	Note	2020 Rupees	2019 Rupees
Pakistan investment bonds		63,303,902	35,500,000
Cash deposit (included in Loans and other receivables)		-	26,394,079
		<u>63,303,902</u>	<u>61,894,079</u>

12 INVESTMENTS IN TERM DEPOSITS

Held to maturity

Deposits maturing within 12 months	12.1	<u>435,000,000</u>	<u>435,000,000</u>
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12.1 At amortised cost

Term deposit receipts (TDRs)

U Microfinance Bank Limited		100,000,000	-
JS Bank Limited		35,000,000	35,000,000
NRSP Bank Limited		300,000,000	200,000,000
Khushali Microfinance Bank Limited		-	200,000,000
		<u>435,000,000</u>	<u>435,000,000</u>

12.2 The rate of return on Term Deposit Certificates maintained at various banks ranges from 6.50% to 12.25% per annum (2019 : 11.69% to 14.40% per annum). These Term Deposit Certificates have maturity upto December 2021.

13 LOANS AND OTHER RECEIVABLES

Unsecured - considered good

Accrued investment income		14,477,568	19,729,734
Balance with brokers		89,865,783	20,355,297
Security deposits	13.3	12,082,671	17,751,171
Deposit with SBP	11.2	-	26,394,079
Other receivable		23,451,825	19,585,248
		<u>139,877,847</u>	<u>103,815,529</u>

13.1 This includes balance amounting to Rs. 89.831 million (2019: Rs. 20.323 million) with broker, Arif Habib Limited for investment purposes.

13.2 This includes security deposit against rented premises. The said deposit is refundable at the expiry of the respective rent agreement or on vacation of the rented premises. These deposits do not carry any interest or mark-up.

13.3 This includes security deposit with related parties and their relatives amounting to Rs. 3.712 million against rented premises (2019: Rs. 3.712 million).

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14	INSURANCE / REINSURANCE RECEIVABLES (Unsecured - considered good)	Note	2020 Rupees	2019 Rupees
	Due from insurance contract holders		111,299,742	97,414,767
	Less : Provision for impairment of receivables from insurance contract holders		(8,426,680)	(3,303,412)
			102,873,062	94,111,355
	Due from other insurers / reinsurers		237,981,306	182,384,855
	Less : Provision for impairment of due from other insurers / reinsurers		(12,295,807)	(6,965,490)
			225,685,499	175,419,365
			<u>328,558,561</u>	<u>269,530,720</u>
14.1	Movement of provision for impairment is as follows:			
	Opening balance		(10,268,902)	-
	Adjustment on account of:			
	Doubtful premium written off		-	-
	Provision made for doubtful due from:			
	Due from insurance contract holders		(5,123,268)	(3,303,412)
	Due from other insurers / reinsurers		(5,330,317)	(6,965,490)
	Net adjustment		(10,453,585)	(10,268,902)
	Closing balance		<u>(20,722,487)</u>	<u>(10,268,902)</u>
15	TAXATION - PAYMENTS LESS PROVISION			
	Opening balance		28,937,298	26,740,770
	Income tax deducted at source / payments (Advance Tax)		12,799,675	30,000,843
	Prior year adjustment		1,121,767	(4,048,361)
	Provision for tax payable		(32,491,321)	(23,755,954)
			<u>10,367,419</u>	<u>28,937,298</u>
16	DEFERRED TAXATION			
	Deferred tax (liability) / asset arising in respect of:			
	Accelerated depreciation on fixed assets		(674,805)	(1,399,934)
	Unrealised gain on premeasurement of investment - P&L		1,382,365	910,372
	Unrealised gain on premeasurement of investment - OCI		-	(1,694)
	Leases		12,015,405	8,894,595
	Provisions		6,009,521	2,977,982
	Minimum taxation		-	22,303,552
		16.1	<u>18,732,486</u>	<u>33,684,873</u>
16.1	Balance at beginning of the year		33,684,873	21,059,919
	Charge / (reversal) during the year			
	charged to profit and loss account		(14,952,387)	12,626,648
	charged to other comprehensive income during the year		-	(1,694)
			<u>(14,952,387)</u>	<u>12,624,954</u>
	Balance at the end of the year		<u>18,732,486</u>	<u>33,684,873</u>
16.2	The deferred tax asset has been recognized on the basis of future projections indicating the quantum of profits available for utilization of losses carried forward. In the event that future profits are not available, the tax losses and minimum tax would not be utilized and may lapse.			

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	Note	2020 Rupees	2019 Rupees
17 PREPAYMENTS			
Prepaid reinsurance premium ceded		86,978,701	36,555,316
Prepaid rent		-	382,015
		<u>86,978,701</u>	<u>36,937,331</u>
18 CASH AND BANK			
Cash and cash equivalent			
Cash in hand		464,141	16,396
Cash at bank			
Current accounts		62,027,703	54,596,860
Saving accounts	18.1	54,193,216	148,176,721
		<u>116,685,060</u>	<u>202,789,977</u>
18.1	The rate of return on PLS saving accounts maintained at various banks ranges from 2.52% to 11.25% per annum (2019: 11.25% to 14.00% per annum).		
18.2	Cash and short term borrowing include the following for the purpose of the cash flow statement.		
Cash and cash equivalents		116,685,060	202,789,977
Short term borrowings of upto three months including running finance, if any		-	-
		<u>116,685,060</u>	<u>202,789,977</u>
19 TOTAL ASSETS OF WINDOW TAKAFUL OPERATIONS - OPF			Restated
Total liabilities		28,256,281	18,497,477
Total assets in window takaful operations		66,977,612	64,740,352
Profit for the year		12,478,456	7,764,948
19.1	The financial statements of window takaful operations are separately prepared under the provisions of clause 11(b) of Takaful Rules, 2012 read with Circular No. 25 of 2015 issued dated July 9, 2015.		
19.2	The comparative figures have been restated based on the General Takaful Accounting Regulations, 2019 as more fully explained in note 6 of these financial statements.		
20 ORDINARY SHARE CAPITAL			
20.1 Authorized share capital			
2020	2019		
No. of Shares	No. of Shares		
100,000,000	100,000,000	Ordinary shares of Rs. 10/- each fully paid in cash	
			1,000,000,000
			1,000,000,000
20.2 Issued, subscribed and paid-up share capital			
40,337,391	40,337,391	Ordinary shares of Rs.10 each, fully paid in cash	403,373,910
15,000,000	15,000,000	Ordinary shares of Rs.10 each, issued as fully paid bonus shares	150,000,000
5,000,000	5,000,000	Statutory fund for window takaful operations	50,000,000
60,337,391	60,337,391		603,373,910

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20.3 Amount of Rs. 50 million is deposited as statutory reserves to comply with provisions of para 4 of Circular No 8 of 2014 read with section 11(c) of Takaful Rules, 2012 issued by Securities and Exchange Commission of Pakistan.

20.4 During the year 2018, the Company has issued 15,337,391 shares to InsuResilience Investment Fund SICAV RAIF, Luxembourg for an aggregate amount of Rs. 350 million bearing a premium of Rs. 12.82 per shares and total amounting to Rs. 196,626,090/- under the shareholders agreement.

21 RESERVES - REVENUE	Note	2020 Rupees	2019 Rupees
Revenue reserve			
General reserves	21.1	2,500,000	2,500,000

21.1 These represent general reserves utilizable at the discretion of the board of directors.

22 RETIREMENT BENEFIT OBLIGATIONS

Staff provident fund	634,843	613,051
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22.1 The company operates a funded Provident Fund Scheme for its employees and contributions are made monthly equal to employees contribution @ 8.33% (2019: 8.33%) of basic salary and cost of living allowance.

23 LEASE LIABILITIES

 Secured

Lease liabilities as at	143,209,055	151,180,382
Less: Payment made during the year	(21,003,598)	(23,871,785)
Add: Interest expense for the year	15,457,927	15,900,458
	<u>137,663,384</u>	<u>143,209,055</u>

23.1 The contractual undiscounted cashflows to which the Company is committed under the lease agreement and the years in which they became due are as follows:

 Maturity analysis-contractual undiscounted cashflow

Less than one year	23,081,811	20,976,464
One to five year	135,414,769	126,399,015
More than five year	35,307,319	67,404,882
Total undiscounted lease liability	<u>193,803,899</u>	<u>214,780,361</u>

23.2 The above liabilities were obligations under leases with various lessors for lease of buildings.

23.3 The Company discounted lease payments using its incremental borrowing rate. The weighted average rate applied is 12% per annum (2019: 12% per annum) .

24 PREMIUM RECEIVED IN ADVANCE

Premium received in advance	718,859	726,520
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25 INSURANCE / REINSURANCE PAYABLES

Due to other insurers / reinsurers	39,081,407	34,933,909
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26 OTHER CREDITORS AND ACCRUALS

Outstanding agency commissions	3,756,194	887,007
Sales tax	5,125,216	5,272,507
Federal insurance fee	370,444	672,926
Workers' Welfare Fund	2,310,839	-

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	Note	2020 Rupees	2019 Rupees
Tax deducted at source		2,011,972	2,548,758
EOBI payable		157,106	142,323
Receipts from foreign reinsurers	26.1	7,133,952	7,133,952
Auditors' remuneration		653,546	579,000
Unpaid and unclaimed dividend	26.2	59,962	59,962
Security against various policies		23,606,100	38,472,251
Others		3,266,667	4,317,283
		<u>48,451,998</u>	<u>60,085,969</u>

26.1 This represents receipts from foreign reinsurers against settlement of treaty agreements in 2011 after adjustment of receivable balances from the reinsurers.

26.2 The Company has not yet transferred unpaid and unclaimed dividend to separate bank account, therefore, no income has earned and utilised in this regard.

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

- Suits for recovery of approximate Rs. 70.800 million (December 31, 2019: Rs. 80.713 million) have been lodged but are not accepted by the Company and the cases are pending adjudication before different courts. As per the Company's legal advisor, such claims are untenable and accordingly management has not provided any liability in respect thereof.
- The Company has filed suit for recovery of Rs. 64.392 million (December 31, 2019: Rs. 56.369 million) against insurer/reinsurer for amount due. The management of the Company on the basis of the facts of the case and advice of the legal advisor believe that they have strong case, however, on prudence basis it has not been recorded as receivable in the financial statements against the aforesaid claim.
- The Company filed a writ petition before the Honourable Lahore High Court, Lahore against the levy of both Federal Excise Duty and Sales Tax on Services for tax year 2012 to 2014, and impugned inter alia, the show cause notices and orders passed by deputy commissioner inland revenue dated June 01, 2016 and demanding an amount of Rs. 77.556 million. The honourable court while issuing notices to the respondents has ordered that no coercive measures shall be adopted against the Company. The matter is pending adjudication before the Honourable High Court, Lahore. As per the Company's legal advisor, such claims are untenable and accordingly management has not provided any liability in respect thereof.
- An order was finalised by the Sindh Board of Revenue (SRB) for the tax period from January 2016 to December 2016 amounting to Rs. 7.00 million against re-insurance services. Revision application was filed by the Company against the said order before the Commissioner, SRB. The Commissioner SRB has remanded back the case with the direction to determine whether reinsurance services have been rendered/acquired outside Sindh or not. The matter is pending adjudication before the Sindh Board of Revenue. The Company is expecting favourable outcome.

27.2 Commitments

a) Ijarah disclosure:

The Company has entered into a Vehicle Ijarah agreements with Meezan Bank Limited and Sindh Bank Limited. The company has made payment of Rs. 6.460 million (2019: Rs. 15.176 million).

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	Note	2020 Rupees	2019 Rupees
Future Ijarah Rental Payment:			
Payable not later than 1 year		4,181,393	5,618,381
Payable later than 1 year and not later than 5 years		2,592,802	6,920,315
		<u>6,774,195</u>	<u>12,538,696</u>

b) There is no known commitment as at December 31, 2020 except as stated above (2019: Nil). However, commitment against lease liabilities has been disclosed in the relevant note to these financial statements.

28 NET INSURANCE PREMIUM

Written gross premium	607,062,294	523,656,271
Unearned premium reserve - Opening	262,243,543	252,509,416
Unearned premium reserve - Closing	(281,981,893)	(262,243,543)
Premium earned	587,323,944	513,922,144
Less: Reinsurance premium ceded	166,297,048	71,149,942
Add: Prepaid reinsurance premium ceded - Opening	36,555,316	41,434,546
Prepaid reinsurance premium ceded - Closing	(86,978,701)	(36,555,316)
Reinsurance expense	115,873,663	76,029,172
	<u>471,450,281</u>	<u>437,892,972</u>

29 NET INSURANCE CLAIMS EXPENSE

Claims paid	238,051,350	170,906,862
Outstanding claims including IBNR - Closing	189,002,250	108,865,952
Outstanding claims including IBNR - Opening	(108,865,952)	(126,110,519)
Claims expense	318,187,648	153,662,295
Less: Reinsurance and other recoveries received	93,730,082	27,865,661
Add: Reinsurance and other recoveries in respect of outstanding claims - Closing	122,847,674	43,521,203
Reinsurance and other recoveries in respect of outstanding claims - Opening	(43,521,203)	(49,401,986)
Reinsurance and other recoveries revenue	173,056,553	21,984,878
	<u>145,131,095</u>	<u>131,677,417</u>

29.1 Claim development

	2016	2017	2018	2019	2020
	-----Rs. in '000'-----				
Estimate of ultimate claims costs:					
At end of accident year	104,700	159,029	233,801	177,950	240,301
One year later	153,214	141,637	218,274	170,018	
Two years later	149,558	114,952	209,765	-	
Three years later	148,878	113,213	-	-	
Four years later	157,153	-	-	-	
Current estimate of cumulative claims	157,153	113,213	209,765	170,018	240,301
Cumulative payments to date	(148,970)	(105,298)	(205,799)	(160,119)	(139,729)
Liability recognised in balance sheet	8,183	7,915	3,966	9,899	100,572

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	Note	2020 Rupees	2019 Rupees
30 NET COMMISSION AND OTHER ACQUISITION COSTS			
Commission paid or payable		151,421,569	106,995,873
Deferred commission expense - Opening		53,439,780	52,334,737
Deferred commission expense - Closing		(71,018,195)	(53,439,780)
Net Commission		133,843,154	105,890,830
Less: Commission received or recoverable		35,829,325	14,046,072
Unearned re-insurance commission - Opening		7,765,517	8,031,216
Unearned re-insurance commission - Closing		(20,098,704)	(7,765,517)
Commission from reinsurers		23,496,138	14,311,771
		<u>110,347,016</u>	<u>91,579,059</u>
31 MANAGEMENT EXPENSES			
Employee benefit cost	31.1	130,081,123	148,823,256
Travelling and conveyance		1,312,048	2,982,521
Advertisement and sales promotion		1,275,545	3,577,646
Printing and stationery		3,928,781	4,677,863
Depreciation	31.2	30,634,687	32,471,860
Rent, rates and taxes		5,851,298	7,275,677
Legal and professional charges - business related		3,157,681	5,707,564
Electricity, gas and water		3,568,445	3,680,586
Petrol, oil and lubricants		11,374,333	12,277,922
Repairs and maintenance		9,871,119	9,630,340
Postages, telegram and telephone		7,381,468	7,456,077
Annual Supervision fee SECP		958,119	1,255,046
Service charges		6,652,305	7,124,514
Ijarah rentals	31.3	6,460,204	9,894,128
Entertainment		4,840,304	5,089,066
Provision for bad and doubtful receivable	14	10,453,585	10,671,647
Miscellaneous	31.4	1,358,630	6,577,400
		<u>239,159,675</u>	<u>279,173,113</u>
31.1 Employee benefit cost			
Salaries, allowance and other benefits		126,788,252	145,565,640
Charges for post employment benefit		3,292,871	3,257,616
		<u>130,081,123</u>	<u>148,823,256</u>
31.2 Depreciation			
Operating fixed assets	9.1	14,248,776	16,755,688
Right of use assets	9.5	16,385,911	15,716,172
		<u>30,634,687</u>	<u>32,471,860</u>
31.3	This amount pertains to lease rental paid on Ijarah financing availed during the year from Meezan Bank Limited and Sindh Bank Limited.		
31.4	This includes an amount of Nil (2019: Rs. 0.475 million) penalty charged by SECP against various non compliance of Insurance Ordinance, 2000, disclosure on related parties, Anti Money Laundering Act, 2010 and Insurance Rules, 2017.		

