



ODDS JUST DON'T MATTER!

IGI LIFE INSURANCE LIMITED

ANNUAL REPORT
20 **20**



OUR STORY

The IGI brand has been associated with the insurance industry since 1953 making it one of the earliest and most respected insurance providers in the Pakistani market. It falls under the IGI Holdings umbrella which is owned by the Packages Group.

The Packages Group is one of the most well reputed and diversified business conglomerates with investments in packaging, FMCGs, pharmaceutical and financial services sector. The group is also actively involved in and supports the development and nurturing of social, environmental and educational causes.

IGI Life is one of the most recent acquisitions of the group adding further diversity to its financial services portfolio. It was formed with the acquisition of American Life Insurance Company (Pakistan) Limited (Metlife Alico) in 2014 recognized amongst the leading life insurance companies in the private sector. IGI Life is focused on providing innovative products and comprehensive protection solutions.



VISION

Assure financial future today for a better tomorrow.

MISSION

IGI Life provides innovative life and health insurance as well as investments solutions through ground-breaking innovation and exemplary customer service, leveraging different distribution channels.

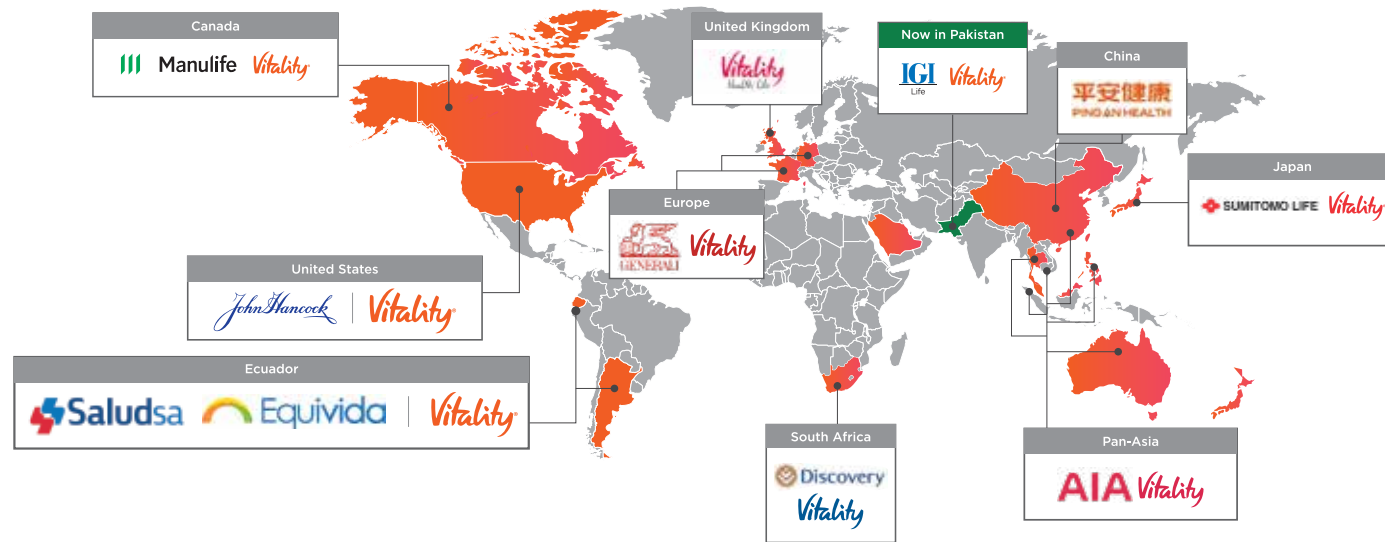
OUR VALUES



Vitality, the world's first shared-value insurance

In 1997, South Africa's leading insurance company Discovery launched Vitality, the world's first shared-value insurance, a business model that rewards people for adopting a healthy lifestyle. By blending smart tech, data incentives and behavioral science, Vitality brings a global perspective through successful partnerships with the smartest insurers and most forward-thinking employers around the world. More than 20 million people in 24 countries engage with the Vitality programme. For more information, please visit www.vitalitygroup.com.

Vitality across the globe



Global impact of Vitality:

- 34% increase in physical activity among the clients
- More than 6 million exercise goals rewarded every month
- More than 2 billion activities recorded
- More than 200,000 new members worldwide every month

Collaboration between IGI Life and Vitality Group

For the first time ever, IGI Life and IGI Life Window Takaful Operations, part of the Packages Group, collaborated with Vitality Group to enhance and protect lives in Pakistan with a positively different insurance/takaful plans. IGI Life Vitality aims to help people make the most of their health and wealth and incentivizes them through weekly, monthly and annual rewards.

IGI Life Vitality Plan

IGI Life Vitality Plan is an investment plan that is linked to the Vitality programme.

Based on the shared value insurance model, this plan encourages its members to lead a healthier life and offers them rewards for doing so.

The plan consists of two core aspects:

- **Vitality:** focuses on wellness by providing its members with an understanding of their current health status and incentivizes them to improve their health.
- **Insurance/Takaful coverage:** caters to its members; need for financial security and provides investment opportunities.



A Mobile-led Strategy

The programme is based on the shared-value approach that incentivizes members to manage their health. It helps them get healthier by giving them tools, knowledge, access and motivation to improve their health, and is based on a three-pronged approach:

- Know your health
- Improve your health
- Enjoy the rewards

The IGI Life Vitality App is the primary tool for engagement that helps its members achieve their goals by monitoring their activity and allowing them to redeem attractive rewards along the way.