ASIA INSURANCE COMPANY LIMITED
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32	INVESTMENT INCOME	Note	2020 Rupees	2019 Rupees
	Income from equity securities			
	Held for trading			
	- Dividend income on listed securities		1,464,863	-
	- Dividend income on mutual funds		3,457,509	1,964,855
			4,922,372	1,964,855
	Income from debt securities			
	Held to maturity			
	- Return on Debt securities		5,353,036	5,166,945
	Income from term deposits			
	Held to maturity			
	- Return on term deposits		54,541,785	45,265,597
	Net realised fair value gains/(losses) on investments			
	Held for trading			
	- Listed securities		51,013,485	10,578,816
	- Mutual funds		-	(36,000,590)
	Available for sale			
	- Listed securities		-	(4,525)
	Net unrealised fair value gains/(losses) on investments			
	Held for trading			
	- Listed securities		(3,337,852)	(1,791,160)
	- Mutual funds		(493,035)	27,982,861
	Held to maturity			
	- Debt securities		575,907	100,661
	Total investment income		112,575,698	53,263,460
	Less: (Impairment)/Reversal in value of Available for sale			
	- Listed securities		-	-
	Less: Investment related expenses		(1,945,041)	(408,905)
	Net Investment Income		110,630,657	52,854,555
33	OTHER INCOME			
	Income from financial assets			
	Return on bank balances		8,848,459	24,505,927
	Income from non financial assets			
	Gain on disposal of fixed assets	9.3	1,636,489	2,094,500
			10,484,948	26,600,427
34	OTHER EXPENSES			
	Auditors' remuneration	34.1	740,056	656,000
	Fees and subscriptions		1,891,430	2,065,438
	Workers' welfare fund		2,310,839	-
			4,942,325	2,721,438
34.1	Auditor's remuneration:			
	Audit fee		496,650	440,000
	Half yearly review fee		78,645	70,000
	Other services		107,231	95,000
	Out of pocket expenses		57,530	51,000
			740,056	656,000

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	Note	2020 Rupees	2019 Rupees
35 FINANCE COST			
Bank charges		-	2,380
Finance cost on right of use asset	23	15,457,927	15,900,293
		<u>15,457,927</u>	<u>15,902,673</u>
36 INCOME TAX (EXPENSE) / GAIN			
For the year			
Current		32,491,321	6,863,124
Deferred		14,952,387	(12,626,648)
		<u>47,443,708</u>	<u>(5,763,524)</u>
For the prior year(s)			
Current	15	(1,121,767)	4,048,361
		<u>46,321,941</u>	<u>(1,715,163)</u>

36.1 Numerical reconciliation between applicable tax rate and average effective tax rate has not been prepared as the Company was subject to minimum tax in the prior year and current year reconciliation is as follows.

	2020 %	2019 %
Applicable tax rate	29.00%	-
Temporary difference	17.06%	-
Tax impact related to prior year	-1.28%	-
Tax impact of final tax	-1.12%	-
Others	9.20%	-
Average effective rate	<u>52.86%</u>	<u>-</u>

36.2 As at December 31, 2020, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in accounts for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

		Restated
37 EARNINGS PER SHARE		
Net profit after tax for the year (Rupees)		<u>41,301,224</u> <u>2,321,182</u>
Weighted average number of ordinary shares outstanding(No.)		<u>60,337,391</u> <u>60,337,391</u>
Earnings per share - basic and diluted (Restated)	37.1	<u>0.68</u> <u>0.04</u>

37.1 There is no dilution effect on the basic earnings per share as the Company has no convertible dilutive potential ordinary shares outstanding at the year end; consequently, the reported basic earnings per share is also the diluted earnings per share.

38 DEFINED CONTRIBUTION PLAN

The Company has contributory provident fund scheme for benefit of all its permanent employees under the title of "Asia Insurance Company Limited Employee Provident Trust". The Fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Company.

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The Trustees have intimated that the size of the Fund at year end was Rs. 38.951 million (2019: Rs. 30.865 million). The category wise break up of investment as per section 218 of the Companies Act, 2017 is given below:

	2020	2019
	(Rupees)	(Rupees)
	Audited	Audited
Break up of fair value of investments out of provident fund is as follows:		
Saving accounts	14,191,100	7,978,470
Term deposits receipts	19,000,000	19,000,000
	<u>33,191,100</u>	<u>26,978,470</u>
Employees' provident fund		
Size of the fund	38,951,406	30,865,347
Number of members	143	132
Cost of investment made	33,191,100	26,978,470
Percentage of investment made	85.21%	87.41%
Fair value of investment	33,191,100	26,978,470

39 COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

Description	2020				2019			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	-----Rupees-----				-----Rupees-----			
Managerial remuneration	7,920,000	990,000	9,137,160	18,047,160	7,920,000	990,000	28,119,934	37,029,934
Utilities	792,000	99,000	798,516	1,689,516	792,000	99,000	2,811,972	3,702,972
Fees	-	160,000	-	160,000	-	140,000	-	140,000
Bonus	500,000	62,500	297,233	859,733	1,500,000	187,500	2,756,221	4,443,721
Rent and house maintenance	3,288,000	411,000	3,315,036	7,014,036	3,288,000	411,000	11,674,033	15,373,033
Commission paid	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	2,064,000	2,064,000
Contribution to defined contribution plan	-	82,464	414,468	496,932	-	82,464	1,235,602	1,318,066
	<u>12,500,000</u>	<u>1,804,964</u>	<u>13,962,413</u>	<u>28,267,377</u>	<u>13,500,000</u>	<u>1,909,964</u>	<u>48,661,762</u>	<u>64,071,726</u>
Executive Directors	12,500,000	1,644,964	-	14,144,964	13,500,000	1,769,964	-	15,269,964
Non-Executive Director	-	160,000	-	160,000	-	140,000	-	140,000
	<u>12,500,000</u>	<u>1,804,964</u>	<u>-</u>	<u>14,304,964</u>	<u>13,500,000</u>	<u>1,909,964</u>	<u>-</u>	<u>15,409,964</u>
Number of persons	1	4	5	10	1	4	33	38

39.1 The chief executive officer, directors and certain executives are also provided with Company's maintained cars for official purposes.

ASIA INSURANCE COMPANY LIMITED
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40 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of chief executive officer, directors, major shareholders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions and compensation to key management personnel is on employment terms. The transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Name of parties	Nature of relationship	Nature of transactions	Note	December 31, 2020		December 31, 2019	
				Transactions during the	Closing balance	Transactions during the year	Closing balance
Contribution payable to provident fund	EPF	Contribution to provident fund		3,292,871	-	3,257,616	-
Directors, their spouses and relatives	Shareholders and relatives	Payable		-	634,843	-	613,051
(Country of origin - Pakistan and relationship - Directors, spouses and relatives)		Office supplies		-	-	221,878	-
		Security deposit		-	3,712,500	-	3,712,500
		Rental paid		18,396,972	-	16,705,125	-
		Remunerations and fee		14,304,964	-	15,409,964	-
		Right of use of assets		-	93,061,554	-	107,378,715
		Lease liabilities		-	133,349,210	-	136,660,828
		Commission charge		1,363,613	-	6,510,969	-
InsuResilience Investment Fund SICAVRAIF	Associated	Subscription money received		-	-	-	-
Executives	Key management personnel	Remuneration paid		14,222,500	-	22,040,597	-
		Commission paid		5,887,923	-	6,148,585	-

40.1 Basis of relationship with the company

In respect of associated companies incorporated outside Pakistan with whom the company had entered into an agreement along with basis of relationship is as follows:

Name of related party	Country of origin	Relationship	Basis of Association	Shareholdings
InsuResilience Investment Fund SICAVRAIF	Luxembourg	Associated undertaking	Shareholding	25.42%

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41 SEGMENT REPORTING

41.1 Following are the segment assets, liabilities, revenue and expenses of the Company:

As at December 31, 2020	Rupees						Total
	Fire and property damage	Marine, aviation and transport	Motor	Health	Agriculture and allied	Miscellaneous	
Premium received (inclusive of FED, FIF and Admin surcharge)	248,326,887	119,712,337	146,883,019	69,511,463	10,810,481	58,772,633	654,016,820
Less: Federal Excise Duty / Sales Tax	(16,167,542)	(10,269,287)	(13,040,191)	1,351,428	-	(4,874,209)	(42,999,801)
Federal Insurance Fee	(1,064,791)	(959,852)	(829,360)	(693,139)	(101,070)	(306,513)	(3,954,725)
Gross Written Premium (inclusive of Admin surcharge)	231,094,554	108,483,198	133,013,468	70,169,752	10,709,411	53,591,911	607,062,294
Gross direct Premium	103,611,989	92,930,765	81,571,577	69,236,718	9,663,904	29,806,004	386,820,957
Facultative inward Premium	124,621,848	12,515,796	50,079,081	856,450	608,738	22,946,306	211,628,219
Administrative surcharge	2,860,717	3,036,637	1,362,810	76,584	436,769	839,601	8,613,118
Insurance Premium earned	210,959,487	107,450,741	126,693,397	58,507,781	12,770,625	70,941,913	587,323,944
Insurance Premium ceded to reinsurers	(59,320,611)	(34,835,218)	(5,250,000)	-	(969,000)	(15,498,834)	(115,873,663)
Net Insurance Premium	151,638,876	72,615,523	121,443,397	58,507,781	11,801,625	55,443,079	471,450,281
Commission income	15,684,059	4,727,352	-	-	-	3,084,727	23,496,138
Net underwriting income	167,322,935	77,342,875	121,443,397	58,507,781	11,801,625	58,527,806	494,946,419
Insurance claims	(133,716,509)	(29,276,858)	(51,011,506)	(55,308,581)	(8,566,300)	(40,307,894)	(318,187,648)
Insurance claims recovered from reinsurers	123,539,470	25,591,148	1,934,135	-	-	21,991,800	173,056,553
Net claims	(10,177,039)	(3,685,710)	(49,077,371)	(55,308,581)	(8,566,300)	(18,316,094)	(145,131,095)
Commission expenses	(62,249,572)	(26,204,184)	(25,039,316)	(3,344,062)	(2,455,131)	(14,550,889)	(133,843,154)
Management expenses	(85,906,155)	(43,742,305)	(51,586,742)	(23,820,304)	(5,189,765)	(28,914,405)	(239,159,675)
Premium deficiency expense	(2,008,875)	(137,568)	-	(236,696)	-	-	(2,383,139)
Net Insurance claims and expenses	(150,164,602)	(70,084,057)	(76,626,058)	(27,401,062)	(7,644,896)	(43,465,294)	(375,385,968)
Underwriting results	(160,341,641)	(73,769,767)	(125,703,429)	(82,709,643)	(16,211,196)	(61,781,388)	(520,517,063)
Net investment income	6,981,294	3,573,108	(4,260,032)	(24,201,862)	(4,409,571)	(3,253,582)	(25,570,644)
Other income							110,630,657
Other expenses							10,484,948
Finance cost							(4,942,325)
Profit from WTO Operations							(15,457,927)
Profit before tax							12,478,456
Segment assets	302,686,863	98,539,598	88,287,378	34,525,665	9,134,400	76,229,227	609,403,131
Unallocated assets							1,127,209,804
Total assets							1,736,612,935
Segment liabilities	261,959,697	63,093,431	119,091,817	56,430,997	9,761,266	74,834,224	585,171,433
Unallocated liabilities							166,554,508
Total liabilities							751,725,941

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41.2 SEGMENT INFORMATION

As at December 31, 2019	Rupees						Total
	Fire and property damage	Marine, aviation and transport	Motor	Health	Agriculture and allied	Miscellaneous	
Premium received (inclusive of FED, FIF and Admin surcharge)	205,805,478	74,468,284	146,706,384	64,763,284	13,573,377	89,609,440	594,926,247
Less: Federal Excise Duty / Sales Tax	(21,011,907)	(6,316,935)	(19,157,313)	(8,532,633)	-	(11,600,106)	(66,618,894)
Federal Insurance Fee	(1,389,228)	(639,177)	(1,213,839)	(556,807)	(116,498)	(735,533)	(4,651,082)
Gross Written Premium (inclusive of Admin surcharge)	183,404,343	67,512,172	126,335,232	55,673,844	13,456,879	77,273,801	523,656,271
Gross direct Premium	135,119,403	61,207,262	119,599,931	55,631,804	11,137,619	70,873,408	453,569,427
Facultative inward Premium	44,495,456	3,614,904	4,953,080	-	1,811,151	3,790,835	58,665,426
Administrative surcharge	3,789,484	2,690,006	1,782,221	42,040	508,109	2,609,558	11,421,418
	183,404,343	67,512,172	126,335,232	55,673,844	13,456,879	77,273,801	523,656,271
Insurance Premium earned	169,478,044	63,319,629	128,453,101	50,435,323	15,060,600	87,175,447	513,922,144
Insurance Premium ceded to reinsurers	(40,961,428)	(11,465,162)	(5,250,004)	-	(1,020,000)	(17,332,578)	(76,029,172)
Net Insurance Premium	128,516,616	51,854,467	123,203,097	50,435,323	14,040,600	69,842,869	437,892,972
Commission income	9,926,099	2,794,819	-	-	-	1,590,853	14,311,771
Net underwriting income	138,442,715	54,649,286	123,203,097	50,435,323	14,040,600	71,433,722	452,204,743
Insurance claims	(25,076,972)	(3,924,117)	(42,527,829)	(54,415,539)	(1,224,319)	(26,493,519)	(153,662,295)
Insurance claims recovered from reinsurers	19,365,211	1,817,698	(1,159,236)	-	-	1,961,205	21,984,878
Net claims	(5,711,761)	(2,106,419)	(43,687,065)	(54,415,539)	(1,224,319)	(24,532,314)	(131,677,417)
Commission expenses	(41,383,240)	(15,196,694)	(25,289,768)	(2,609,783)	(4,437,582)	(16,973,763)	(105,890,830)
Management expenses	(92,071,293)	(34,394,128)	(69,765,361)	(27,386,882)	(8,179,772)	(47,375,677)	(279,173,113)
Premium deficiency expense	-	-	-	(3,453,183)	-	-	(3,453,183)
Net Insurance claims and expenses	(133,454,533)	(49,590,822)	(95,055,129)	(33,449,848)	(12,617,354)	(64,349,440)	(388,517,126)
Underwriting results	(139,166,294)	(51,697,241)	(138,742,194)	(87,865,387)	(13,841,673)	(88,881,754)	(520,194,543)
	(723,579)	2,932,045	(15,539,097)	(37,430,064)	198,927	(17,448,032)	(67,989,800)
Net investment income							52,854,555
Other income							26,600,427
Other expenses							(2,721,438)
Finance cost							(15,902,673)
Profit from WTO Operations							7,764,948
Profit before tax							606,019
Segment assets	157,043,572	59,635,533	83,251,639	27,798,330	10,302,532	65,015,413	403,047,019
Unallocated assets							1,200,932,927
Total assets							1,603,979,946
Segment liabilities	169,771,327	50,147,243	120,713,630	43,865,892	12,647,276	80,929,224	478,074,593
Unallocated liabilities							162,319,583
Total liabilities							640,394,176

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42 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through Profit and Loss	Total
	Rupees	Rupees	Rupees	Rupees
As at January 01, 2019	61,515,022	20,451	101,836,336	163,371,809
Additions	27,112,312	-	105,663,506	132,775,818
Disposals (sale and redemption)	(26,000,000)	(14,608)	(157,428,534)	(183,443,142)
Fair value net gains (excluding net realized gains)	100,661	(5,843)	26,191,699	26,286,517
As at December 31, 2019	62,727,995	-	76,263,007	138,991,002
Additions	-	-	465,500,178	465,500,178
Disposals (sale and redemption)	-	-	(423,001,578)	(423,001,578)
Fair value net loss (excluding net realized gains)	575,907	-	(3,830,887)	(3,254,980)
As at December 31, 2020	63,303,902	-	114,930,719	178,234,621

43 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

Risk management framework

The Company's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk. The Company's overall risk management process focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risks without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework and is also responsible for development of the Company's risk management policies.

43.1 Insurance risk

The risk under an insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim i.e. frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company's risk profile is improved by diversification of these risks of losses to a large portfolio of contracts, since a diversified portfolio is less likely to be affected by an unexpected event in single subset. The Company principally issues the general insurance cover. Risks under these policies usually cover a twelve month duration. For general insurance contracts, the most significant risks arise from fire.

Underwriting limits and retention policies and procedures precisely regulate who is authorized and accountable for concluding insurance and reinsurance contracts and at what conditions. Compliance with these guidelines is regularly checked and developments in the global, regional and local markets are closely observed, reacting, where necessary, with appropriate measures that are translated without delay into underwriting guidelines if required. The primary risk control measure in respect of the insurance risk is the transfer of the risks to third parties through reinsurance. The reinsurance business ceded is placed on a proportional and non proportional basis with retention limits varying by lines of business.

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Reinsurance is used to manage insurance risk. Although the Company has reinsurance arrangements, it does not, however, discharge the Company's liability as primary insurer and thus a credit risk exposure remains with respect to reinsurance ceded to the extent that any reinsurer may be unable to meet its obligations under such reinsurance arrangements. The Company minimizes such credit risk by entering into reinsurance arrangements with reinsurers having good credit ratings, which are reviewed on a regular basis. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

43.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Company manages these risk through the measures described above. The Company monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and premium liabilities (in percentage terms) by class of business as at the balance sheet date:

Class of business	2020				2019			
	Gross claims liability	Net claims liability	Gross premium liability	Net premium liability	Gross claims liability	Net claims liability	Gross premium liability	Net premium liability
	%	%	%	%	%	%	%	%
Fire and property damage	45%	51%	45%	52%	23%	27%	40%	44%
Marine, aviation and transport	17%	19%	5%	5%	24%	32%	6%	4%
Motor	15%	9%	25%	20%	29%	21%	25%	23%
Health	3%	2%	14%	10%	4%	3%	10%	9%
Agriculture and Allied	1%	1%	2%	2%	2%	1%	3%	3%
Miscellaneous	18%	17%	10%	11%	18%	16%	17%	17%
Total	100%	100%	100%	100%	100%	100%	100%	100%

43.1.2 Source of uncertainty in estimation of future claim payments

The key source of estimation of uncertainty at the balance sheet date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors, involving varying and significant degrees of judgment and uncertainty, and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

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.