1. Know Your Health

- Vitality Health Check
- Vitality Health Review
- Vitality Nutrition Assessment
- Non-smokers' Declaration
- Vitality Age


3. Enjoy the Rewards

- **Weekly Rewards (Active Rewards)**
 - o Easy Tickets
 - o Foodpanda
 - o Mobile Top-Up
- **Monthly Reward**
 - o Up to 100% cashback on Samsung Galaxy Watch.**
- **Annual Reward**
 - o Integrated Benefit

2. Improve Your Health

- Policyholders/Participants earn physical activity points and get weekly rewards
- Policyholders/Participants receive points for completing the Know Your Health section, falling within the healthy range and completing their physical activity targets. The Vitality Active product consists of 4 statuses:
 - Bronze
 - Silver
 - Gold
 - Platinum

How is IGI Life Vitality Different from Traditional Life Insurance/Family Takaful?

| Traditional Life Insurance/Family Takaful |  |
|--|--|
| Focused on fear of death, morbidity/disability | Focused on leading a healthy and active life |
| Commoditised product (life insurance policy/takaful membership) | Differentiated insurance/takaful plan + healthy and active lifestyle |
| Long-term investment, no short-term benefit | Long-term investment + Active Rewards on weekly basis + Up to 100% cashback on Samsung Galaxy Watch* + Annual Integrated Benefit* |
| Protects future of policyholder's/participant's family | Protects future of policyholder's/participant's family + leads to an improved healthy and active lifestyle of the policyholder/participant |
| Mobile app only for policy/membership details and general information | Mobile-led strategy, IGI Life Vitality App linked to device** |
| No focus on health | Focuses on health through screening assessments via Vitality Health Check + Vitality Health Review + Vitality Nutrition Assessment + Non-smokers' Declaration + Vitality Age |
| Low involvement product through yearly transactional relationship only | High involvement product through weekly engagements |

*Terms and Conditions apply

** It is recommended to use a wearable device but your mobile can still track your physical activity through Samsung Health App for Android and Health App for iOS. For details, kindly call UAN (+92-21) 111-111-711. Terms and Conditions apply.

IGI LIFE INSURANCE LIMITED

Timeline



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BOARD OF DIRECTORS



Shamim Ahmad Khan
Chairman

Mr. Shamim Ahmad Khan is the Chairman of the Board of Directors of the Company. As a member of Civil Service of Pakistan, he occupied senior positions in the Government particularly in the Ministry of Finance. He retired as Secretary, Ministry of Commerce. For more than ten years, he served at the Corporate Law Authority and was its Chairman for six years. The Authority administered all laws which regulated corporate sector in the country. He led the initiative for restructuring it into the Securities and Exchange Commission of Pakistan and also became its first Chairman. He has undertaken a number of consultancy assignments for the World Bank, ADB and DFID besides authoring several papers on capital market issues.

Presently, he is serving as non-executive director of IGI Holdings Limited, IGI General Insurance Limited, Attock Refinery Limited, Pakistan Oilfields Limited and Attock Cement Pakistan Limited. He is also associated with non-profit organisations as a director of SDPI, a think tank and Karandaaz, promoting SME financing and digital finance. Earlier, he has been a non-executive director of Packages Limited, Abbott Laboratories, ABN Amro Bank and Royal Bank of Scotland as well as that of BOC Pakistan and Pakistan Reinsurance Company Limited.



Syed Hyder Ali
Chief Executive Officer and Executive Director

Syed Hyder Ali is the Chief Executive Officer and Executive Director of the Company. He is also the Chief Executive Officer and Managing Director of Packages Limited and Packages Convertors Limited. He was graduated from the University of Michigan, USA with a Bachelor's of Science degree in Chemical Engineering in 1979. He completed his Masters of Science in June 1981, specializing in Paper Chemistry from The Institute of Paper Chemistry, Lawrence University of Wisconsin, USA. In 1997, Mr. Ali also attended the program for Management Development at the Harvard Business School, Boston, USA.

Mr. Ali serves on the Board of a number of companies like Bulleh Shah Packaging (Private) Limited, IGI General Insurance Limited, Nestle Pakistan Limited, Packages Lanka (Private) Limited, Sanofi-Aventis (Pakistan) Limited and Tri-Pack Films Limited.

He is a member of the Board of Governors/Directors of Babar Ali Foundation (BAF), National Management Foundation (NMF), Ali Institute of Education (AIE), Pakistan Centre for Philanthropy (PCP), and Pakistan Business Council (PBC). He is also a member of the Executive/Advisory Committee of Syed Maratib Ali Religious and Charitable Trust Society, Lahore University of Management Sciences (LUMS) and International Chamber of Commerce (ICC) Pakistan.

He is the Honorary Consul General of Sweden in Lahore since 1998. On May 6, 2015, he was conferred, "The Commander of the Grand Cross" by His Majesty, The King of Sweden.



Syed Yawar Ali
Director

Syed Yawar Ali is a Non-Executive Director of the Company. He was educated at Aitchison College Lahore and got his Bachelors in Chemical Engineering and Masters in Management Science from Stevens Institute of Technology in New Jersey (USA). He also completed the Advance Management Program (AMP III) from Harvard Business School in 1992. He joined his family business i.e. Packages Limited in 1972 and then became Managing Director of Milk Pak Ltd. In 1988 Milk Pak joined hands with Nestle for a very successful joint venture.

Syed Yawar Ali is currently Chairman of Nestlé Pakistan Limited, Wazir Ali Industries Limited, Prime Genetics (Pvt) Ltd. He has also been on the Board of State Bank of Pakistan and Pakistan International Airlines and Chairman of Lahore Electric Supply Company, Chairman, Agricultural Development Bank of Pakistan and Chairman, Pakistan Dairy Association.

He is also Co-Chair of the Pakistan India Joint Business Forum (PIJBF), this committee is notified by Ministry of Commerce (Pakistan) to "Promote Trade with India", Member of United Nations Committee for Contributions, Chairman, Dairy & Rural Development Foundation. Member of "Special Economic Zones Board of Approvals" Chaired by Prime Minister and Member of Prime Minister's Task Force on Science & Technology and Director, Pakistan Business Council.