43.1.3 Key assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes

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external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

43.1.4 Claims development

The Company maintains adequate reserves in respect of its insurance business in order to protect itself against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

Claims which involve litigation and, in the case of marine, general average adjustments take longer for the final amounts to be determined which exceed one year. Claims of last five years are disclosed in note 29.1. All amounts are presented in gross numbers before reinsurance.

43.1.5 Sensitivity analysis

The insurance claims provision is sensitive to the above key assumptions. The analysis below is performed for possible movements in key assumptions, with all other assumptions held constant, showing the impact on liabilities and revenue account.

Current claims	Rate	Impact on	Impact on
		gross liabilities	profit and loss
		Rupees	Rupees
December 31, 2020	+10%	31,818,765	(31,818,765)
	-10%	(31,818,765)	31,818,765
December 31, 2019	+10%	15,366,230	(15,366,230)
	-10%	(15,366,230)	15,366,230

43.2 Reinsurance risk

An analysis of gross amount due from other insurers and reinsurers recognized by the rating of the entity from which it is due is as follows:

Rating	Amount due	Reinsurance	Other
	from	recoveries	reinsurance
	reinsurers	against	assets
	Rupees	Rupees	Rupees
A or above (including PRCL)	237,981,306	122,847,674	86,978,701
	<u>237,981,306</u>	<u>122,847,674</u>	<u>86,978,701</u>

Geographical concentration of insurance risk

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

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial/industrial/residential occupation of the insurers. Details regarding the fire separation/segregation with respect to the manufacturing processes, storage, utilities etc. are extracted from the layout plan of the insured facility. Such details form part of the reports which are made available to the underwriters/reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan) for instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors,

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physical separation between the buildings within an insured's premises. It is basically that the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look up and geocoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk.

For Marine risk, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea/air/inland transit), sailing dates, origin and destination of the shipments, per carry limits etc. are fed into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the proportional treaty agreement. Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non proportional treaty which is very much in line with the risk management philosophy of the Company.

In compliance with the regulatory requirement, the reinsurance agreements are duly submitted with Securities and Exchange Commission of Pakistan on an annual basis.

The concentration of risk by type of contracts is summarized below by reference to liabilities.

	Gross sum insured		Reinsurance		Net	
	2020	2019	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Direct and Facultative						
Fire and property damage	228,320,516,689	163,506,948,191	98,999,776,036	35,938,827,212	129,320,740,653	127,568,120,979
Marine, aviation and transport	91,518,805,720	66,524,700,338	21,433,704,300	11,641,822,559	70,085,101,420	54,882,877,779
Motor	8,558,004,766	6,914,626,368	341,464,390	291,797,233	8,216,540,376	6,622,829,135
Health & PA	6,458,197,540	3,851,528,000	-	-	6,458,197,540	3,851,528,000
Agriculture and allied	1,420,885,607	4,292,998,228	146,777,483	248,993,897	1,274,108,124	4,044,004,331
Miscellaneous	66,308,286,091	154,616,784,609	49,041,608,393	87,689,483,373	17,266,677,698	66,927,301,236
	402,584,696,413	399,707,585,734	169,963,330,602	135,810,924,274	232,621,365,811	263,896,661,460

Sources of Uncertainty in 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 that occur during the term of the insurance contract.

An estimated amount of the claim is recorded immediately on intimation to the Company. The estimation of the amount is based on the amount notified by the policy holder, management or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. Incurred But Not Reported (IBNR) claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which

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represents the extent of future development of claims to reach their ultimate level. IBNR for all classes is determined and recognized in accordance with valuation carried out by an appointed actuary which is also based on Chain Ladder (CL) method.

There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. 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. It is likely that final settlement of these liabilities may be different from recognized amounts.

Changes in assumptions

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

43.3 Financial risk

43.3.1 Credit risk

Credit risk is the risk that the counter party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at December 31, 2019 is the carrying amount of the financial assets as set out below:

Nature of financial assets	2020 Rupees	2019 Rupees
Investments		
Equity securities	114,930,719	76,263,007
Debt securities	63,303,902	62,727,995
Term deposits	435,000,000	435,000,000
	<u>613,234,621</u>	<u>573,991,002</u>
Loans and other receivables	139,877,847	103,815,529
Insurance / reinsurance receivables	328,558,561	269,530,720
Reinsurance recoveries against outstanding claims	122,847,674	43,521,203
Cash and bank	116,220,919	202,773,581
	<u>1,320,739,622</u>	<u>1,193,632,035</u>

Concentration of credit risk

Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Company's portfolio of financial assets is broadly

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diversified and transactions are entered into with diverse credit worthy counterparties, thereby mitigating any significant concentration of credit risk. Provision for impairment is made for doubtful receivables according to the Company's policy. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no history of default.

The credit quality of the banks with which Company has balances including TDR's can be assessed with reference to external credit ratings as follows:

Name of banks	Rating		Rating agency	2020	2019
	Short term	Long term			
Cash at bank					
----- Rupees -----					
JS Bank Limited	A1+	AA-	PACRA	10,553,447	21,628,071
Bank Islami Pakistan Limited	A1	A+	PACRA	-	-
United Bank Limited	A-1+	AAA	JCR-VIS	199,341	57,909
Summit Bank Limited	A-3	BBB-	JCR-VIS	2,300,738	8,407,256
Silk Bank Limited	A-2	A-	JCR-VIS	78,752	75,185
MCB Bank Limited	A1+	AAA	PACRA	200,000	200,000
Askari Bank Limited	A1+	AA+	PACRA	27,747	1,097,384
Faysal Bank Limited	A1+	AA	PACRA	17,603,695	4,294,588
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,034,480	886,303
The Bank of Khyber	A1	A	JCR-VIS	104,252	2,543,609
SME Bank Limited	B	CCC	PACRA	4,498,554	4,195,817
Soneri Bank Limited	A1+	AA-	PACRA	2,078,925	2,078,925
Bank of Azad Jammu Kashmir*				4,696,048	4,512,307
Punjab Provincial Co-operative Bank Limited*	C	CCC	JCR-VIS	15,215	15,215
The Bank of Punjab	A1+	AA	PACRA	172,819	172,819
Bank Al - Habib Limited	A1+	AA+	PACRA	2,566,911	5,526,534
Zaraai Taraqiyati Bank Limited	A-1+	AAA	JCR-VIS	18,323,088	27,650,494
National Bank of Pakistan	A-1+	AAA	PACRA	6,284,248	3,377,735
Khushhali Microfinance Bank Limited	A-1	A+	JCR-VIS	6,464,760	9,174,574
Dubai Islamic Bank Limited	A1+	AA	JCR-VIS	85,981	85,981
Samba Bank Limited	A-1	AA	JCR-VIS	1,079,236	1,079,276
Sindh Bank Limited	A-1	A+	JCR-VIS	380,858	393,714
NRSP Microfinance Bank Limited	A-1	A	JCR-VIS	23,874,919	88,826,455
U Microfinance Bank Limited	A1	A	JCR-VIS	22,197	5,980,910
Bank Alfalah Limited	A1+	AA+	PACRA/JCR-VIS	13,574,709	10,512,520
				<u>116,220,920</u>	<u>202,773,581</u>
<i>* Credit ratings are not available</i>					
Term Deposit Certificates					
NRSP Microfinance Bank Limited	A-1	A	JCR-VIS	300,000,000	200,000,000
JS Bank Limited	A1+	AA-	PACRA	35,000,000	35,000,000
Bank Limited	A1	A	JCR-VIS	100,000,000	-
Khushhali Microfinance	A-1	A+	JCR-VIS	-	200,000,000
				<u>435,000,000</u>	<u>435,000,000</u>

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The following are the contractual maturities of financial assets and liabilities on an undiscounted cash flow basis:

	Carrying Amount	Up to One Year	More Than One Year	
	Rupees	Rupees	Rupees	
Financial liabilities: 2020				
Outstanding claims including IBNR	189,002,250	189,002,250	-	
Insurance / reinsurance payables	39,081,407	39,081,407	-	
Retirement benefit obligations	634,843	634,843	-	
Other creditors and accruals	48,451,998	48,451,998	-	
	<u>277,170,498</u>	<u>277,170,498</u>	<u>-</u>	
Financial liabilities: 2019				
Outstanding claims including IBNR	108,865,952	108,865,952	-	
Insurance / reinsurance payables	34,933,909	34,933,909	-	
Retirement benefit obligations	613,051	613,051	-	
Other creditors and accruals	60,085,969	60,085,969	-	
	<u>204,498,881</u>	<u>204,498,881</u>	<u>-</u>	
Financial Assets: 2020				
	Carrying Amount	Up to One Year	From 1 - 2 years	More than 2 years
	Rupees	Rupees	Rupees	Rupees
Insurance / reinsurance receivables	328,558,561	328,558,561	-	-
Reinsurance recoveries against outstanding claims	122,847,674	122,847,674	-	-
Accrued investment income	14,477,568	14,477,568	-	-
Balance with brokers	89,865,783	89,865,783	-	-
Taxation - provision less payments	10,367,419	10,367,419	-	-
Security deposits	12,082,671	12,082,671	-	-
Other receivable	23,451,825	23,451,825	-	-
	<u>601,651,501</u>	<u>601,651,501</u>	<u>-</u>	<u>-</u>
Financial Assets: 2019				
Insurance / reinsurance receivables	269,530,720	269,530,720	-	-
Reinsurance recoveries against outstanding claims	43,521,203	43,521,203	-	-
Accrued investment income	19,729,734	19,729,734	-	-
Balance with brokers	20,355,297	20,355,297	-	-
Taxation - Provision less payments	28,937,298	28,937,298	-	-
Security deposits	17,751,171	17,751,171	-	-
Deposit with SBP	26,394,079	26,394,079	-	-
Other receivable	19,585,248	19,585,248	-	-
	<u>445,804,750</u>	<u>445,804,750</u>	<u>-</u>	<u>-</u>

The credit quality of amount due from other insurers/ reinsurers and reinsurance recoveries against outstanding claims can be assessed with reference to external credit ratings as follows:

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	Amount due from other insurers / reinsurers (Carrying Amount)	Reinsurance recoveries against outstanding claims	2020 'Rupees	2019 'Rupees
A or above (including PRCL)	235,169,855	91,120,762	326,290,617	218,951,108
Below A	-	-	-	207,467
Others	2,811,451	31,726,912	34,538,363	6,747,483
Total	237,981,306	122,847,674	360,828,980	225,906,058

Impaired assets

The impairment provision is written-off when the Company expects that it cannot recover the balance due. Receivables of Rs. 20.722 million (2019: Rs. 10.269 Million) were impaired and provided for.

43.3.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. In the case of the Company, the liquidity level remained on satisfactory level during the year and Company did not face any difficulty in generation of liquidity.

The following are the contractual maturities of financial liabilities including estimated interest payments on an undiscounted cashflow basis:

	Carrying amount	Contractual cash flows	Up to one year	More than one year
Financial liabilities: (2020)				
-----Rupees-----				
Outstanding claims including IBNR	189,002,250	189,002,250	189,002,250	-
Insurance / Reinsurance payables	39,081,407	39,081,407	39,081,407	-
Other Creditors and Accruals	48,451,998	48,451,998	48,451,998	-
Lease liabilities	137,663,384	193,803,899	23,081,811	170,722,088
Borrowings	-	-	-	-
	414,199,039	470,339,554	299,617,466	170,722,088
Financial liabilities: (2019)				
Outstanding claims including IBNR	108,865,952	108,865,952	108,865,952	-
Insurance / Reinsurance payables	34,933,909	34,933,909	34,933,909	-
Other Creditors and Accruals	60,085,969	60,085,969	60,085,969	-
Lease liabilities	143,209,055	214,780,361	20,976,464	193,803,897
Borrowings	-	-	-	-
	347,094,885	418,666,191	224,862,294	193,803,897

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Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The sensitivity analysis is performed on the same basis as that of last year. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognised in the balance sheet is adequate. However, actual experience will differ from the expected outcome.

As the company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance.

	Pre tax Profit		Shareholders' equity	
	2020	2019	2020	2019
	Rupees			
10% decrease in Loss				
Fire and property damage	(1,017,704)	(571,176)	(722,570)	(399,823)
Marine aviation and transport	(368,571)	(210,642)	(261,685)	(147,449)
Motor	(4,907,737)	(4,368,707)	(3,484,493)	(3,058,095)
Agriculture and allied	(856,630)	(5,441,554)	(608,207)	(3,809,088)
Health	(5,530,858)	(82,232)	(3,926,909)	(57,562)
Miscellaneous	(1,831,609)	(2,493,431)	(1,300,443)	(1,745,402)
	<u>(14,513,110)</u>	<u>(13,167,742)</u>	<u>(10,304,308)</u>	<u>(9,217,419)</u>

43.3.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities. This can be due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market risk comprises of three types of risks: price risk, interest rate risk and currency risk.

43.3.4 Price risk

Primarily, the Company's equity investments are exposed to the price risk. Price risk is limited by the Company through diversification of its portfolio and active monitoring of capital markets. Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 86.673 million (2019: Rs. 48.451 million) at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. The Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. The Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

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The carrying value of investments subject to equity price risk are based on quoted market prices as of the balance sheet date and available for sale equity instruments which are stated at fair value. Market prices are subject to fluctuation and consequently the amount realized 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. The Company has no significant concentration of price risk.

Sensitivity analysis

The table below summarizes company's equity price risk as of December 31, 2020 and 2019 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios, results could be worse because of the nature of equity markets.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholder's equity	Hypothetical increase/(decrease) in profit before tax
December 31, 2020	84,673,414	10% decrease	93,140,755	6,011,812	8,467,341
		10% increase	76,206,073	(6,011,812)	(8,467,341)
December 31, 2019	48,451,550	10% decrease	53,296,705	3,440,060	4,845,155
		10% increase	43,606,395	(3,440,060)	(4,845,155)

43.3.5 Interest/mark up rate risk

Interest/mark up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark up rates. Sensitivity to interest/mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies.

The financial instruments of the Company can be classified into fixed rate instruments and variable rate instruments as shown below:

	2020	2019	2020	2019
	Effective interest rate (in %)		Rupees	Rupees
Financial assets				
Saving accounts	2.52% to 11.25%	11.25% to 14%	54,193,216	148,176,721
Deposits maturing within 12 months - Fixed rate	6.50% to 12.25%	11.69% to 14.40%	435,000,000	435,000,000
Investments				
- Interest bearing - Fixed rate	7.75% to 9.00%	7.75% to 9%	63,303,902	62,727,995
			<u>552,497,118</u>	<u>645,904,716</u>

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates would have increased the profit and loss by the amounts shown below. Reduction in interest rates by 100 basis points would have an opposite

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impact. This analysis assumes that all variables remain constant. The analysis has been performed on the same basis for the comparative period.

	Profit before tax		Total equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
As at December 31, 2020-Sensitivity	5,524,971	(5,524,971)	3,922,729	(3,922,729)
As at December 31, 2019-Sensitivity	6,459,047	(6,459,047)	4,585,923	(4,585,923)

Above sensitivities are calculated on the assumption that all factors remain constant except interest rates and resulting variation in fair values of the investments and impact on the profit and loss.

The Company monitors the interest rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities. The Company's policy requires the management to manage the risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities. The average effective duration of the Company's portfolio is a measure of the sensitivity of the fair value of the Company's fixed interest securities to the changes in market interest rates.

The Company's policy refrains from the holding of interest bearing instruments that induce the average effective duration of the fixed interest portfolio to pass the benchmark of the average duration. Interest rate of the Company's financial assets and financial liabilities as at December 31, 2020 can be evaluated from the note 46.

43.3.6 Foreign currency risk

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

44 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The Company's overall strategy remains unchanged from 2012. The company has not obtained long term finance and short term borrowings, therefore gearing ratio of the company is not applicable. In accordance with S.R.O. 89(I)/2017 of Securities and Exchange Commission of Pakistan (SECP), minimum paid up capital requirement to be complied with by Insurance Companies at the end of each year are as follows:

	2020	2019	2018
	Rupees		
Minimum paid up	500,000,000	500,000,000	500,000,000

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45 FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input for which the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input for which the fair value measurement is unobservable. Carrying amount of assets measured under historical cost convention approximate their fair value. Further, fair value of certain assets measured under present value convention is not determinable. Hierarchy of fair value levels is disclosed as under.