Khurram Raza Bakhtayari
Director

Mr. Khurram Raza Bakhtayari is associated with the Company as a Non-Executive director. He did his Bachelors in Commerce in 1997 from the Hailey College of Commerce, University of the Punjab, Lahore. He qualified his Chartered Accountancy in 2002 from the Institute of Chartered Accountants of Pakistan and became the fellow member of the Institute in January 2013.

Mr. Bakhtayari has over 17 years of experience in the field of corporate finance, accountancy, treasury, auditing, corporate affairs and administration. He is the Chief Executive Officer and Executive Director of Packages Real Estate and Chief Financial Officer of Packages Limited. He holds directorship on the boards of a number of companies which currently includes IGI Investments (Private) Limited, Tri-Pack Films Limited, Anemone Holdings Limited, Bulleh Shah Packaging (Private) Limited, DIC Pakistan Limited, Flexible Packages Convertors (Pty) Limited, Maxim International (Private) Limited, OmyaPack (Private) Limited, and Packages Lanka (Private) Limited.

BOARD OF DIRECTORS



Mohammad Kamal Syed
Director

Mr. Mohammad Kamal Syed is associated with the Company as a Non-Executive Director. He is also the Managing Director of Coutts & Co and is Head of Natwest Group's Asset Management Business. He has a breadth of international experience spanning Investment Banking and the Fund Management industry. Prior to Coutts, he was Chief Executive Officer and founder of hedge fund group Axiom and Chief Executive Officer of a leading multi-family office. He spent several decades working in Investment Banking in senior roles including Managing Director and Regional Head of Barclays Capital. He was also the Deputy Head of Global Derivatives and a member of the Management and Operations Committees of Barclays Capital. Subsequently, he ran Bank of Tokyo-Mitsubishi UFJ's Investment Bank and was Chairman of the Executive Committee and member of the Executive Board.



Faresa Ahsan
Director

Ms. Faresa Ahsan is associated with the Company as an Independent Director. She is a Senior Partner and Head of Corporate Division at Liaquat Merchant Associates, recognized as one of the leading law firms in Pakistan by various international publications.

Ms. Ahsan being a practicing and leading corporate lawyer, specializes in corporate and banking laws, Islamic Banking, technology contracts, e-commerce law, derivatives, capital markets, LNG projects, tenders and procurement. She has trained and mentored lawyers at the firm.

She did her BA (Hons) in Politics and Literature from the University of Punjab (1979). BA (Hons) in Law from the University of Buckingham; UK (1983). Barrister-at-Law and member of Grey's Inn (called to the Bar of England and Wales in 1983). She is also enrolled as an Advocate in the High Courts of Pakistan and is a Member of Karachi Bar Association and Sindh Bar Council. Additionally, she has authored several publications and has served as a member of the Audit Oversight Board and in such capacity assisted with the drafting of, inter alia, regulations and human resource manual. She has also been recognized time and again by Chambers and Partners and the Legal 500.



Zehra Naqvi
Director

Ms. Zehra Naqvi has joined us as an Independent Director. She was the Chief Executive Officer of Chubb Insurance Pakistan, (a wholly owned subsidiary of Chubb INA International Holdings Limited, Delaware, USA) from September 2005 to September 2017. She has over 35 years of work experience in the insurance sector. Prior to joining Chubb, she worked with Royal Exchange Assurance, a branch of Guardian Royal Exchange, UK and with Adamjee Insurance Company in Pakistan.

Ms. Naqvi holds a degree in Bachelors of Science and degree of Master's in Business Administration from the Institute of Business Administration, Karachi. She is a Chartered Insurer from the Chartered Insurance Institute, UK and is a Certified Director from Institute of Chartered Accountants of Pakistan. She has served as an elected Member of the Executive Committee of the Insurance Association of Pakistan and The American Business Council.

Ms. Naqvi has represented the Insurance Association of Pakistan, on the Council of Pakistan Insurance Institute and was Chairperson of the Institute for the term of 2016. She has also been a visiting faculty member at the Institute. She has also served on the Managing Committee of the Overseas Investors Chamber of Commerce and Industry.

Ms. Naqvi has served as an Independent Director on the Board of Abbott Laboratories (Pakistan) Limited. Presently, she serves as a Non-Executive Director on the Board of Chubb Insurance Pakistan Limited and as an Independent Director on the Board of Atlas Asset Management Limited and Attock Petroleum Limited.

Corporate Information

Board of Directors

| | | | |
|-------------------|-------------------------|-------------------------|----------|
| Shamim Ahmad Khan | Chairman | Khurram Raza Bakhtayari | Director |
| Syed Hyder Ali | Chief Executive Officer | Faresa Ahsan | Director |
| Zehra Naqvi | Director | Mohammad Kamal Syed | Director |
| Syed Yawar Ali | Director | | |

Audit Committee

| | | | |
|---------------------|----------|-------------------------|-----------|
| Mohammad Kamal Syed | Chairman | Khurram Raza Bakhtayari | Member |
| Zehra Naqvi | Member | Iqra Sajjad | Secretary |
| Syed Yawar Ali | Member | | |

Claims Settlement Committee

| | | | |
|-------------------|----------|---------------|-----------|
| Shamim Ahmad Khan | Chairman | Faresa Ahsan | Member |
| Syed Yawar Ali | Member | Kashif Qayyum | Secretary |

Underwriting & Reinsurance Committee

| | | | |
|---------------------|----------|--------------|-----------|
| Mohammad Kamal Syed | Chairman | Abdul Haseeb | Member |
| Syed Hyder Ali | Member | Ali Nadim | Member |
| Zehra Naqvi | Member | Hasham Wajih | Secretary |
| Tahir Masaud | Member | | |

Investment Committee

| | | | |
|---------------------|----------|-------------------------|-----------|
| Mohammad Kamal Syed | Chairman | Khurram Raza Bakhtayari | Member |
| Syed Hyder Ali | Member | Abdul Haseeb | Member |
| Syed Yawar Ali | Member | Ali Nadim | Member |
| Tahir Masaud | Member | Sajjad Iftikhar | Secretary |

Ethics Human Resources Nomination & Remuneration Committee

| | | | |
|-------------------------|-------------|----------------|-----------|
| Faresa Ahsan | Chairperson | Syed Hyder Ali | Member |
| Khurram Raza Bakhtayari | Member | Muhammad Adnan | Secretary |
| Syed Yawar Ali | Member | | |

Risk Management and Compliance Committee

| | | | |
|-------------------|----------|-------------------------|-----------|
| Shamim Ahmad Khan | Chairman | Mohammad Kamal Syed | Member |
| Zehra Naqvi | Member | Khurram Raza Bakhtayari | Member |
| Syed Yawar Ali | Member | Ayesha Haq | Secretary |

Corporate Information

Head of Business and Operations

Tahir Masaud

Chief Operating Officer

Ali Nadim

Chief Investment Officer

Sajjad Iftikhar

Chief Financial Officer

Abdul Haseeb

Head of Internal Audit

Shahzeb Haider

Head of Compliance

Saira Sheikh

Company Secretary

Iqra Sajjad

Head of Window Takaful Operations

Zurre Atta Hussain

Appointed Actuary

Shujat Siddiqui MA FIA FPSA

Shariah Advisor

Dr. Mufti Ismatullah

Legal Advisor

Surridge and Beecheno
Haidermota & Co.
Orr, Dignam & Co.

Rating

Rating Agency: PACRA
Insurance Financial Strength (IFS)
Rating: A+
Outlook: Stable

Shariah Compliance Officer

Mufti Muhammad Hanif

Auditor

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Share Registrar

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Habib Bank Limited
Khushali Microfinance Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited

Mobilink Microfinance Bank Limited
National Bank of Pakistan
NRSP Microfinance Bank Limited
Samba Bank Limited
Silk Bank Limited
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Our Nationwide Network

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Our Nationwide Network

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Kahkashan
Group Manager
Plot No. 52, Block E, Floor 4, East Dhody Building,
Jinnah Avenue, Blue Area, Islamabad.
Tel: 0300-2571908
Email: kahkashan@igi.com.pk

Nosheen Aslam
Senior Branch Manager
Plot No. 52, Block E, Floor 4, East Dhody Building,
Jinnah Avenue, Blue Area, Islamabad.
Tel: 0331-5380934
Email: nosheen.aslam@igi.com.pk

South Region Karachi

Regional Office Shahrah-e-Faisal Karachi

Syed Muhammad Abbas Rizvi
Head of Agency Sales - South
Suite No. 701-702, 7th Floor, Park Avenue,
Main Shahrah-e-Faisal, Block-6, P.E.C.H.S., Karachi.
Tel: 021-34320170

Adeel Aftab
Regional Manager
Suite No. 701-702, 7th Floor, Park Avenue,
Main Shahrah-e-Faisal, Block-6, P.E.C.H.S., Karachi.
Email: adeel.aftab@igi.com.pk

Ali Zer Akram
Zonal Manager
Suite No. 701-702, 7th Floor, Park Avenue,
Main Shahrah-e-Faisal, Block-6, P.E.C.H.S., Karachi.
Email: aliakram@igi.com.pk

Muhammad Adeel Alam
Group Manager
Suite No. 701-702, 7th Floor, Park Avenue,
Main Shahrah-e-Faisal, Block-6, P.E.C.H.S., Karachi.
Email: ag.adeel.alam@igi.com.pk

Ghazala Masood
Senior Branch Manager
Suite No. 701-702, 7th Floor, Park Avenue,
Main Shahrah-e-Faisal, Block-6, P.E.C.H.S., Karachi.
Tel: 0334-3453921
Email: ghazala.masood@igi.com.pk

Regional Office Shahrah-e-Faisal Karachi

Muhammad Riaz
Senior Branch Manager
Office # 512, 5th Floor, Madina City Mall,
Abdullah Haroon Road, Saddar, Karachi.
Tel: 0336-3029064

Shafique Ahmed
Branch Manager
Office # 512, 5th Floor, Madina City Mall,
Abdullah Haroon Road, Saddar, Karachi.
Tel: 0334-7628222

Clifton Branch

Syed Asif Ahmed
Zonal Manager
3rd Floor, The Plaza, Office # 307,
Block-9, Clifton, Karachi.
Email: syed.asif@igi.com.pk

Fahad Laique
Group Manager
3rd Floor, The Plaza, Office # 307,
Block-9, Clifton, Karachi.

Tahir Sajjad Ali
Senior Branch Manager
3rd Floor, The Plaza, Office - 307,
Block - 9, Clifton, Karachi.
Email: ag.tahir.sajjad@igi.com.pk

South Region Hyderabad

Hyderabad Branch

Muhammad Arif
Group Manager
Floor 2, Badri Manzil, F-17, Risala Road,
Hyderabad. Tel: 022-2728314

South Region Sukkur

Sukkur Branch

Ameet Kumar
Regional Manager
Mazzanine Floor-B, Chamber Plaza,
Near Chamber of Commerce at Bunder Road, Sukkur.