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 FOR THE YEAR ENDED DECEMBER 31, 2020

2019									
	Held for trading	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees								
Financial assets measured at fair value									
Investments	76,263,007				76,263,007	76,263,007			76,263,007
- Equity securities									
- Debt securities		62,727,995			62,727,995		62,727,995		62,727,995
Assets of Window Takaful Operations - Operator's Fund									
Financial assets not measured at fair value									
Investments									
- Term deposit*		435,000,000			435,000,000		435,000,000		435,000,000
Loan and other receivable*			103,815,529		103,815,529				
Insurance / reinsurance receivable*			269,530,720		269,530,720				
Reinsurance recoveries against outstanding claims*									
Cash and bank*			43,521,203		43,521,203				
Assets of Window Takaful Operations - Operator's Fund*			202,789,977		202,789,977				
			64,740,352		64,740,352				
Financial Liabilities not measured at fair value									
Outstanding claims including IBNR*				(108,865,952)	(108,865,952)				
Insurance / reinsurance payables*				(34,933,909)	(34,933,909)				
Other creditors and accruals*				(51,483,419)	(51,483,419)				
Total Liabilities of Window Takaful Operations - Operator's Fund*				(18,497,477)	(18,497,477)				
	76,263,007	497,727,995	684,397,781	(213,780,757)	1,044,608,026	76,263,007	497,727,995		573,991,002

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

ASIA INSURANCE COMPANY LIMITED
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

46 INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from investment in PIBs, and TDRs. Following table shows the interest rate profile of the Company's interest bearing financial instruments at the balance sheet date:

FINANCIAL ASSETS AND LIABILITIES	Effective Yield/ interest rate	2020				Total
		Interest/ mark-up bearing		Non-interest/ non mark-up bearing		
		Maturity upto one year	Maturity after one year	Maturity upto one year	Maturity after one year	
Financial assets						
Investments						
Equity securities	-	-	-	114,930,719	-	114,930,719
Debt securities	7.75% to 9.00%	63,303,902	-	-	-	63,303,902
Term deposits	6.50% to 12.25%	435,000,000	-	-	-	435,000,000
Loans and other receivables	-	-	-	139,877,847	-	139,877,847
Insurance / reinsurance receivables	-	-	-	328,558,561	-	328,558,561
Reinsurance recoveries against outstanding claims	-	-	-	122,847,674	-	122,847,674
Cash and bank	2.52% to 11.25%	54,193,216	-	62,491,844	-	116,685,060
		489,193,216	63,303,902	768,706,645	-	1,321,203,763
Financial liabilities						
Lease liabilities	-	17,947,226	119,716,158	-	-	137,663,384
Outstanding claims including IBNR	-	-	-	189,002,250	-	189,002,250
Insurance / reinsurance payables	-	-	-	39,081,407	-	39,081,407
Other creditors and accruals	-	-	-	48,451,998	-	48,451,998
		17,947,226	119,716,158	276,535,655	-	414,199,039
FINANCIAL ASSETS AND LIABILITIES						
Financial assets						
Investments						
Equity securities				76,263,007	-	76,263,007
Debt securities	3.8% to 6.12%	62,727,995	-	-	-	62,727,995
Term deposits	9.25% to 14.40%	435,000,000	-	-	-	435,000,000
Loans and other receivables	-	-	-	103,815,529	-	103,815,529
Insurance / reinsurance receivables	-	-	-	269,530,720	-	269,530,720
Reinsurance recoveries against outstanding claims	-	-	-	43,521,203	-	43,521,203
Cash and bank	11.25% to 14%	148,176,721	-	54,613,256	-	202,789,977
		583,176,721	62,727,995	547,743,715	-	1,193,648,431
Financial liabilities						
Lease liabilities	-	20,976,464	193,803,897	-	-	214,780,361
Outstanding claims including IBNR	-	-	-	108,865,952	-	108,865,952
Insurance / reinsurance payables	-	-	-	34,933,909	-	34,933,909
Other creditors and accruals	-	-	-	60,085,969	-	60,085,969
		20,976,464	193,803,897	203,885,830	-	418,666,191

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

47 STATEMENT OF SOLVENCY	2020 Rupees
Assets	
Property and equipment	161,334,759
Investments	
Equity securities	114,930,719
Debt securities	63,303,902
Term deposits	435,000,000
Total assets of window takaful operations - OPF	66,977,612
Loans and other receivables	139,877,847
Insurance / reinsurance receivables	328,558,561
Reinsurance recoveries against outstanding claims	122,847,674
Deferred commission expense / acquisition cost	71,018,195
Deferred taxation	18,732,486
Taxation - payments less provision	10,367,419
Prepayments	86,978,701
Cash and bank	116,685,060
Total assets (A)	1,736,612,935
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000	
(g) any body that is related to insurers	3,712,500
(h) Insurance / Reinsurance receivables	249,317,146
(j) Deferred taxation	18,732,486
(k) Amounts available to the insurer under guarantees	26,162,133
(u) i. Vehicle, ii. Office Equipment and iii. Furniture and fittings iv. Computers	64,941,118
Total of inadmissible assets (B)	362,865,383
Total admissible assets (C=A-B)	1,373,747,552
Total Liabilities	
Total liabilities of window takaful operations - OPF	28,256,281
Underwriting provisions	
Outstanding claims including IBNR	189,002,250
Unearned premium reserves	281,981,893
Premium deficiency reserve	5,836,322
Unearned reinsurance commission	20,098,704
Retirement benefit obligations	634,843
Premiums received in advance	718,859
Insurance / reinsurance payables	39,081,407
Lease liabilities	137,663,384
Other creditors and accruals	48,451,998
Total liabilities (D)	751,725,941
Total net admissible assets (E=C-D)	622,021,611
Minimum Solvency Requirement (higher of following)	
Method A - U/s 36(3)(a)	150,000,000
Method B - U/s 36(3)(b)	94,290,056
Method C - U/s 36(3)(c)	29,026,219
	150,000,000
Excess / (deficit) in Net Admissible Assets over Minimum Requirements	472,021,611

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

48 RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee. The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

	2020	2019
	Number	Number
49 NUMBER OF EMPLOYEES		
Number of employees at the end of the year	223	230
Average number of employees during the year	224	231

50 CORRESPONDING FIGURES

50.1 Corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons. However, no significant reclassifications made during the current year .

50.2 Due to application of change in accounting policy retrospectively and reclassification, the Company has presented third balance sheet at the beginning of the preceding period i.e. the opening position in accordance with requirements of IAS 1 "Presentation of Financial Statements". Notes are not required to support this balance sheet.

51 IMPACT OF COVID -19 ON THE FINANCIAL STATEMENT

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. In the first few months of 2020 the virus had spread globally, and its negative impact had gained momentum. The management considers presently this outbreak does not have any impact on the amounts being reported in the Company's statement of financial position as at December 31, 2020. While this is still an evolving situation as at the time of issuing these condensed interim financial statements yet, to date the operations of the Company have continued uninterrupted during this pandemic, future effects cannot be predicted. However, the management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

52 SUBSEQUENT EVENTS - NON ADJUSTING EVENTS

Subsequent to the statement of financial position date, the Board of Directors of the Company in its meeting held on March 29, 2021 has recommended final cash dividend for the year ended December 31, 2020 at 10% i.e. Rs. 1 per share (2019: Nil). Further, the Board of Directors of the Company has also recommended to issue bonus shares at 10% i.e. in the proportion of 10 bonus shares for every 100 shares held for the year ended December 31, 2020. These financial statements do not reflect these appropriations.

53 DISCLOSURE REQUIREMENT FOR ALL SHARIAH COMPLIANT COMPANIES

In terms of the requirements of the Takaful Rules 2012, read with SECP Circular 25 of 2015 dated 09 July 2015, the assets, liabilities and statement of comprehensive income of the Operator Fund

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

of the General Takaful operations of the Company have been presented as a single line item in the statement of financial position and profit and loss account of the Company, respectively. Please refer to note 19 to these financial statements. A separate set of financial statements of the General Takaful operations has been annexed to these financial statements as per the requirements of the General Takaful Accounting Regulations, 2019.

Conventional financial statements do not have any figures under Islamic mode.


54 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on March 29, 2021 by the Board of Directors of the Company.

55 GENERAL

The figures in the financial statements has been rounded off to the nearest Rupee.


Chairman


Chief Executive Officer


Director


Director


Chief Financial Officer



Asia Insurance
Company Limited -
Window Takaful Operations

Financial Statements
As at December 31, 2020

Shari'ah Advisor's Report to the Board of Directors For the year ended December 31, 2020

نحمده و نصلي علي رسوله الكريم اما بعد

The year 2020 was the fourth year of Asia Insurance Company Limited Window Takaful Operations. By launching Window Takaful Operations, Asia Insurance Company has taken a step in the direction of promotion the Islamic Economic System and has provided the most awaited Shari'ah Compliant Takaful facilities to the Muslim Society.

Being a Shari'ah Advisor of Asia Insurance Company Limited Window Takaful Operations (hereafter referred to as "AI WTO") it is my responsibility to ensure that the participant membership documents, underwriting procedures, Re-Takaful Arrangements, and financial activities related to the Participants and stakeholders should be compliant as per Shari'ah rulings.


On the other hand it is the responsibility of AI WTO's management to follow the Takaful rules and guidelines set by the Shari'ah Advisor and to take prior approval of Shari'ah Advisor for all contracts and services being offered by the "AI WTO".

In my opinion, and the best of my understanding based on Shari'ah compliance review, explanations provided by "AI WTO" and audit report of the External auditors, below are the findings:

- Financial transactions, underwriting and investments undertaken by the "AI WTO" for the year ended 31st December 2020, were in accordance with Takaful Rules 2012 and guidelines issued by Shari'ah Advisor.
- Segregation of Window Takaful Operations is the essential part of valid Takaful contracts. AI WTO has kept all the Takaful Funds, Investments, Bank Accounts, Systems and other related issues separate from its conventional insurance business, as per requirement of Shari'ah.
- Appropriate accounting policies and basis of measurement have been consistently applied in preparation of the financial statements of "Participant Takaful Fund (Waqf Fund)" and "Operator Fund".
- Conducting Training and Development is an imperative for understanding the principles of Takaful and its practical outline. For this purpose "AI WTO" has conducted two trainings programs in (April and October 20) to fulfill its responsibility.

I am grateful to the Board of Directors of Asia Insurance Company, Management, Head of Window Takaful Operations, Divisional & Branch Heads and all relevant departments who cooperated with the Shariah Compliance function and provided every possible support to ensure Shari'ah Compliance in our Takaful practices. I concluded my report with the words that Allah Almighty grant "AI WTO" remarkable success and help the entire team at every step and keep away from every hindrance and difficulty.

"And Allah Knows Best"



Mufti Muhammad Akhlaq
Shariah Advisor,
Asia Insurance Company Ltd,
Window Takaful Operations
Date: March 11, 2021

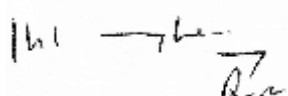
STATEMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES

The financial arrangements, contracts and transactions, entered into by Window Takaful Operations of Asia Insurance Company Limited ('the Company') for the year ended December 31, 2020 are in compliance with the takaful rules, 2012.

Further we confirmed that:

- The Company has developed and implemented all the policies and procedures in accordance with takaful rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such ruling and takaful rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the audit Committee / Shariah Advisor and the Board of Directors have been implemented;
- The Company has imparted training / orientations and ensured availability of all manuals / arrangements approved by Shariah Advisor / Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management;
- All the products and policies have been approved by the Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the policies approved by Shariah Advisor; and
- The assets and liabilities of Window Takaful Operations (Participants' Takaful Fund and Operator's Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the takaful rules, 2012.

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



IhtshamulHaq Qureshi
Chief Executive Officer

INDEPENDENT REASONABLE ASSURANCE REPORT TO THE BOARD OF DIRECTORS ON THE STATEMENT OF MANAGEMENT'S ASSESSMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

We were engaged by the Board of Directors of Asia Insurance Company Limited (“the Company”) to report on the management's assessment of compliance of the Window Takaful Operations (“Takaful Operations”) of the Company, as set out in the annexed statement prepared by the management for the year ended December 31, 2020, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects

Applicable Criteria

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

Responsibilities of the Management

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

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

Our Independence and Quality Control

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

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

Our responsibilities

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

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. Reasonable assurance is less than absolute assurance.

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

- Evaluate the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;
- Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee/ Shari'ah Advisor and the board of directors
- Test for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and
- Review the statement of management's assessment of compliance of the Takaful transactions during the year ended December 31, 2020 with the Takaful Rules, 2012.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended December 31, 2020, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Bdo Ebrahim & Co

BDO Ebrahim & Co.
Chartered Accountants

Engagement Partner: Muhammad Imran
Lahore, Dated: March 29, 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ASIA INSURANCE COMPANY LIMITED (WINDOW TAKAFUL OPERATIONS)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **ASIA INSURANCE COMPANY LIMITED-WINDOW TAKAFUL OPERATIONS** (the Operator), which comprise the statement of financial position as at December 31, 2020, and the profit and loss account, the statement of comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at December 31, 2020 and of the profit and total comprehensive income, the changes in funds and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Operator's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Imran

Muhammad Imran

BDO Ebrahim & Co.

Chartered Accountants

Engagement Partner: Muhammad Imran


Lahore, Dated: March 29, 2021

ASIA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
STATEMENT OF FINANCIAL POSITION OF OPF AND PTF
AS AT DECEMBER 31, 2020

	Note	Operator's Fund			Participants' Takaful Fund		
		2020	2019 Restated	2018 Restated	2020	2019 Restated	2018 Restated
ASSETS							
Loans and other receivables	7	48,149	16,314	4,248,681	-	-	-
Takaful / retakaful receivables	9	-	-	-	64,683,851	27,068,445	14,077,180
Deferred wakala fee	23	-	-	-	14,991,299	12,241,159	8,372,997
Receivable from PTF	16	8,989,778	14,416,114	-	-	-	-
Accrued investment income		106,849	290,630	-	-	-	-
Retakaful recoveries against outstanding claims	21	-	-	-	1,849,044	1,365,437	-
Deferred commission expense	22	6,177,131	5,565,632	3,875,426	-	-	-
Prepayments	10	-	-	-	6,449,375	4,838,127	4,851,787
Cash and bank	11	51,655,705	44,451,662	41,722,629	17,249,433	30,930,784	12,291,782
TOTAL ASSETS		66,977,612	64,740,352	49,846,736	105,223,002	76,443,952	39,593,746
FUND AND LIABILITIES							
Operator's fund (OPF)							
Statutory fund	13	50,000,000	50,000,000	50,000,000	-	-	-
Qard-e-Hasna	8	(40,411,000)	(20,411,000)	(20,411,000)	-	-	-
Accumulated profit		29,132,331	16,653,875	8,888,927	-	-	-
Total Operator's Funds		38,721,331	46,242,875	38,477,927	-	-	-
Waqf / Participants' takaful fund (PTF)							
Seed money	12	-	-	-	500,000	500,000	500,000
Qard-e-Hasna	8	-	-	-	40,411,000	20,411,000	20,411,000
Accumulated deficit		-	-	-	(1,648,464)	(3,852,623)	(10,294,169)
Balance of Waqf / PTF		-	-	-	39,262,536	17,058,377	10,616,831
LIABILITIES							
PTF Underwriting provisions							
Outstanding claims including IBNR	21	-	-	-	16,804,030	12,085,665	2,317,314
Unearned contribution reserve		-	-	-	35,358,746	30,576,287	20,914,329
Contribution deficiency reserves		-	-	-	-	452,484	-
Unearned retakaful rebate	20	-	-	-	-	2,732	2,732
		-	-	-	52,162,776	43,117,168	23,234,375
Retirement benefit obligations	17	17,612	47,115	2,638	-	-	-
Contributions received in advance		-	-	-	573,197	692,797	532,300
Unearned wakala fee	23	14,991,299	12,241,159	8,372,997	-	-	-
Takaful / retakaful payables	14	-	-	-	2,486,551	182,534	291,968
Other creditors and accruals	15	13,247,370	6,209,203	2,993,174	1,748,164	976,962	4,918,272
Payable to OPF / PTF	16	-	-	-	8,989,778	14,416,114	-
TOTAL LIABILITIES		28,256,281	18,497,477	11,368,809	65,960,466	59,385,575	28,976,915
TOTAL FUND AND LIABILITIES		66,977,612	64,740,352	49,846,736	105,223,002	76,443,952	39,593,746
CONTINGENCIES AND COMMITMENTS	18						

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


Chairman


Chief Executive Officer


Director


Director



Chief Financial Officer

ASIA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 (Rupees)	Restated 2019 (Rupees)
Participants' Takaful Fund (PTF)			
Contributions earned	19	40,423,936	30,278,158
Less: Contribution ceded to retakaful	19	(16,688,752)	(12,998,656)
Net contribution revenue		23,735,184	17,279,502
Retakaful rebate earned	20	2,732	-
Net underwriting income		23,737,916	17,279,502
Net claims-reported / settled-IBNR	21	(23,977,024)	(12,217,796)
Reversal / (charge) of contribution deficiency reserve		452,484	(452,484)
		(23,524,540)	(12,670,280)
Other direct expenses	26	(41,371)	(6,857)
Surplus / (deficit) before investment income		172,005	4,602,365
Other income	25	2,032,154	1,839,181
Surplus transferred to accumulated surplus		2,204,159	6,441,546
Operator's Fund (OPF)			
Wakala fee	23	27,796,368	20,179,806
Commission expenses	22	(12,867,056)	(9,903,916)
General administrative and management expenses	24	(5,364,997)	(4,413,636)
Operating results		9,564,315	5,862,254
Other income	25	3,110,842	2,221,494
Other expenses	27	(196,701)	(318,800)
Profit for the year		12,478,456	7,764,948

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


Chairman


Chief Executive Officer


Director


Director



Chief Financial Officer

ASIA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 (Rupees)	Restated 2019 (Rupees)
Participants' Takaful Fund		
Surplus during the year	2,204,159	6,441,546
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>2,204,159</u>	<u>6,441,546</u>
Operator's Fund		
Profit for the year	12,478,456	7,764,948
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>12,478,456</u>	<u>7,764,948</u>

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


Chairman


Chief Executive Officer


Director


Director



Chief Financial Officer

ASIA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2020

	Operator's Fund		Participants' Takaful Fund	
	2020	2019 Restated	2020	2019 Restated
	----- Rupees -----			
OPERATING CASH FLOWS				
(a) Takaful activities				
Contribution received	-	-	68,899,737	58,942,523
Wakala fee received / paid	30,546,508	24,047,968	(30,546,508)	(24,047,968)
Retakaful ceded	-	-	(49,627,963)	(24,747,799)
Claims paid	-	-	(27,217,278)	(3,814,882)
Retakaful and other recoveries received	-	-	7,475,012	-
Commissions paid	(2,184,139)	(8,972,735)	-	-
Rebate on retakaful	-	-	-	-
Direct, management and other expenses receipts/(payments)				10,345,764
	(9,847,450)	(4,093,317)	(4,864,636)	
Other takaful payments	5,394,501	(10,183,747)	168,131	122,183
Net cash flow from takaful activities	23,909,420	798,169	(35,713,505)	16,799,821
(b) Other operating activities				
Income tax paid	-	-	-	-
Direct expenses paid	-	-	-	-
Other expenses paid	-	-	-	-
Management expenses paid	-	-	-	-
Other operating receipts	3,110,842	1,930,864	2,032,154	1,839,181
Net cash flow from other operating activities	3,110,842	1,930,864	2,032,154	1,839,181
Total cashflow from all operating activities	27,020,262	2,729,033	(33,681,351)	18,639,002
INVESTMENT ACTIVITIES				
Profit/ return received	183,781	-	-	-
Qard-e-Hasna	(20,000,000)	-	20,000,000	-
Payments for investments	-	-	-	-
Fixed capital expenditure	-	-	-	-
	(19,816,219)	-	20,000,000	-
Total cash flow from investing activities	(19,816,219)	-	20,000,000	-
FINANCING ACTIVITIES				
Contribution to the Operator's fund	-	-	-	-
Ceded money	-	-	-	-
Total cash flow from financing activities	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	7,204,043	2,729,033	(13,681,351)	18,639,002
Cash and cash equivalents at beginning of the year	44,451,662	41,722,629	30,930,784	12,291,782
Cash and cash equivalents at end of the year	51,655,705	44,451,662	17,249,433	30,930,784
Reconciliation to profit and loss account:				
Operating cash flows	27,020,262	2,729,033	(33,681,351)	18,639,002
Increase in assets other than cash	(4,783,002)	12,164,583	36,245,688	14,343,042
Increase in liabilities	(9,758,804)	(7,128,668)	(360,178)	(26,540,498)
Profit for the year	12,478,456	7,764,948	2,204,159	6,441,546
Attributed to:				
Operator's Fund	12,478,456	7,764,948	-	-
Participants' Takaful Fund	-	-	2,204,159	6,441,546
	12,478,456	7,764,948	2,204,159	6,441,546

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


Chairman


Chief Executive Officer


Director


Director



Chief Financial Officer

ASIA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note	Operator's Fund			
	Statutory Fund	Qard-e-Hasna	Accumulated surplus	Total
	----- Rupees -----			
Balance as at January 01, 2019 - as reported	50,000,000	(20,411,000)	17,261,924	46,850,924
Restatement due to change in accounting policy - Wakala fee	4	-	(8,372,997)	(8,372,997)
Restated Balance as at January 01, 2019 - restated	50,000,000	(20,411,000)	8,888,927	38,477,927
Total comprehensive income				
Profit for the year	-	-	7,764,948	7,764,948
Other comprehensive income for the year	-	-	-	-
	-	-	7,764,948	7,764,948
Balance as at December 31, 2019	50,000,000	(20,411,000)	16,653,875	46,242,875
Balance as at January 01, 2020	50,000,000	(20,411,000)	16,653,875	46,242,875
Total comprehensive income for the year				
Profit for the year	-	-	12,478,456	12,478,456
Other comprehensive income	-	-	-	-
	-	-	12,478,456	12,478,456
Qard-e-hasna from Operator's fund (OPF)	-	(20,000,000)	-	(20,000,000)
Balance as at December 31, 2020	50,000,000	(40,411,000)	29,132,331	38,721,331
Participants' Fund				
Note	Seed Money	Qard-e-Hasna	Accumulated Surplus/ (Deficit)	Total
	----- Rupees -----			
	----- Rupees -----			
Balance as at January 01, 2019	500,000	20,411,000	(10,294,169)	10,616,831
Total comprehensive income for the year				
Surplus for the year	-	-	6,441,546	6,441,546
Other comprehensive income for the year	-	-	-	-
	-	-	6,441,546	6,441,546
Balance as at December 31, 2019	500,000	20,411,000	(3,852,623)	17,058,377
Balance as at January 01, 2020	500,000	20,411,000	(3,852,623)	17,058,377
Total comprehensive income for the year				
Surplus for the year	-	-	2,204,159	2,204,159
Other comprehensive income for the year	-	-	-	-
	-	-	2,204,159	2,204,159
Qard-e-Hasna from Operator's fund (OPF)	-	20,000,000	-	20,000,000
Balance as at December 31, 2020	500,000	40,411,000	(1,648,464)	39,262,536

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


Chairman


Chief Executive Officer


Director


Director


Chief Financial Officer

ASIA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

Asia Insurance Company Limited ('the Company'), a quoted public limited company, was incorporated in Pakistan on December 06, 1979 under the repealed Companies Act, 1913 (now the Companies Act, 2017). The Company is engaged in non-life insurance business mainly comprising of fire, marine, motor and miscellaneous. The Company commenced its commercial operations in 1980. The registered and principal office of the Company is situated at 19 C/D, Block L, Gulberg III, Main Ferozpur Road, Lahore. Shares of the Company are quoted on Pakistan Stock Exchange.

The Company has been allowed to work as Window Takaful Operator ('the Operator') through License No.10 on August 13, 2015 by Securities and Exchange Commission of Pakistan under Window Takaful Rules, 2012 to carry on Islamic General Takaful in Pakistan. It has not transacted any business outside Pakistan

For the purpose of carrying on the takaful business, the Company has formed a waqf for participants' equity fund. The Waqf namely Asia Insurance Company Limited (Window Takaful Operations) -Waqf Fund (hereafter referred to as participant takaful fund (PTF)) was created on August 20, 2015 under a trust deed executed by the Company with a ceded money of Rs. 500,000. Waqf deed also governs the relationship of Operators and policy holders for management of takaful operations, investment policy holders funds and investment of Operators' funds approved by shariah advisor of the Company.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, SECP Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019. In case requirements differ, the provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, SECP Takaful Rules, 2012 and General Takaful Accounting Regulations, 2019, shall prevail.

These financial statements reflect the financial position and results of Window Takaful Operations of both the Operators' Fund (OPF) and the Participants' Takaful Fund (PTF) in a manner that assets, liabilities, income and expenses of the Operator and PTF remains separately identifiable.

Total assets, total liabilities, and profit of Window Takaful Operations of the Operator's referred to as the Operator's Fund has been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated July 09, 2015.

During 2019, the SECP vide its S.R.O 1416 (I) /2019 dated November 20, 2019 has issued the General Takaful Accounting Regulations, 2019 (Regulations). These regulations prescribed the format for the regulatory returns and published financial Statements of the Window Takaful Operations applicable from January 01, 2020. The impact of Regulations has been detailed in the financial statements of the Window Takaful operations for the year ended December 31, 2020. The financial statements for the year ended December 31, 2020 have been prepared in accordance with these Regulations.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention without any adjustment for the effect of inflation except where disclosed. The financial statements, except for cash flow information, have been prepared under the accrual basis of accounting.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Operator's functional currency and presentation currency. All figures have been rounded to the nearest rupee, unless otherwise stated.

ASIA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards / amendments that are effective in current year and relevant to the Company

The Company has adopted the standards / amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

	Effective date (annual periods beginning on or after)
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
IFRS 3 Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 7 Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020
IFRS 9 Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS16 Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	January 01, 2020
IAS 1 Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality	January 01, 2020
IAS 39 Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform	
Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year: Annual improvements to IFRSs (2018 – 2020) Cycle:	
IFRS41 Agriculture	January 01, 2020

3.2 Standards / amendments that are effective in current year and relevant to the Company Standards / amendments not yet effective

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

IFRS 3 Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 9 Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021

3.3 Standards or interpretations not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

IFRS 4 Insurance Contracts - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
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**ASIA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Effective date (annual periods beginning on or after)
IFRS 7 Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 9 Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IAS 39 Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS16 Leases - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 3 Business Combinations - amendments updating a reference to the Conceptual Framework	January 01, 2022
IAS 16 Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.	January 01, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IFRS 4 Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS 9 Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2023
IFRS17 Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published	January 01, 2023
IAS 1 Presentation of Financial Statements - Amendments regarding the classification of liabilities as current or non-current	January 01, 2023

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

Annual improvements to IFRSs (2018 – 2020) Cycle:

IFRS 1 First-time Adoption of International Financial Reporting Standards	January 01, 2022
IFRS 9 Financial Instruments	January 01, 2022

3.4 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards Insurance
IFRS 17 Contracts

The Operator expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Operator has determined that it is eligible for the temporary exemption option since the Operator has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance / takaful as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Operator can defer the application of IFRS 9 until the application IFRS 17. To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the

ASIA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

principal amount outstanding (“SPPI”) i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms “principal” as being the fair value of the financial asset at initial recognition, and the “interest” as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

- a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
b) all other financial assets:

Operator Fund

Financial assets	December 31, 2020				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain or (loss) during the year	Carrying value	Cost less Impairment	Change in unrealized gain or (loss) during the year
	Rupees	Rupees	Rupees	Rupees	Rupees
Cash and bank *	51,655,705	-	-	-	-
Loans and other receivables *	48,149	-	-	-	-
Total	51,703,854	-	-	-	-

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of their fair values.

	December 31, 2020			
	Gross carrying amounts of debt instruments that pass the SPPI test			
	A2	AA-	A+	Unrated
	Rupees	Rupees	Rupees	Rupees
Term deposits	10,000,000	-	-	-

Participants' Takaful Fund

Financial assets	December 31, 2020				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain or (loss) during the year	Carrying value	Cost less Impairment	Change in unrealized gain or (loss) during the year
	Rupees	Rupees	Rupees	Rupees	Rupees
Cash and bank *	17,249,433	-	-	-	-

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of their fair values.

4 CHANGE IN ACCOUNTING POLICY – IMPLEMENTATION OF GENERAL TAKAFUL ACCOUNTING REGULATIONS, 2019

During 2019, the SECP vide its S.R.O 1416 (I) /2019 dated November 20, 2019 has issued the General Takaful Accounting Regulations, 2019 (Regulations). These regulations prescribed the format for the regulatory returns and published financial Statements of the Window Takaful Operations applicable from January 01, 2020. Based on these Regulations following accounting policy has been changed.

**ASIA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Until previous year wakala fee was recognized up front on the issue of Takaful policy/contract. As per section 10 of the General Takaful Accounting Regulations, 2019, the Wakala fee due to the Operator under general Takaful arrangements shall be recognized by the Operator in its OPF and the PTF, "where such fees are a defined part of contributions (wakala based contract), the same be recognized as an expense of relevant PTF at the same time that the contribution is recognized. The Operator shall recognize the same at the same time in its OPF as income. The income amount shall be deferred and amortized over the Takaful contract term in accordance with the pattern of Takaful contribution earned, the Company has changed its accounting policy and accounted for this change in accordance with the IAS 8 "Accounting policies changes in accounting estimates and errors" for the year ended December 31, 2020. This change in accounting policy has been applied retrospectively as per the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors). The effect on prior periods is tabulated below:

	Amount Rupees
As at December 31, 2019	
Effect on balance sheet	
Increase in deferred wakala fee	12,241,159
For the year ended December 31, 2019	
Effect on profit or loss account	
Decrease in profit for the year-OPF	3,868,162
Prior year impact before December 31, 2019	
Effect on retained earnings	
Decrease in accumulated surplus	8,372,997

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these financial statements are set out below. These policies have been applied consistently to all years presented except as disclosed in note 4.

5.1 Property and Equipment

5.1.1 Operating assets - Owned

These are stated at cost less accumulated depreciation and impairment.

Depreciation on all fixed assets is charged to statement of comprehensive income on the reducing balance method so as to write off depreciable amount of an asset over its useful life at the rates stated in note. Depreciation on additions to fixed assets is charged on "number of months basis".

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Operator and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the period in which they are incurred. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

5.2 Takaful contracts

The Takaful contracts are based on the principles of wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty. Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the policy holder) by agreeing to compensate the policyholder if a specified uncertain future event (the takaful event) adversely affects the policyholder are classified as takaful contracts.

ASIA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The PTF underwrites non-life takaful contracts that can be categorized into fire and property, marine, aviation and transport, motor, health and miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the PTF under which the contract holder is another Takaful operator/ insurer of a facultative nature are included within the individual category of Takaful contracts, other than those which fall under the treaty. Fire and property damage Takaful provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils. Marine, aviation and transport Takaful provides coverage against cargo risk, terminals, damage occurred in between the points of origin and final destination and other related perils. Motor Takaful provides comprehensive car coverage, indemnity against third party loss and other related covers. Health Takaful provides basic hospital care including maternity care and outpatient care. Miscellaneous Takaful provides cover against Engineering, Health, Cash in safe, Cash in transit, ATM withdrawals snatching, Personal Accident Takaful, Workmen's Compensation Takaful, Terrorism Takaful, Third party liability Takaful, Plate Glass Takaful and Home Takaful.

5.3 Deferred commission expense

Commission expenses and other acquisition costs are spread over the tenure of the contract, it is calculated by applying 1/24 method in accordance with the provisions of the Insurance Accounting Regulations, 2017 and General Takaful Accounting Regulations, 2019. Rebate from re-takaful is spread over the tenure of the contract ceded, it is calculated by applying 1/24 method in accordance with the provisions of the Insurance Accounting Regulations, 2017 and General Takaful Accounting Regulations, 2019. The deferred commission expenses and other acquisition costs and unearned portion of rebate from re-takaful is set aside as a reserve. Such reserve is calculated by applying 1/24 method in accordance with the provisions of the Insurance Accounting Regulations, 2017 and General Takaful Accounting Regulations, 2019.

5.4 Reserve for unearned contribution

The unearned portion of contribution written net of wakala is set aside as a reserve and is recognized as a liability. The reserve for unearned contribution is calculated by applying 1/24 method in accordance with the provisions of the Insurance Accounting Regulations, 2017 and General Takaful Accounting Regulations, 2019

5.5 Contribution deficiency reserve

According to the requirements of the Insurance Rules, 2017, General Takaful Accounting Regulations, 2019, a contribution deficiency reserve needs to be created where the unearned contribution for any class of business is not sufficient to cover the liability after re-takaful from claims, and other supplementary expenses expected to be incurred after the statement of financial position date in respect of the policies in that class of business. Any movement in the reserve is to be charged to the statement of comprehensive income. For this purpose, loss ratios for each class, excluding health are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, contribution deficiency is determined. The liability of contribution deficiency in relation to Health Takaful is calculated in accordance with the advice of actuary. As at year end, a provision is created in respect of contribution deficiency reserve for those classes of business where it is estimated that the unearned contribution for that class will not be sufficient to provide for the expected losses and expenses attributable to the unexpired periods of policies in force at the statement of financial position date.

5.6 Retakaful contracts held

The Operator cedes retakaful in normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities and income and expense arising from ceded retakaful contracts are presented separately from assets, liabilities, income and expense from the related takaful contract

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because the retakaful arrangements do not relieve the PTF from its direct obligation to its policyholder.

5.7 Re-takaful ceded

The Operator enters in to retakaful contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward retakaful contributions are accounted for in the same period as the related contribution for the direct or accepted retakaful business. Retakaful liabilities represent balance due to retakaful companies. Amounts payable are estimated in a manner consistent with the related retakaful contract. Retakaful assets represent balances due from retakaful companies. Amounts recoverable from retakaful are estimated in a manner consistent with the provisions for outstanding claims or settled claims associated with the retakaful policies and are in accordance with the related retakaful contract. Retakaful assets are not offset against related takaful liabilities. Income or expenses from retakaful contracts are not offset against expenses or income from related takaful assets. Retakaful assets or liabilities are derecognized when the contractual rights are extinguished or expired. The Operator assesses its retakaful assets for impairment on statement of financial position date. If there is objective evidence that retakaful assets are impaired, the Operator reduces the carrying amount of the retakaful assets to its recoverable amount and recognizes that impairment loss in the statement of comprehensive income.

5.8 Receivables due to / from Retakaful operators

Receivables and payables related to Takaful contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any.

5.8.1 Takaful / re-takaful receivables

Contributions due from Takaful / retakaful represents the amount due from participants and other takaful insurers on account of Takaful contracts. These are recognized at cost, which is the fair value of the contribution to be received less provision for impairment, if any.

5.8.2 Retakaful recoveries against outstanding claims

Claims recoveries recoverable from the retakaful operators are recognized as an asset at the same time as the claims which gives rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

5.9 Segment reporting

A business segment is a distinguishable component of the Operator that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Operator accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, General Takaful Accounting Regulations, 2019 and the Insurance Accounting Regulations, 2017 as the primary reporting. Based on its classification of Takaful contracts issued, the Operator has four primary business segments for reporting purposes namely fire, marine, motor and miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the Financial Statements. Assets and liabilities are allocated to particular segments on the basis of contribution written. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Depreciation and amortization are allocated to a particular segment on the basis of contribution written.