IGI Life Insurance Limited Window Takaful Operations Branch Network

Central Region Lahore

Canal Road Branch

Raja Arshad Mahmood
Regional Manager
1st Floor, Trafco House, 1-C-1 Canal Bank Road,
Gulberg II near Jail Road Underpass, Lahore.
Tel: 0300-4004053

Babar Hussain
Zonal Manager
1st Floor, Trafco House, 1-C-1 Canal Bank Road,
Gulberg II near Jail Road Underpass, Lahore.
Tel: 0321-4188619

Kamran Mansoor
Group Manager
1st Floor, Trafco House, 1-C-1 Canal Bank Road,
Gulberg II near Jail Road Underpass, Lahore.
Tel: 0321-4219759

Barkat Market Branch

Amjad Mehboob
Group Manager
Office No. 7, 4th Floor, Lahore Tower
New Garden Town Barkat Market Lahore.
Tel: 0300-4468327

Syed Ajmal Hussain
Senior Branch Manager
Office No. 7, 4th Floor, Lahore Tower
New Garden Town Barkat Market Lahore.
Tel: 0332-7281321

Central Region Kasur

Kasur Branch

Sana Ullah Siddiqui
Group Manager
1st Floor, Doce Bakery Food Street,
Near Baldia Chowk, Kasur.
Tel: 0300-8182410

Patoki Region Patoki

Patoki Branch

Muhammad Akram
Zonal Manager
IGI Window Takaful Office
Near Chaudhary Asad Motors,
Multan Road, Pattoki.
Tel: 0300-4448133

Khalil Ahmad
Group Manager
IGI Window Takaful Office
Near Chaudhary Asad Motors,
Multan Road, Pattoki.
Tel: 0308-4115001

Central Region Gujranwala

Gujranwala GT Road Branch

Muhammad Imran Aslam
Zonal Manager
AR Plaza, 1st Floor of The First Woman Bank
Near General Bus Stand, GT Road Gujranwala.
Tel: 0300-6452482

Rizwan Ashraf
Group Manager
AR Plaza, 1st Floor of The First Woman Bank
Near General Bus Stand, GT Road Gujranwala.
Tel: 0300-7796727

Nadeem Ahmed
Senior Branch Manager
AR Plaza, 1st Floor of The First Woman Bank
Near General Bus Stand, GT Road Gujranwala.
Tel: 0312-7362285

Gujranwala Mumtaz Market Branch

Syed Farooq Ali Javed
Senior Branch Manager
2nd Floor Wingos, Mumtaz Market, Opposite Chase up,
Gujranwala. Tel: 0300-6408791

Hina Gul
Branch Manager
2nd Floor Wingos, Mumtaz Market, Opposite Chase up,
Gujranwala. Tel: 0303-5291915

Faisalabad Region Faisalabad

Faisalabad Branch

Muhammad Faisal Aleem
Zonal Manager
Office No 02, 05, 08 Ground Floor, Regency International,
949-The Mall, Faisalabad. Tel: 0321-9600056

Saboor Akbar
Group Manager
Office No 02, 05, 08 Ground Floor, Regency International,
949-The Mall, Faisalabad. Tel: 0301-8666834

Sagheer Ahmad
Senior Branch Manager
Office No 02, 05, 08 Ground Floor, Regency International,
949-The Mall, Faisalabad. Tel: 0344-6160791

Faisalabad Region Jhang

Jhang Branch

Muhammad Nawaz Khan
Group Manager
Upper Floor Askari Lab, Gojra Road, Jhang Sadar.
Tel: 0300-7974723

Mazhar Abbas Khan
Senior Branch Manager
Upper Floor Askari Lab, Gojra Road, Jhang Sadar.
Tel: 0300-67671580

IGI Life Insurance Limited Window Takaful Operations Branch Network

Shahdara Region

Shahdara Branch

Muhammad Naeem Ashraf
Regional Manager
2nd Floor, Mashallah Building, Al-Hadi Pharmacy,
Stop # 25 Shahdra, Lahore. Tel: 0300-4639984

Muhammad Imran
Senior Branch Manager
2nd Floor, Mashallah Building, Al-Hadi Pharmacy,
Stop # 25 Shahdra, Lahore. Tel: 0308-6256597

Rahim Yar Khan Region

Rahim Yar Khan Branch

Muhammad Aslam
Group Manager
Al-Sadiq Palaza 1st Floor, Upper MCB Bank
Near Chock Abbasia, Ahmed Pur East,
Rahim Yar Khan. Tel: 0300-6248655

Qalb -e Abbas Shah
Branch Manager
Al-Sadiq Palaza 1st Floor, Upper MCB Bank
Near Chock Abbasia, Ahmed Pur East,
Rahim Yar Khan. Tel: 0301-6834068

Sahiwal Region

Sahiwal Branch

Muhammad Ali
Regional Manager
Tahir Shabir Plaza Super Market,
Near Govt. Commerce College, Sahiwal.
Tel: 0300-5079056

Sheikh Muhammad Umair
Zonal Manager
Tahir Shabir Plaza Super Market,
Near Govt. Commerce College, Sahiwal.
Tel: 0321-3223300

Amber Mumtaz
Group Manager
Tahir Shabir Plaza Super Market,
Near Govt. Commerce College, Sahiwal.
Tel: 0322-4695287

North Region Rawalpindi

Rawalpindi Branch

Syed Mehboob Hussain Shah
Regional Manager
3rd Floor, Munir Arcade, B-215, Fourth Road,
Commercial Market, Rawalpindi. Tel: 0300-2333522

Muhammad Naeem
Group Manager
3rd Floor, Munir Arcade, B-215, Fourth Road,
Commercial Market, Rawalpindi. Tel: 0337-7613540

Kashif Ashfaq Bhatti
Senior Branch Manager
3rd Floor, Munir Arcade, B-215, Fourth Road,
Commercial Market, Rawalpindi. Tel: 0318-1502407

South Region Karachi

Karachi Branch

Saima Nadeem
Regional Manager
A-37 Suzaka Chamber KCSHU, Shahrah-E-Faisal,
Karachi. Tel: 0333-8273790

Sadia Barkat
Group Manager
A-37 Suzaka Chamber KCSHU, Shahrah-E-Faisal,
Karachi. Tel: 0321-3869241

Syed Shahid Ikram Hussain
Senior Branch Manager
A-37 Suzaka Chamber KCSHU, Shahrah-E-Faisal,
Karachi. Tel: 0300-9256820

Hyderabad Branch

Muhammad Arif
Group Manager
2nd Floor, Badri Manzil, C-S No. F-17, Risala Road,
Hyderabad. Tel: 0321-3060964

Muhammad Asif
Senior Branch Manager
2nd Floor, Badri Manzil, C-S No. F-17, Risala Road,
Hyderabad. Tel: 0300-2596268

Chairman's Review

I am pleased to present the Annual Review Report of the Company for the year ended December 31, 2020.