5.10 Financial Instruments

Financial assets and financial liabilities within the scope of IAS - 39 are recognized at the time when the Operator becomes a party to the contractual provisions of the instrument and de-recognized when the Operator loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognizing of the financial assets and financial liabilities is included in the statement of comprehensive income for the year. Financial instruments carried on the statement of financial position include cash and bank deposits, investments, Takaful / re-takaful receivables, loan and other receivables, contribution and claim reserves detained by cedants, retakaful recoveries against outstanding claims, provision for outstanding claims, Takaful / re-takaful payable, other creditors and accruals, liabilities against assets subject to finance lease.

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5.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash, cheques, pay orders, demand drafts and balances with banks.

5.12 Revenue recognition

a) Contribution - PTF

Contribution income under a policy is recognized over the period of takaful net off wakala fee. Administrative surcharge recovered from insurer is recognized as part of contribution in the case of co-takaful policies (Leader Follower Case) on proportionate basis.

Wakala fee - OPF

The Operator manages the general Takaful operations for the participants and charges 40% on gross contribution for all classes as wakala fee against the services. Wakala fee is recognized on the same basis as the related revenue is recognized. Unexpired portion of wakala fee is recognized as a liability of OPF and an asset of PTF.

b) Commission income - PTF

Rebate from retakaful operators is recognized at the time of issuance of the underlying takaful policy by the Operator. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates.

c) Investment Income - PTF/OPF

Profit on Islamic investment products is recognized on accrual basis.

d) Dividend Income - PTF/OPF

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

5.13 Investments

a) In equity securities

Available for sale

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 etc. are classified as available for sale. Subsequent to initial recognition at cost including the transaction cost, these are measured at fair value. Changes in fair value are recognized as other comprehensive income until the investment is derecognized or impaired. Gains and losses on derecognition and impairment losses are recognized in statement of comprehensive income. Return on fixed income securities classified as available for sale is recognized on a time proportion basis.

Held for trading

Investments which are acquired with the intention to trade by taking advantage of short term market / interest rate movements are considered as held for trading. After initial recognition, these are measured at fair values with any resulting gains or losses recognized directly in the statement of comprehensive income.

b) In debt securities

Held to maturity

These are securities with fixed or determinable payments and fixed maturity that the Operator's has a positive intent and ability to hold to maturity. These are initially measured at cost including acquisition charges associated with the investments. Subsequent to initial recognition, these investments are measured at amortized cost less any accumulated impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition by using the effective yield method. These are reviewed for impairment and any losses arising from impairment in values are charged to the statement of comprehensive income.

Held for trading

Investments which are acquired with the intention to trade by taking advantage of short term market / interest rate movements are considered as held for trading. After initial recognition, these are measured at fair values with any resulting gains or losses recognized directly in the statement of comprehensive income.

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c) In term deposits

Held to maturity

These are securities with fixed or determinable payments and fixed maturity that the Operator's has a positive intent and ability to hold to maturity. These are initially measured at cost including acquisition charges associated with the investments. Subsequent to initial recognition, these investments are measured at amortized cost less any accumulated impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition by using the effective yield method. These are reviewed for impairment and any losses arising from impairment in values are charged to the statement of comprehensive income.

5.14 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Operator intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

5.15 Provisions

Claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years. The Operator recognizes liability in respect of all claims incurred up to the balance sheet date which is measured at the un-discounted value of the expected future payments. The claims are considered to be incurred at the time of incident giving rise to the claims except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims Incurred But Not Reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of claims reported but not settled at the balance sheet date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes.

The provision for claims incurred but not reported (IBNR) is consistently made at the balance sheet date in accordance with the SECP Circular no. 9 of 2016. IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level. Provision for IBNR is based on the management best estimate.

As a general policy of the Operator, being followed consistently over the years, no provision of claims has been made where the quantum of loss is unknown

5.16 Staff retirement benefits

Defined contribution plan

The Company operates a funded Provident Fund Scheme for its employees and contributions are made monthly equal to employees contribution @ 8.33% (2019: 8.33%) of basic salary and cost of living allowance.

5.17 Impairment of assets

The carrying amount of assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in statement of comprehensive income. Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognized for the assets in prior years. A reversal of an impairment loss is recognized immediately in statement of comprehensive income. In addition, impairment on available for sale investments and retakaful assets are recognized as follows:

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i) Available for sale

The Operator determines that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgment, the operator evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

ii) Re-takaful assets

The operator determines the impairment of the re-takaful assets by looking at objective evidence, as a result of an event that occurred after initial recognition of the re-takaful assets, which indicates that the operator may not be able to recover amount due from re-takaful under the terms of re-takaful contract. In addition the operator also monitors the financial ratings of its re-takaful operators on each reporting date.

5.18 Management expenses

5.18.1 Direct expense

Expenses allocated to the "PTF" represents directly attributable expenses. Expenses not directly allocable to "PTF" are charged to Operator's Fund.

5.18.2 Management expense

Expenses not allocable to the underwriting business are charged as management expenses. Management expenses of Takaful business are allocated to revenue account of operator as per requirements of Takaful Rules, 2012.

5.18.3 Claims expense

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

5.19 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is fair value of the consideration to be paid in future for goods and / or services received, whether or not billed to the Operator. Provisions are recognized when the Operator has a present legal or constructive obligation as a result of past events, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

5.20 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year ended exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

5.21 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves and charity. Allocation to participants, if applicable, is made after deducting the claims paid to them during the year. Further, surplus will be distributed to participants after payment of qard-e-hasna to operator.

5.22 Zakat

Zakat on investment income is accounted for in the year of deduction, under Zakat & Ushr Ordinance, 1980.

5.23 Qard-e-hasna

Qard-e-hasna is provided by Operators' Fund (OPF) to Participants' Takaful Fund (PTF) in case of deficit in Participants' Takaful Fund (PTF).

5.24 Related party transactions

Party is said to be related if they are able to influence the operating and financial decisions of the Operator and vice versa. The Operator in the normal course of business carries out transactions with related parties. Transactions with related parties are priced at comparable uncontrolled market price and are carried out at arm's length prices.

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6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Operator's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the 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 assumptions and estimates are significant to the financial statements are as follows:

- Useful lives and residual value of property and equipment (Note 5.1)
- Reserve for Unearned contribution. (Note 5.4)
- Contribution deficiency reserve. (Note 5.5)
- Classification of investments. (Note 5.13)
- Outstanding claims including IBNR. (Note 5.15)

Other areas involving estimates and judgments are disclosed in respective notes to the financial statements.

	Note	Operator's Fund		Participants' Takaful Fund	
		2020	2019	2020	2019
7 LOANS AND OTHER RECEIVABLES		Rupees			
Unsecured considered - good					
Advances to staff		-	-	-	-
Advance against commission		48,149	16,314	-	-
Less: provision for impairment of loans and receivable		-	-	-	-
Others		-	-	-	-
		<u>48,149</u>	<u>16,314</u>	<u>-</u>	<u>-</u>
8 QARD-E-HASNATO PTF					
In accordance with the Takaful Rules, 2012, if at any point in time, assets in Participants' Takaful Fund are not sufficient to cover its liabilities, the deficit shall be funded by way of an interest free loan (Qard-e-Hasna) from Operator's Fund. In the event of future surplus in the Participants' Takaful Fund, to which a Qard-e-Hasna has been made, the Qard-e-Hasna shall be repaid prior to distribution of surplus to Participants.					
9 TAKAFUL / RE-TAKAFUL RECEIVABLES-PTF					
(Unsecured - considered good)					
Due from Takaful participants holders		-	-	10,838,518	6,855,092
Less: Provision for impairment of receivables from takaful participants holders		-	-	-	-
Due from other insurers / retakaful operators		-	-	53,845,333	20,213,353
Less: Provision for impairment of receivables from insurers /retakaful operators		-	-	-	-
		<u>-</u>	<u>-</u>	<u>64,683,851</u>	<u>27,068,445</u>
10 PREPAYMENTS					
Prepaid retakaful contribution ceded		-	-	6,449,375	4,838,127

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	Note	<u>Operator's Fund</u>		<u>Participants' Takaful Fund</u>	
		2020	2019	2020	2019
		----- Rupees -----			
11 CASH AND BANK					
Cash in hand		-	-	-	-
Cash at bank					
Current accounts		-	-	-	-
Saving accounts	11.1	41,655,705	34,451,662	17,249,433	30,930,784
Deposits maturing within 12 months					
Term deposits receipts	11.2	10,000,000	10,000,000	-	-
		<u>51,655,705</u>	<u>44,451,662</u>	<u>17,249,433</u>	<u>30,930,784</u>
11.1	The rate of return on PLS saving accounts maintained at various banks range from 2.40% to 5.50% (2019: 7% to 10%) per annum.				
11.2	This represents term deposit in local currency carrying profit rate 9% (2019: 13.60%) per annum. This will be maturing within 12 months.				
12 SEED MONEY					
Waqf money	12.1	-	-	500,000	500,000
12.1	The amount of Rs. 500,000/- has been set apart for Waqf Fund / Participant Takaful Fund as Waqf money according to the Waqf deed prepared for the purpose of creation of Waqf Fund / Participant Takaful Fund.				
13 STATUTORY FUND					
Statutory reserve	13.1	50,000,000	50,000,000	-	-
13.1	This represents amount of Rs. 50 million deposited as statutory fund to comply with provisions of paragraph 4 of circular no. 8 of 2014 read with section 11(1)(c) of Takaful Rules, 2012 issued by SECP, which states that 'every insurer who is interested to commence Window Takaful business shall transfer an amount of not less than Rs. 50 million to be deposited in a separate bank account for Window Takaful business duly maintained in a scheduled bank'.				
14 TAKAFUL / RETAKAFUL PAYABLES					
Unsecured					
Takaful / re-takaful payables		-	-	2,486,551	182,534
15 OTHER CREDITORS AND ACCRUALS					
Sales tax payable		-	-	926,626	776,825
Federal takaful fee payable		-	-	70,617	52,287
Tax deducted at source		60,664	66,781	-	19,929
Salaries and wages		-	10	-	-
EOBI payable		-	34,060	-	-
Outstanding agency commissions	11,294,416	5,434,578	-	-	-
Auditors' remuneration		105,000	105,000	-	-
Others		1,787,290	568,774	750,921	127,921
		<u>13,247,370</u>	<u>6,209,203</u>	<u>1,748,164</u>	<u>976,962</u>
16 RECEIVABLE/PAYABLE (CURRENT ACCOUNT BETWEEN OPF AND PTF)					
Other receivable/payable		8,989,778	14,416,114	(8,989,778)	(14,416,114)

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	Note	Operator's Fund		Participants' Takaful Fund	
		2020	2019	2020	2019
----- Rupees -----					
17 RETIREMENT BENEFIT OBLIGATIONS-OPF					
Staff provident fund		17,612	47,115	-	-
17.1	The Company operates a funded Provident Fund Scheme for its employees and contributions are made monthly equal to employees contribution @ 8.33% (2019: 8.33%) of basic salary and cost of living allowance				
18 CONTINGENCIES AND COMMITMENTS					
There were no contingencies and commitments outstanding as at December 31, 2020 (2019: Nil).					
				Participants' Takaful Fund (PTF)	
				2020	2019
19 NET CONTRIBUTION	Note			(Rupees)	(Rupees)
Written gross contribution				73,002,763	60,119,922
Less: Wakala fee				(30,546,508)	(24,047,968)
				42,456,255	36,071,954
Add: Provision for unearned contribution - Opening				18,335,128	12,541,332
Less: Provision for unearned contribution - Closing				(20,367,447)	(18,335,128)
Contribution earned				40,423,936	30,278,158
Less: Re-takaful contribution ceded				(18,300,000)	(12,984,996)
Add: Prepaid re-takaful contribution - Opening				(4,838,127)	(4,851,787)
Less: Prepaid re-takaful contribution - Closing				6,449,375	4,838,127
Net contribution				(16,688,752)	(12,998,656)
				23,735,184	17,279,502
20 RETAKAFUL REBATE					
Retaful rebate / commission received				-	-
Add: Unearned re-takaful rebate / commission - opening				2,732	2,732
Less: Unearned re-takaful rebate / commission - closing				-	(2,732)
				2,732	-
21 TAKAFUL BENEFITS / CLAIMS EXPENSE					
Benefits / claims paid				27,217,278	3,814,882
Add: Outstanding claims including IBNR - Closing				16,804,030	12,085,665
Less: Outstanding claims including IBNR - Opening				(12,085,665)	(2,317,314)
Claims expense				31,935,643	13,583,233
Less: Re-takaful and other recoveries received				7,475,012	-
Add: Re-takaful and other recoveries in respect of outstanding claims - Closing				1,849,044	1,365,437
Less: Re-takaful and other recoveries in respect of outstanding claims - Opening				(1,365,437)	-
Re-takaful and other recoveries revenue				7,958,619	1,365,437
Net claim expense				23,977,024	12,217,796

21.1 Benefits / Claim development

There is no claim for which there is uncertainty about the amount and timing of the claim payment and will be paid within 1 year.

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		Operator's Fund (OPF)	
		2020	2019
		(Rupees)	(Rupees)
22	COMMISSION EXPENSE		Restated
	Commission paid or payable	13,478,555	11,594,122
	Add: Deferred commission expense - opening	5,565,632	3,875,426
	Less: Deferred commission expense - closing	(6,177,131)	(5,565,632)
	Net Commission	<u>12,867,056</u>	<u>9,903,916</u>
23	WAKALA FEE		
	Wakala fee	30,546,508	24,047,968
	Add: Unearned Wakala fee - opening	12,241,159	8,372,997
	Less: Unearned Wakala fee - closing	(14,991,299)	(12,241,159)
		<u>27,796,368</u>	<u>20,179,806</u>
24	GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES		
	Employee benefit cost	3,323,224	3,644,808
	Travelling expense	294,463	195,423
	Advertisement and sales promotion	-	200,000
	Repairs and maintenance	158,200	119,118
	Printing and stationery	88,700	49,729
	Bank charges	1,566	2,654
	Miscellaneous	1,498,844	201,904
		<u>5,364,997</u>	<u>4,413,636</u>
24.1	These include Rs. 0.118 million (2019: Rs. 0.154 million) in respect of post employment benefit respectively.		
25	OTHER INCOME		
25.1	Participants' Takaful Fund Revenue Accounts		
	Return on bank balances	1,565,066	1,455,429
	Other income	467,088	383,752
		<u>2,032,154</u>	<u>1,839,181</u>
25.2	Operator's Revenue Accounts		
	Return on bank balances	<u>3,110,842</u>	<u>2,221,494</u>
26	OTHER DIRECT EXPENSES		
	Bank charges	1,393	3,041
	Others	39,978	3,816
		<u>41,371</u>	<u>6,857</u>
27	OTHER EXPENSES		
	Shariah advisor fee	-	150,000
	Auditors' remuneration	196,701	168,800
		<u>196,701</u>	<u>318,800</u>
27.1	Auditors' remuneration		
	Audit fee	144,201	116,300
	Half yearly review	52,500	52,500
		<u>196,701</u>	<u>168,800</u>

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28 COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Managerial remuneration	-	-	-	-	-	900,000
Leave encashment	-	-	-	-	-	-
Bonus	-	-	-	-	-	112,500
Ex-gratia allowance	-	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	-	-	74,214
	-	-	-	-	-	1,086,714
Number of persons	-	-	-	-	-	1

29 RELATED PARTY TRANSACTION

Related parties comprise of directors, major shareholders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions and compensation to key management personnel is on employment terms. The transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Party name/description	Basis	Relation	Note	2020 (Rupees)	2019 (Rupees)
Directors	Shareholder				
Key management personnel	-	-			
Staff retirement benefits plan	-	-			
Relation with undertaking		Nature and transaction			
Balances at year end:					
Staff retirement benefits plan		(Payable) to defined benefit plan		(17,612)	(47,115)
Transactions during the year:					
Key management personnel		Remuneration of key management personnel		-	900,000
		Commission		-	-
Staff retirement benefits plan		Contribution to provident fund during the year		82,312	154,630

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SEGMENT INFORMATION

The operator has four primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor and miscellaneous. Assets and liabilities, wherever possible have been assigned to the following segments based on specific identification or allocated on the basis of contribution written by each segment.

	Rupees					
	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	MISCELLANEOUS	TREATY	TOTAL
As at December 31, 2020						
Contribution received (inclusive of FED, FIF and Admin Surcharge)	32,213,729	17,272,361	20,983,906	8,746,078	-	79,216,074
Less: Federal Excise Duty/Sales Tax	(1,958,165)	(2,144,445)	(1,225,125)	(467,652)	-	(5,795,387)
Federal Takaful Fee	(123,076)	(138,949)	(78,554)	(77,345)	-	(417,924)
Gross written contribution (inclusive of Admin surcharge)	30,132,488	14,988,967	19,680,227	8,201,081	-	73,002,763
Gross direct contribution	11,874,776	13,247,056	7,646,027	7,637,491	-	40,405,350
Facultative inward contribution	17,829,171	1,094,625	11,824,727	466,381	-	31,214,904
Administrative surcharge	428,541	647,286	209,473	97,209	-	1,382,509
Wakala fee earned	11,515,994	5,818,856	8,067,091	2,394,427	-	27,796,368
Takaful contribution earned	17,273,991	8,728,282	12,100,636	2,321,027	-	40,423,936
Takaful contribution ceded to retakaful	(5,806,668)	(6,852,918)	(1,477,500)	(2,551,666)	-	(16,688,752)
Net Takaful contribution	11,467,323	1,875,364	10,623,136	(230,639)	-	23,735,184
Retakaful rebate income	-	2,732	-	-	-	2,732
Net underwriting income	11,467,323	1,878,096	10,623,136	(230,639)	-	23,737,916
Takaful claims	(27,552,035)	(1,903,960)	(911,960)	(1,567,688)	-	(31,935,643)
Takaful claims recovered from retakaful	8,136,229	711,802	(1,246,937)	357,525	-	7,958,619
Net claims	(19,415,806)	(1,192,158)	(2,158,897)	(1,210,163)	-	(23,977,024)
Direct expenses	(17,679)	(8,933)	(12,384)	(2,375)	-	(41,371)
Contribution deficiency expense	-	-	-	452,484	-	452,484
Net Takaful claims and expenses	(19,433,485)	(1,201,091)	(2,171,281)	(760,054)	-	(23,565,911)
Underwriting results	(7,966,162)	677,005	8,451,855	(990,693)	-	172,005
Other income	-	-	-	-	-	2,032,154
Other expenses	-	-	-	-	-	-
Result of operating activities-PTF	-	-	-	-	-	2,204,159
Segment assets - (PTF)	30,299,623	14,181,132	18,187,599	8,464,872	-	71,133,226
Unallocated assets - (PTF)	-	-	-	-	-	34,089,776
Total assets - (PTF)	-	-	-	-	-	105,223,002
Segment liabilities - (PTF)	28,647,328	6,401,495	14,062,763	6,110,939	-	55,222,524
Unallocated liabilities - (PTF)	-	-	-	-	-	10,737,942
Total liabilities - (PTF)	-	-	-	-	-	65,960,466

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Rupees						
As at December 31, 2020	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	MISCELLANEOUS	TREATY	TOTAL
Operators' fund account						
Wakala fee earned	11,515,994	5,818,856	8,067,091	2,394,427	-	27,796,368
Net Commission and other acquisition costs	(7,068,889)	(3,478,827)	(1,991,746)	(327,594)	-	(12,867,056)
Management expenses	(2,214,446)	(1,101,544)	(1,446,306)	(602,701)	-	(5,364,997)
Other income						3,110,842
Other expenses						(196,701)
Profit for the period						12,478,456
Segment assets - (OPF)	4,115,547	674,398	1,063,553	323,633	-	6,177,131
Unallocated assets - (OPF)						60,800,481
Total assets - (OPF)						66,977,612
Segment liabilities - (OPF)	11,335,976	3,448,020	7,341,993	4,159,728	-	26,285,717
Unallocated liabilities - (OPF)						1,970,564
Total liabilities - (OPF)						28,256,281
Rupees						
As at December 31, 2019	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	MISCELLANEOUS	TREATY	TOTAL
Contribution received (inclusive of FED, FIF and Admin Surcharge)	29,928,392	15,109,270	18,958,685	3,361,493	-	67,357,840
Less: Federal Excise Duty/Sales Tax	(3,015,979)	(1,961,365)	(1,500,023)	(318,651)	-	(6,796,018)
Federal Takaful Fee	(195,147)	(129,874)	(96,531)	(20,348)	-	(441,900)
Gross written contribution (inclusive of Admin surcharge)	26,717,266	13,018,031	17,362,131	3,022,494	-	60,119,922
Gross direct contribution	18,890,268	12,387,725	9,404,918	1,998,043	-	42,680,954
Facultative inward contribution	7,204,240	27,525	7,708,492	987,451	-	15,927,708
Administrative surcharge	622,758	602,781	248,721	37,000	-	1,511,260
Wakala fee earned	9,194,878	4,677,436	5,274,069	1,033,424	-	20,179,807
Takaful contribution earned	13,792,317	7,016,155	7,911,104	1,558,582	-	30,278,158
Takaful contribution ceded to retakaful	(4,411,664)	(4,425,324)	(1,455,000)	(2,706,668)	-	(12,998,656)
Net Takaful contribution	9,380,653	2,590,831	6,456,104	(1,148,086)	-	17,279,502
Rebate income	-	-	-	-	-	-
Net underwriting income	9,380,653	2,590,831	6,456,104	(1,148,086)	-	17,279,502
Takaful claims	(4,461,545)	(1,915,255)	(6,071,290)	(1,135,143)	-	(13,583,233)
Takaful claims recovered from retakaful	-	-	1,365,437	-	-	1,365,437
Net claims	(4,461,545)	(1,915,255)	(4,705,853)	(1,135,143)	-	(12,217,796)
Direct expenses	(3,124)	(1,589)	(1,792)	(352)	-	(6,857)
Contribution deficiency expense	-	-	-	(452,484)	-	(452,484)
Net Takaful claims and expenses	(4,464,669)	(1,916,844)	(4,707,645)	(1,587,979)	-	(12,677,137)
Underwriting results	4,915,984	673,987	1,748,459	(2,736,065)	-	4,602,365

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As at December 31, 2019	Rupees					TOTAL
	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	MISCELLANEOUS	TREATY	
Other income						1,839,181
Other expenses						-
Result of operating activities-PTF						6,441,546
Segment assets - (PTF)	14,235,039	6,412,708	9,910,078	2,714,184	-	33,272,009
Unallocated assets - (PTF)						32,688,457
Total assets - (PTF)						65,960,466
Segment liabilities - (PTF)	11,639,022	2,574,184	9,865,341	1,423,781	-	25,502,328
Unallocated liabilities - (PTF)						33,883,247
Total liabilities - (PTF)						59,385,575
Operators' fund account						
Wakala fee earned	9,194,878	4,677,436	5,274,069	1,033,424	-	20,179,807
Commission expenses	(5,600,600)	(2,788,760)	(1,295,836)	(218,720)	-	(9,903,916)
Management expenses	(2,010,501)	(1,022,742)	(1,153,199)	(227,194)	-	(4,413,636)
Other income						1,930,864
Investment income						290,630
Other expenses						(318,800)
Profit for the year						7,764,949
Segment assets - (OPF)	3,758,448	567,804	1,108,223	131,157	-	5,565,632
Unallocated assets - (OPF)						59,174,720
Total assets - (OPF)						64,740,352
Segment liabilities - (OPF)	2,415,124	1,176,773	1,569,461	273,220	-	5,434,578
Unallocated liabilities - (OPF)						13,062,899
Total liabilities - (OPF)						18,497,477

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31 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
	Rupees	Rupees	Rupees	Rupees
31.1 Operator's Fund (OPF)				
At beginning of previous year				-
Additions	10,000,000	-	-	10,000,000
Disposals (sale and redemption)	-	-	-	-
Fair value net gains (excluding net realised gains)	-	-	-	-
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
At beginning of current year	10,000,000	-	-	10,000,000
Additions	10,000,000	-	-	10,000,000
Disposals (sale and redemption)	(10,000,000)	-	-	(10,000,000)
Reclassification to cash and bank	(10,000,000)	-	-	(10,000,000)
Fair value net gains (excluding net realised gains)	-	-	-	-
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
At end of current year	-	-	-	-

31.2 There is no investment in Participant takaful fund , therefore, no movement has been presented.

32 CAPITAL MANAGEMENT

The objectives, policies and processes for managing capital of the Operator are as follows:

- to be an appropriately capitalized institution, as defined by regulatory authorities and comparable to the peers;
- maintain strong rating and to protect the Operator against unexpected events;
- availability of adequate capital at reasonable cost so as to enable the Operator to expand; and
- achieve low cost of capital with appropriate mix of capital elements.

33 MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

The Operator is exposed to a variety of financial risks: credit risk, liquidity risk, market risk (comprising currency risk, interest rate risk and other price risk) that could result in a reduction in Operator's net assets or a reduction in the profits. The Operator's overall risk management program focuses on unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Operator's financial assets and liabilities are limited. The Operator consistently manages its exposure to financial risks without any material change from previous year in the manner described in the notes below. The Board of Directors has the overall responsibility for the establishment and oversight of Operator's risk management framework. The Board is also responsible for developing and monitoring the Operator's risk management policy.

33.1 Takaful risks

33.1.1 Takaful risk

The company accepts the takaful risk through its takaful contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The company manages its risk via its underwriting and retakaful strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria.

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Retakaful is purchased to mitigate the effect of potential loss to the company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Retakaful policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

A concentration of risk may also arise from a single takaful contract issued to a particular demographic type of policy holder, within a geographical location or to types of commercial business. The company minimizes its exposure to significant losses by obtaining retakaful from a number of retakaful, who are dispersed over several geographical regions.

Geographical concentration of takaful risk

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey. Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial/industrial/residential occupation of the insurers. Details regarding the fire separation/segregation with respect to the manufacturing processes, storage, utilities etc. are extracted from the layout plan of the insured facility. Such details form part of the reports which are made available to the underwriters/retakaful personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan) for instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an insured's premises. It is basically that the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look up and geocoding is the essential field of the policy data interface of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk. For Marine risk, complete underwriting details, besides sums covered and contribution, like vessel identification, voyage input (sea/air/inland transit), sailing dates, origin and destination of the shipments, per carry limits etc. are fed into the IT system. The retakaful module of the IT system is designed to satisfy the requirements as laid down in the proportional treaty agreement.

Shipment declarations are also endorsed on the policies. Respective retakaful sessions are automatically made upon the posting of policy documents.

33.1.2 Retakaful arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non proportional retakaful arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non proportional treaty which is very much in line with the risk management philosophy of the Company.

In compliance with the regulatory requirement, the retakaful agreements are duly submitted with Securities and Exchange Commission of Pakistan on an annual basis.

The concentration of risk by type of contracts is summarized below by reference to liabilities.

	Gross sum covered		Retakaful Cover		Net Liability	
	2020	2019	2020	2019	2020	2019
	----- Rupees -----					
Fire and property damage	34,518,230,185	35,146,170,848	7,201,667	5,941,985,585	34,511,028,518	29,204,185,263
Marine aviation and transport	16,401,719,068	13,762,014,795	7,201,667	1,612,833,533	16,394,517,401	12,149,181,262
Motor	1,477,787,843	1,373,091,737	1,500,000	353,969,375	1,476,287,843	1,019,122,362
Miscellaneous	5,711,188,427	399,091,070	2,396,667	361,818,344	5,708,791,760	37,272,726
	58,108,925,523	50,680,368,450	18,300,000	8,270,606,837	58,090,625,523	42,409,761,613

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33.1.3 Uncertainty in the estimation of future claims payment

Claims on general takaful contracts are payable on a claim occurrence basis. The Operator is liable for all insured events that occur during the term of the takaful contract. An estimated amount of the claim is recorded immediately on intimation to the Operator. The estimation of the amount is based on the amount notified by the policy holder, management or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. Incurred But Not Reported (IBNR) claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level. IBNR for all classes is determined and recognized in accordance with valuation carried out by an appointed actuary which is also based on Chain Ladder (CL) method. There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. The operator takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from recognised amounts.

33.1.4 Key assumptions

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

33.1.5 Sensitivity analysis

The risks associated with the Takaful contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The sensitivity analysis is performed on the same basis as that of last year. The Operators makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for Takaful claims recognised in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

As the company enters into short term Takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of retakaful.

	Pre tax Profit		Participants' Takaful Fund	
	2020	2019	2020	2019
	----- Rupees -----			
10% decrease in profit				
Fire and property damage	(1,941,581)	(446,155)	(1,941,581)	(446,155)
Marine aviation and transport	(119,216)	(191,526)	(119,216)	(191,526)
Motor	(215,890)	(470,585)	(215,890)	(470,585)
Miscellaneous	(121,016)	(113,514)	(121,016)	(113,514)
	<u>(2,397,703)</u>	<u>(1,221,780)</u>	<u>(2,397,703)</u>	<u>(1,221,780)</u>

10% increase in loss would have the same but opposite impact on above analysis.

33.2 Credit risk and concentration of credit risk

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

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Concentration of credit risk arises when a number of counter parties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of clients exposure and conservative estimates of provision for doubtful assets, if any. The management is of the view that it is not exposed to the significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The carrying amount of financial assets represents the maximum credit exposure, as specified below:

Category of financial assets		2020	2019
		Rupees	Rupees
Current and other accounts	Loans & receivables	68,905,138	75,382,446
Takaful / re-takaful receivables	Loans & receivables	64,683,851	27,068,445
Receivable from PTF	Loans & receivables	8,989,778	14,416,114
Loan and other receivables	Loans & receivables	48,149	16,314
		<u>142,626,916</u>	<u>116,883,319</u>

The company did not hold any collateral against the above during the year. General provision is made for receivables according to the Company's policy. No provision is made for impairment during the year. This impairment provision is utilized to write off a financial asset when it is determined that Company cannot recover the balance due.

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

	Rating		Rating Agency	2020	2019
	Short term	Long term		Rupees	Rupees
Sindh Bank Limited	A-1	A+	JCR-VIS	33,681,767	34,685,780
Meezan Bank Limited	A-1+	AA+	JCR-VIS	25,200,119	30,545,132
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	115	109
Bank Islami Pakistan Ltd.	A1	A+	PACRA	23,137	151,425
				<u>58,905,138</u>	<u>65,382,446</u>

The following are the contractual maturities of financial liabilities on an undiscounted cash flow basis:

Financial liabilities: 2020

	Carrying amount	Up to one year	More than One year
		Rupees	
Provision for outstanding claims (including IBNR)	16,804,030	16,804,030	-
Contribution received in advance	573,197	573,197	-
Takaful / re-takaful payables	2,486,551	2,486,551	-
Other creditors and accruals	23,985,312	23,985,312	-
	<u>43,849,090</u>	<u>43,849,090</u>	<u>-</u>

Financial liabilities: 2019

	Carrying amount	Up to one year	More than One year
		Rupees	
Provision for outstanding claims (including IBNR)	12,085,665	12,085,665	-
Contribution received in advance	692,797	692,797	-
Takaful / re-takaful payables	182,534	182,534	-
Other creditors and accruals	21,602,279	21,602,279	-
	<u>34,563,275</u>	<u>34,563,275</u>	<u>-</u>

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Age analysis of financial assets is as under:

Financial assets: 2020	Carrying amount	Up to one year	From 1 - 2 years	More than 2 years
	Rupees			
Takaful / re-takaful receivables	64,683,851	36,603,335	14,584,742	13,495,774
Loan and other receivables	48,149	48,149	-	-
Receivable from PTF	8,989,778	8,989,778	-	-
Current and other accounts	68,905,138	68,905,138	-	-
	<u>142,626,916</u>	<u>114,546,400</u>	<u>14,584,742</u>	<u>13,495,774</u>
Financial assets: 2019	Carrying amount	Up to one year	From 1 - 2 years	More than 2 years
	Rupees			
Takaful / re-takaful receivables	27,068,445	19,936,552	6,559,698	572,195
Loan and other receivables	16,314	16,314	-	-
Receivable from PTF	14,416,114	14,416,114	-	-
Current and other accounts	75,382,446	75,382,446	-	-
	<u>116,883,319</u>	<u>109,751,426</u>	<u>6,559,698</u>	<u>572,195</u>

The credit quality of amount due from other takaful/ retakaful and retakaful recoveries against outstanding claims can be assessed with reference to external credit ratings as follows:

Amount due from other takaful / retakaful	Retakaful recoveries against outstanding claims	2020	2019
		-----Rupees-----	
A or above (including PRCL)	-	47,865,330	20,213,353
Others	1,849,044	7,829,047	-
Total	1,849,044	55,694,377	20,213,353

33.3 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company finances its operations through equity and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Please refer to note 35 for liquidity risk schedule

33.4 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest/mark up rate risk and price risk. The Company is not exposed to material currency risk.

a) Interest/mark up rate risk

Interest/mark up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark up rates. Sensitivity to interest/mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The company manages these mismatches through risk management strategies.

At the statement of financial position date, the interest rate profile of the Company's significant interest bearing financial instruments is as follows:

Financial assets	2020	2019	2020	2019
	Effective interest rate (in %)		Rupees	
Saving accounts	2.40% to 5.50%	7% to 10%	58,905,138	65,382,446
Term deposit	9%	13.60%	10,000,000	10,000,000
			<u>68,905,138</u>	<u>75,382,446</u>

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Sensitivity analysis

For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased/(increased) profit for the year by the amounts shown below.

2020	2019
Rupees	Rupees
589,051	653,824

Cash flow sensitivity - Variable rate financial assets

It is assumed, for the purpose of sensitivity analysis, that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details. The analysis assumes that all other variables remain constant.

b) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is not exposed to equity price risk since it has no significant investments in quoted equity securities at the statement of financial position date. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. Nil/- (2019: Nil/-) at the statement of financial position date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. The Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. The Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are based on quoted market prices as of the statement of financial position date and available for sale equity instruments which are based on quoted market prices as of the statement of financial position date in accordance with the requirements of the Insurance Accounting Rules and Regulations issued by the Securities and Exchange Commission of Pakistan (SECP), dated February 09, 2017.