The year 2020 experienced COVID-19 pandemic which not only caused massive fatalities but also adversely affected most of the businesses in the country. There were new challenges for the businesses due to restricted movement and lock downs. Your company responded to the new challenges by optimum usage of technology. Managed Care Call Centre and COVID-19 Helpline continued to provide round the clock medical and emergency advice while operational teams provided on line services. .

Your Company posted exceptional growth of 115% in first year premium over last year despite heavy challenges. During the year, the Gross Premium written by your Company (including Takaful Contributions) stood at Rs. 6.16 billion as compared to Rs. 4.81 billion in 2019. The Company has recorded loss after tax of Rs. 95.72 million in 2020 against loss after tax of Rs. 176.72 million in 2019 (including surplus/ deficit of statutory funds).The major reason for the loss is increase in acquisition costs, expansion of its distribution channels of business and adverse loss ratios due to COVID-19.

The Board of Directors played an active role in guiding the management to face challenges posed by the pandemic and strategies for this purpose were discussed at length in the board meetings.

The Board comprises directors having varied background and rich experience in the fields of business, law, insurance, finance and regulations. The Board provided strategic direction to the management and ensured compliance with all regulatory requirements by the management. The Board also continued to provide guidance to the management on strategic issues. As required by the Code of Corporate Governance, the Board has evaluated its own performance through a mechanism developed by it and the Chairman has assessed the performance of each director.

The Board has constituted Audit Committee, Human Resource and Ethics Committee, Claims Settlement Committee, Underwriting and Reinsurance Committee, Investment Committee and Risk Management and Compliance Committee. These committees met every quarter prior to the meetings of the Board. These committees provided valuable input and assistance to the Board. The Audit Committee particularly focused on effectiveness of internal controls while the Risk and Compliance committee identified risks and recommended mitigation measures.



Shamim Ahmad Khan

Chairman

Dated: March 12, 2021

Directors' Report to the Members

The directors of your Company take pleasure in presenting to you the Annual Report of the Company along with the audited financial statements for the year ended December 31, 2020.

The past year has been very challenging due to COVID-19 pandemic which has caused immense stress on most businesses. In the environment of lock downs and restricted movement, we at IGI Life have worked hard to find new ways to meet the needs of our customers through effective usage of technology and resources to ensure uninterrupted quality services. We are pleased to report that your Company has successfully adjusted to the 'New Normal' with our Managed Care Call Centre and COVID-19 helpline that provides round the clock medical and emergency advice, actively supported by our operational teams (claims and underwriting) continuously providing services to our valued customers.

Your Company has posted exceptional first year regular premium with growth of 115% over last year despite the odds stacked high in the current adverse socio-economic conditions.

Vitality, the newest addition to Company's product portfolio, which was launched in 2019 has shown significant promise. Both our banking partners and customers have appreciated this innovative approach to life insurance and gave positive response to it. Unlike traditional life insurance products which only provide protection and savings component, Vitality encourages and rewards healthy life style. Vitality members are rewarded weekly, monthly and annually, based upon achievement of customized activity targets thus motivating our customers to adopt a healthier lifestyle.

As of today, Vitality accounts for over 20% of our new business portfolio and we are confident that the investments made in this product will pay off in the coming years, leading to a significant growth in our premium base as well as overall profitability of the Company.

The Company believes that with this product, it is much better equipped to create value for its shareholders and policyholders.

COMPANY PERFORMANCE REVIEW 2020

GROSS PREMIUM

During the year, Gross Premium written by your Company (including Takaful Contributions) stood at Rs. 6.16 billion as compared to Rs. 4.81 billion in 2019.

Individual life regular Premium (including takaful contributions) posted growth of 34% and stood at Rs.3.22 billion from Rs. 2.40 billion in last year. Renewal premium base increased to Rs. 1.75 billion (2019: Rs. 1.72 billion), registering a growth of 2% from last year.

The Group Life and Health Premium (including Takaful Group Family and Health) stood at Rs. 1.75 billion (2019: Rs. 1.97 Billion), posting decline of 11% from last year.

Single premium/contribution individual policies increased from Rs. 443 million last year to Rs. 1.19 Billion posting a significant growth of 175%.

INVESTMENTS

Your Company has generated return on investments of Rs. 1.862 billion against Rs. 1.547 billion in the corresponding period last year, despite reduction in discount rate to 7% from 13.25%. The investment team had to take pro-active actions to generate steady returns, in line with investment strategy advised by the Board. Moving forward, we will continue aligning our investment strategies in line with market conditions to generate appropriate returns to shareholders' and policyholders' value.

Your Company has a diversified investment portfolio amounting to Rs. 19.02 billion (2019: Rs 17.35 billion) representing 88% (2019: 86%) of the total assets of the Company. The Company follows a prudent investment policy to protect policyholder funds and to ensure stable and consistent investment returns to them.

The Company offers 13 unit-linked funds in the conventional insurance business and 3 unit-linked funds in the Individual Family Takaful. These funds have varying risk exposure, catering to return appetite of individual policyholders.

Conventional Aggressive, Balanced, Secure and Conservative funds have yielded gross returns of 5.3%, 4.0%, 11.4% and 9.0% respectively during the year.