Market prices are subject to fluctuation and consequently the amount realized 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. The Company has no significant concentration of price risk.

Sensitivity analysis

The table below summarizes company's equity price risk as of December 31, 2020 and December 31, 2019 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios, results could be worse because of the nature of equity markets.

Equity investments have been measured at fair values as required by IAS 39 "Financial Instruments: Recognition and Measurement", the impact of hypothetical change would be as follows:

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase/(decrease) in profit before tax
2020	-	10% increase	-	-	-
		10% decrease	-	-	-
2019	-	10% increase	-	-	-
		10% decrease	-	-	-

ASIA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

35 STATEMENT OF SOLVENCY

	Note	2020 Rupees
Assets		
Property and equipment		-
Investments		-
Equity Securities		-
Debt Securities		-
Term deposits		-
Loans and others receivables		-
Takaful / re-takaful receivables	9	64,683,851
Retakaful recoveries against outstanding claims	21	1,849,044
Deferred wakala fee	23	14,991,299
Prepayments	10	6,449,375
Cash and bank	11	17,249,433
Total assets (A)		<u>105,223,002</u>

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

(h) Takaful / re-takaful receivables		38,045,043
(q)		-
(u)		-
(v)		-
Total of Inadmissible assets (B)		<u>38,045,043</u>
Total Admissible assets (C=A-B)		67,177,959
Total Liabilities		
Underwriting provisions		
Provision for outstanding claims (including IBNR)	21	16,804,030
Contribution deficiency reserve		-
Reserve for unearned contribution		35,358,746
Reserve for unearned retakaful rebate		-
Contributions received in advance		573,197
Takaful / Re-takaful payables	14	2,486,551
Other creditors and accruals	15	1,748,164
Payable to OPF		8,989,778
Total liabilities (D)		<u>65,960,466</u>
Total net Admissible assets (E=C-D)		<u>1,217,493</u>

Minimum Solvency Requirement

As per requirement of section 10(k) of Takaful Rules, 2012 an Operator shall ensure that in case of General Takaful each participant takaful fund, at all items, has admissible assets in excess of its liabilities.

ASIA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

36 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 their fair values except for equity and debt instruments whose fair values have been disclosed in their respective notes to these financial statements. Fair value is determined on the basis of objective evidence at each reporting date. The company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements

Level 1: Quoted market price (unadjusted) in active market for identical instrument.

Level 2: Valuation techniques based on observable inputs either directly (i.e. as prices) or indirectly (i.e.

Level 3: Valuation techniques using significant unobservable inputs.

	Level-1	Level-2	Level-3	Total
	Rupees			
As at December 31, 2020				
At fair value through profit or loss-Held for trading	-	-	-	-
At fair value through OCI - Available for sale	-	-	-	-
As at December 31, 2019				
At fair value through profit or loss-Held for trading	-	-	-	-
At fair value through OCI - Available for sale	-	-	-	-

	2020 Rupees	2019 Rupees
Operator's Fund		
Category of financial assets		
Loan and receivables		
Loan and receivables	48,149	16,314
Takaful / retakaful receivable	-	-
Receivable from PTF	8,989,778	14,416,114
Accrued investment income	106,849	290,630
Other financial assets		
Cash and bank balances	51,655,705	44,451,662
	<u>60,800,481</u>	<u>59,174,720</u>
Category of financial Liabilities		
Other financial liabilities		
Other creditors and accruals	13,247,370	6,209,203
	<u>13,247,370</u>	<u>6,209,203</u>

ASIA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Rupees	2019 Rupees
Participants Takaful fund		
Category of financial assets		
Loan and receivables		
Takaful / retakaful receivable	64,683,851	27,068,445
Retakaful recoveries against outstanding claims	1,849,044	1,365,437
Other financial assets		
Cash and bank balances	17,249,433	30,930,784
	<u>83,782,328</u>	<u>59,364,666</u>
Category of financial Liabilities		
Other financial liabilities		
Outstanding claims including IBNR	16,804,030	12,085,665
Contribution received in advance	573,197	692,797
Takaful / retakaful payable	2,486,551	182,534
Payable to OPF	8,989,778	14,416,114
Other creditors and accruals	1,748,164	976,962
	<u>30,601,720</u>	<u>28,354,072</u>

37 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

All significant transactions and events that have affected the Company's financial position and performance during the year have been adequately disclosed in the notes to these financial statements.

38 CORRESPONDING FIGURES

38.1 Corresponding figures have been rearranged and reclassified, whenever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant reclassification has been made during the period except in accordance with S.R.O. 1416 (I)/2019 "General Takaful Accounting Regulations, 2019" which is as follows:

<u>Reclassification from</u>	<u>Reclassification to</u>	<u>Amount Rupees</u>
Loans and other receivables	Accrued investment income (OPF)	290,630
Investment- TDR maturing	Cash and bank balance (OPF)	10,000,000
Loans and other receivables	Receivable from PTF	14,416,114
Other creditors and accruals	Payable to OPF	14,416,114

38.2 Due to application of change in accounting policy retrospectively and reclassification, the Company has presented third balance sheet at the beginning of the preceding period i.e. the opening position in accordance with requirements of IAS 1 "Presentation of Financial Statements". Notes are not required to support this balance sheet.

39 SUBSEQUENT EVENTS - NON ADJUSTING EVENTS

There is no event causing adjustment to or disclosure in financial statements.

40 NUMBER OF EMPLOYEES

	2020 Number	2019 Number
Number of employees at the end of the year	5	5
Average number of employees	5	6

41 DATE OF AUTHORIZATION

These financial statements have been authorised for issue on March 29, 2021 by the Board of Directors of the company




**ASIA INSURANCE COMPANY LIMITED - WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

42 IMPACT OF COVID -19 ON THE FINANCIAL STATEMENT

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. In the first few months of 2020 the virus had spread globally, and its negative impact had gained momentum. The management considers presently this outbreak does not have any impact on the amounts being reported in the Company's statement of financial position as at December 31, 2020. While this is still an evolving situation as at the time of issuing these condensed interim financial statements yet, to date the operations of the Company have continued uninterrupted during this pandemic, future effects cannot be predicted. However, the management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

43 GENERAL

The figures are rounded off to the nearest rupee.



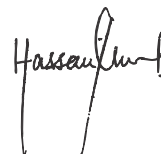
Chairman



Chief Executive Officer



Director



Director



Chief Financial Officer

BRANCHES NETWORK

Detail of Branches / Sub Offices across the Country

HEAD OFFICE

Asia House, 19 C/D, Block-L, Gulberg-III
Main Ferozpur Road, Lahore
Ph: 042-35865575-78 Fax: 042-35865579
info@asiainsurance.com.pk
www.asiainsurance.com.pk

HEALTH/AGRI/TRAVEL DIVISION

Asia House, 19 C/D, Block-L, Gulberg-III
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nfo@asiainsurance.com.pk
www.asiainsurance.com.pk

WINDOW TAKAFUL OPERATION

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info@asiatakaful.com.pk
takaful@asiainsurance.com.pk

LAHORE REGION

Taj Arcade Office

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Service Hospital, Jail Road, Lahore.
Ph: 042-35408325-27-29
lhr.tajarcade@asiainsurance.com.pk

Barkat Market Office

Flat No. 5, 5th Floor 24, Civic Center, Shan
Arcade, Barkat Market, Lahore.
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barkat.market@asiainsurance.com.pk

Mumtaz Centre Office

Suit No. 4, 3rd Floor, Mumtaz Centre, 15-A
Shahrah-e-Fatima Jinnah, Lahore.
Ph: 042-36299472-3
mumtazcentre@asiainsurance.com.pk

Land Mark Plaza Office

330 3rd floor, landmark plaza, Jail Road
Lahore.
Ph: 042-35764121
land.mark@asiainsurance.com.pk

Abbot Road Office

2nd Floor, Asif Center, 19-A, Abbot Road
Lahore.
Ph: 042-36308070 Fax: 042-36308066
abbot@asiainsurance.com.pk

Bilal Center Branch

Room No. 213, 2nd Floor, Hassan Centre
83-Brandreth Road, Lahore.
Ph: 04237672619

Patiala Complex Branch

Office No. 7, 2nd Floor, Patiala Complex
2 -Link Mecload, Road Lahore.
Ph: 042-37351138 Fax: 042-37351139

FAISALABAD REGION

Faisalabad Kutchery Bazar Office

Office No. 08, 4th Floor, Sidiq Plaza, Outside
Kutchery Bazar, Circular Road, Faisalabad.
Ph: 041-2605557-58 Fax: 041-2605559
fsd@asiainsurance.com.pk

Faisalabad Pakistan Market Office

Room # 4 3rd Floor Pakistan Market
Kutchery Bazar, Faisalabad.
Ph # 041-2628225

Faisalabad Kotwali Road Office

Taj Plaza, 3rd Floor, Opposite Shell Petrol Pump
Kotwali Road, Faisalabad.
Ph: 041-2648291, 041-2412192
fsd3@asiainsurance.com.pk

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sgd@asiainsurance.com.pk

MULTAN REGION

Multan Corporate Office

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Cantt.
Ph: 061-6306813 061-4586814
mnt@asiainsurance.com.pk

Multan Nusrat Road Office

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Terminal, Bahawalpur
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bwp@asiainsurance.com.pk

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Sadiqabad Office

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Sadiqabad District Rahim Yar Khan.
Ph: 068-5701195 Fax:068-5957377
sadiqabad@asiainsurance.com.pk

D. G Khan Office

First floor shop No.55, Block A
Bank Road Dera Ghazi Khan.
Ph: 03346781253 / 03006781253
m.javeed@asiainsurance.com.pk

KARACHI REGION

Karachi I

Room No.1, 1st Floor, Mian Chamber, Opposite
Sindh Madarsa, Shahrae-Liaquat, Karachi.
Ph: 021-32428365, 32466960, 32465203
Fax: 021-32433569
k1@asiainsurance.com.pk

Karachi II

Office No. 510, 511, 512, Gul Tower,
I.I Chundrigar Road, Karachi.
Ph: 021-32461834-5
k2@asiainsurance.com.pk

Karachi Regional Office

Room No. 604, 6th Floor, Business Plaza
Plot No. 8/2 Mumtaz Hussain Road
I.I. Chundrigar Road, Karachi.
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Karachi@asiainsurance.com.pk

Karachi V

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Hussain Road I.I. Chundrigar Road, Karachi.
Ph: 021-32431032-3
autodivision@asiainsurance.com.pk

Hyderabad Office

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Block D Unit No. 7 Latifabad, Hyderabad
Ph: 022- 3864308
autodivision@asiainsurance.com.pk

SIALKOT REGION

Sialkot Kashmir Road Office

2nd Floor, Al-Khalil Center, Kashmir Road
Sialkot.
Ph: 052-3240271-3
sktc@asiainsurance.com.pk

Sialkot Paris Road Office

Obrai Building, Paris Road, Sialkot.
Ph: 052-4591023 Fax:052-4593022
skt@asiainsurance.com.pk

PESHAWAR REGION

Peshawar Office

Deans Trade Centre, Unit No. 180-T.F
Saddar Road, Peshawar Cantt
Ph: 091-5603040,
psw@asiainsurance.com.pk

RAWALPINDI REGION

Rawalpindi Canning Road Office

Office No.62, 3rd Floor Nice Plaza
Canning Road Saddar, Rawalpindi.
rwp@asiainsurance.com.pk

Islamabad Corporate Office

Flat No.9, 3rd floor, Shah Nawaz
Plaza, G-11 Markaz, Islamabad

Abbotabad Office

Representative Office
abbt@asiainsurance.com.pk

Muzaffarabad Office

Upper Floor Utility Store, Near
Wapda Colony, Main Nalaouchi Highway
Gojra Muzaffarabad, AJK
Ph: 0582-2446242
muz@asiainsurance.com.pk

We've got You covered

Option 1
Appointing other person a Proxy

I/We _____ of _____ being a member of Asia Insurance Company Limited and holder of _____ (number of shares) Ordinary Shares as per Registered Folio No. _____ hereby appoint Mr./Ms. _____ of _____ or failing whom Mr./Ms. _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the (annual, extraordinary general meeting as the case may be) of the Company to be held on _____ and at any adjourned thereof.

Signed under my/our this _____ day of _____, 20____.

Sign Across
Revenue Stamp
Rs. 5/-

Signature should agree
With the specimen signature
Registered with the Company

Signed in presence of:

Signature of Witness

Signature of Witness

Option 2
E-voting as per The Companies (E-voting) Regulations, 2016

I/We, _____ of _____ being a member of Asia Insurance Company Limited and holder of, _____ (number of shares) Ordinary Shares as per Registered Folio No. _____, hereby appoint for e-voting through intermediary and hereby consent the appointment of execution officer _____ as proxy and will exercise e-voting as per the Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolution.

My secured email address is _____. Please send login details, password and electronic signature through email.

Sign Across
Revenue Stamp
Rs. 5/-

Signature should agree
With the specimen signature
Registered with the Company

Signed in presence of:

Signature of Witness

Signature of Witness

Important:

- This form of Proxy, duly completed, must be deposited at the Company's Registered Office at Asia House, 19 C/D, Block-L, Gulberg III, Main Ferozpur Road, Lahore, not later than 48 hours before the time appointed for the meeting.
- CDC Shareholders and their Proxies are each requested to attach attested photocopy of their Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.
- CDC Shareholders or their Proxies are requested to bring with them their Original Computerized National Identity Card or Passport along with the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

2. کمپنی کے (ای۔ وونگ) ضوابط 2016ء کے تحت ای۔ وونگ

ایشیا انشورنس کمپنی لمیٹڈ کے رکن اور رجسٹرڈ فوئیو نمبر..... کے تحت
(حصص کی تعداد) کے عمومی حصص کا مالک ہونے کی حیثیت سے میں/ہم.....
رہائش.....
ای وونگ کے لئے تقرر کرتے ہیں بذریعہ ثالث اور عمل کرنے والے افسر..... کی ایک پراکسی/نمائندہ کی حیثیت سے
تقرری پر رضامندی ظاہر کرتے ہیں اور کمپنی کے (ای۔ وونگ) ضوابط 2016ء کے تحت ای۔ وونگ پر عمل کریں گے، پس قرارداد پر پولنگ کی استدعا
کرتے ہیں۔

میرا محفوظ ای میل ایڈریس..... ہے۔ برائے مہربانی لاگ ان تفصیلات، پاس ورڈ اور الیکٹرانک دستخط
ای میل کے ذریعے بھیج دیں۔

5 روپے
کارپوریٹ سٹیپ

(دستخط کمپنی کے رجسٹرڈ نمونہ کے دستخط کے مطابق ہونے چاہئیں)

کی موجودگی میں دستخط کئے گئے:

گواہ کے دستخط

گواہ کے دستخط

ہدایات:

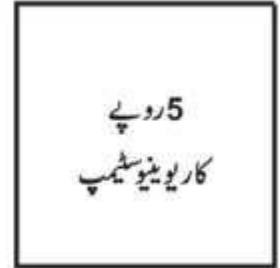
- ✓ مکمل پُر شدہ یہ پراکسی فارم کمپنی کے رجسٹرڈ آفس ایشیا ہاؤس، 19 C/D، بلاک۔ L، گلبرگ III، مین فیروز پور روڈ، لاہور، میں
اجلاس کے آغاز سے 48 گھنٹے پہلے پہنچ جانا چاہئے۔
- ✓ CDC حصص داران اور ان کے نمائندے/پراکسی کو درخواست کی جاتی ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) اور
پاسپورٹ کی تصدیق شدہ نقول اس پراکسی فارم کے ساتھ منسلک کریں۔
- ✓ CDC حصص داران اور ان کے نمائندے/پراکسی کو درخواست کی جاتی ہے کہ سالانہ اجلاس عام میں شمولیت کے موقع پر اپنی
شناخت ثابت کرنے کے لئے وہ اپنا اصلی کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ جمع شامل ہونے کا آئی ڈی نمبر اور اپنا
اکاؤنٹ نمبر ہمراہ لائیں۔

1. کسی شخص کا اپنا نمائندہ / پر کسی مقرر کرنا

ایشیا انشورنس کمپنی لمیٹڈ کے رکن اور رجسٹرڈ فوئیو نمبر..... کے تحت
(حصص کی تعداد) کے عمومی حصص کا مالک ہونے کی حیثیت سے میں / ہم
رہائش.....
میرے / ہمارے لئے ووٹ کرنے اور میری / ہماری جگہ پر کمپنی کے سالانہ / غیر معمولی اجلاس عام، جو بھی معاملہ ہو، منعقدہ.....
میں شرکت کرنے کے لئے اور اس کی معطلی کی صورت میں محترم / محترمہ.....
رہائش..... کو یا ناکامی کی صورت میں،
محترم / محترمہ..... رہائش.....
کو اپنا پر کسی / نمائندہ مقرر کرتے ہیں۔

.....، 20 کو دستخط کئے گئے۔

151



(دستخط کمپنی کے رجسٹرڈ نمونہ کے دستخط کے مطابق ہونے چاہئیں)

کی موجودگی میں دستخط کئے گئے:

گواہ کے دستخط

گواہ کے دستخط

2020 ANNUAL REPORT

ADDRESS

Asia House 19 C/D, L Block Gulberg-III,
Main Ferozpur Road, Lahore

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Facebook

[asiainsurancepakistan](https://www.facebook.com/asiainsurancepakistan)

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