The Company launched its Window Takaful Operations at the end of 2015 and has built funds under management of Rs. 2.8 billion over the period of four years. Takaful Aggressive, Balanced and Conservative funds have yielded gross returns of 3.6%, 5.7% and 8.0% respectively during 2020.

PROFITABILITY

Summarized view of profit and loss account is as follows:

| Profit / Loss | 2020 | 2019 |
|--|-----------|-----------|
| Net loss before tax | (135,987) | (245,797) |
| Taxation | (40,262) | (69,079) |
| Net loss after tax | (95,725) | (176,718) |
| Other comprehensive income / (loss) - net | (8,260) | 63,577 |
| Loss per share | (0.56) | (1.29) |
| Break-up value per share (including amount retained in the statutory funds to meet the requirement of Insurance Ordinance) | 12.53 | 13.14 |

The Company has recorded a loss after tax of Rs. 95.72 million in 2020 against loss after tax of Rs. 176.72 million in 2019 (including surplus/ deficit of statutory funds).

The major reason for this loss is due to increase in acquisition costs for expanding distribution channels of business and adverse loss ratios due to COVID-19.

CONTINGENCIES AND COMMITMENTS

As fully disclosed in note 25.1, the Company is of the view that the levy of sales tax on life insurance business needs to be reviewed in the interest of sustainability and growth of the Life Insurance business in Pakistan. The matter for the renewal of the exemption has been taken up by the Insurance Association of Pakistan (IAP) with the sales tax authorities. Besides based on legal advice, the Company along with other insurance companies has challenged the levy of sales tax in respective High Courts of Punjab and Sindh. The petitions are pending adjudication. In this regard, the auditors have included "Emphasis of Matter" paragraph in their report to the members.

APPROPRIATIONS AND SOLVENCY MANAGEMENT

On the recommendation of the appointed actuary and with the approval of the Board, the Company has made a surplus transfer of Rs. 456.121 million from the Statutory Funds to the Shareholders' Fund.

LIFE PARTICIPATING FUND

Policies sold under the Life Participating Fund entitle the policyholders to participate in the Surplus generated during the period, upto the limits prescribed by SECP. The distribution is made in the form of bonus to policyholders. The bonus so distributed is recommended by the Appointed Actuary and approved by the Board. During the year, bonus amounting to Rs. 145 million (2019: Rs. 144 million) was distributed among the policyholders.

CLAIMS

Prompt settlement of claims has always remained top priority of the Company. Over the years, your Company has strived to streamline its claims settlement processes in order to reduce turnaround time and to strengthen controls over claim administration.

During the year, the Company paid claims amounting to Rs. 1.61 billion (2019: Rs. 1.69 billion).

PRODUCTS AND DISTRIBUTION CHANNELS

Your Company has continued to promote its distinctive product suite. Takaful variants of the products have been launched through both the Bancassurance and Agency distribution channels. The Company has enhanced its digital footprint and has also partnered with multiple aggregators to make the products available via digital platform.

BOARD COMPOSITION AND REMUNERATION

Composition of the Board and the names of members of Board's sub-committees may be seen at Page No. 16 and 17. As required by the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2019, your Company has formulated a transparent framework for remuneration of its Directors.

UNDERWRITING, REINSURANCE AND RISK MANAGEMENT

Your Company is following prudent underwriting practices. The Company is continuing to make significant investment in its Human Capital, Technology and Infrastructure to support underwriting function.

Your Company follows a policy for optimizing retention of risk through a carefully designed program of reinsurance. The Company has reinsurance treaties with reputable international reinsurers.

CAPITAL MANAGEMENT AND LIQUIDITY

The Company maintains adequate capital to support its existing and planned business activities. The Company's paid-up capital and retained earnings stand at Rs. 1,705 million and Rs. 431 million respectively.

The Company has a framework in place to ensure that adequate liquidity is available for payment of claims and meeting operating expenses. The Company's cash and cash equivalents as of December 31, 2020 amounted to Rs. 1.46 billion (2019: Rs. 1.64 billion).

The risks and opportunities associated with the Company and its business along with the mitigation controls implemented are fully disclosed on page 32 and 33 of the report.

INFORMATION TECHNOLOGY AND OPERATIONAL EFFICIENCY

Your Company is continuously striving to provide quality service to its policyholders, participants and other stakeholders.

The Company has implemented new products like IGI Life Vitality on new IT system procured from a globally reputed firm. The new system functionality is helping the Company to improve its operational efficiency and better customer experience. Also, a number of new portals and mobile applications have been launched to service the clients. This also enables the Company to reach the clients at home/office through their personal devices.

Furthermore, your Company has also upgraded its Call Center to provide improved services to the clients, particularly during COVID-19 lockdown.

RELATED PARTY TRANSACTIONS

At each Board meeting, the Board of Directors approves transactions made by the Company with its associated companies and related parties based on the recommendations of the Audit Committee. All such transactions are executed at arm's length basis using comparable uncontrolled price method and cost sharing arrangements.

HUMAN RESOURCE MANAGEMENT

During the current year, the Company strengthened its human capital through recruitment of professional and qualified personnel in various departments including Sales and Marketing, Underwriting, Claims, Finance, Actuarial, Human Resources and Customer Services. During 2020, the Company carried out various training and development programs for the staff and the sales force.

INTERNAL AUDIT

Your Company has an in-house internal audit function which is overseen by the Audit Committee. The internal audit function ensures compliance with regulatory obligations.

AUDITORS

Based on the recommendation of the Audit Committee, the Board of Directors has recommended appointment of M/s. A.F. Ferguson and Co. Chartered Accountants as external auditors of the Company.

HOLDING COMPANY

The Company is a subsidiary of IGI Holdings Limited (formerly IGI Insurance Limited) that holds 82.69% (2019: 82.69%) share capital of the Company.

INSURER FINANCIAL STRENGTH RATING

During the current year, the Company's has maintained its IFS rating from PACRA. The Company has been given an A+ IFS rating with a stable outlook.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is at the heart of a number of activities at IGI Life Vitality. The Company partnered with Special Olympics Pakistan (SOP) in association with the SZABIST Sports Society to empower the special athletes and to boost their self-confidence. During the pandemic, we tailored our messaging for COVID-19 in the form of different social media posts, emails and online notifications which were sent out regularly to customers and employees alike. A COVID-19 animation was developed to show the response toward pandemic on the part of the Company. Internally, breast cancer awareness sessions were held for female employees, in which Vitality branded breast cancer awareness mugs were sent out to all the females of Packages Group.

OUTLOOK

The year 2021 may also be a challenging year as even after end of the COVID-19 pandemic, businesses and economic environment may continue to be impacted by it. However, there is hope for better future with COVID-19 vaccination and following prescribed precautions. We hope that with overall improvement in business environment, performance of your Company would further improve. Further, with the introduction of a new innovative product, revamping of the IT system and improved customer services and managed care call centers, expanded distribution platform and a robust risk management framework, your Company is well poised to capture opportunities in the growing life insurance market.

GRATITUDE

We take this opportunity to express our gratitude to SECP for their valuable assistance, support and guidance. The Board of Directors would also like to express appreciation of the dedicated hard work and contribution made by the employees. Lastly, our thanks go to our policyholders and shareholders whose continued patronage has been a source of encouragement for the Company.



Shamim Ahmad Khan

Chairman

Dated: March 12, 2021



Syed Hyder Ali

Chief Executive Officer

Dated: March 12, 2021

Compliance with the Code of Corporate Governance for Insurers, 2016, Listed Companies (Code of Corporate Governance) Regulations, 2019 and with PSX Rule Book.

The Directors of your Company state as under:

- The financial statements, prepared by the management of the Company fairly present the state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, International Financial Reporting Standards, or any other regulation or law (including but not limited to the Shariah guideline / principles) as applicable in Pakistan, the Insurance Ordinance, 2000, the Insurance Accounting Regulations, 2017, the Insurance Rules, 2017, the directives issued under the Companies Act, 2017, and the Takaful Rules, 2012 have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- The internal control system is sound in design and has been effectively implemented and monitored.
- There is no doubts about 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 Listed Companies (Code of Corporate Governance) Regulations, 2019, Code of Corporate Governance for Insurers, 2016 and Regulations contained in the Rule Book of Pakistan Stock Exchange.
- There are no statutory payments on account of taxes, duties, levies and charges, which are outstanding as at December 31, 2020, except as those disclosed in the financial statements.
- The value of investments by the staff retirement fund operated as per their respective unaudited financial statements as at December 31, 2020 are as follows:

| | |
|-------------------------|--------------------|
| Employee Provident Fund | Rs. 59,361 million |
| Employee Gratuity Fund | Rs. 35.100 million |
- At present, the Board is in compliance with the requirements of the directors training program as stipulated in the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- Key operating and financial data for last six years is attached to these financial statements.

As required under the Insurance Ordinance, 2000 the Directors confirm that:

- In their opinion and to the best of their belief the annual statutory accounts of the Company set out in forms attached with this statement have been drawn up in accordance with the Insurance Ordinance, 2000 and any rules made thereunder.
- The Company has at all times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to the paid-up capital, solvency and re-insurance arrangements on aggregate basis and as at the date of the statement, the Company continues to be in compliance with provisions of the Ordinance and the rules thereunder as mentioned above.

Board of Directors

The Board of Directors of the Company comprises of seven (five males and two females) directors as mentioned below:

| | |
|-------------------------|-------------------------|
| Independent Directors | Mohammad Kamal Syed |
| | Ms. Faresa Ahsan |
| | Ms. Zehra Naqvi |
| Executive Director | Syed Hyder Ali |
| Non-executive Directors | Shamim Ahmad Khan |
| | Syed Yawar Ali |
| | Khurram Raza Bakhtayari |

Change in Directorships

During the year two casual vacancies arose on the Board which were filled in within the prescribed timeframe under applicable laws.*

Board and Committee Meetings

Meetings of the Board of Directors, Audit, Underwriting, Reinsurance, Claims, Investment and Human Resources and Remuneration Committee were held according to schedule. The details of the meetings held and attendance by each Director in the meeting of the Board and its sub-committees are as follows:

| Number of Board meetings held | 5 |
|-------------------------------|-----------------------------|
| Director's Name | Number of meetings attended |
| Shamim Ahmad Khan | 4 |
| Syed Hyder Ali | 5 |
| Syed Yawar Ali | 5 |
| Khurram Raza Bakhtayari | 5 |
| Mohammad Kamal Syed | 3 |
| Zehra Naqvi | 2 |
| Faresa Ahsan | 2 |
| Naz Khan* | 2 |
| Hasan Askari* | 2 |

AUDIT COMMITTEE

The Audit Committee comprises of four non-executive directors. The terms of reference of the Audit Committee are aligned with the Listed Companies (Code of Corporate Governance) Regulations.

| Number of committee meetings held | 4 |
|-----------------------------------|-----------------------------|
| Member's Name | Number of meetings attended |
| Mohammad Kamal Syed | 3 |
| Syed Yawar Ali | 4 |
| Khurram Raza Bakhtayari | 4 |
| Zehra Naqvi | 2 |
| Hasan Askari* | 1 |

CLAIM SETTLEMENT COMMITTEE

This Committee approves the Claims Settlement policy of the Company. It oversees the claim position of the Company and ensures that adequate claims reserves are maintained. It pays particular attention to extraordinary claim cases. The Claim Settlement Committee ensures prompt settlement and payment of claims. It reviews all outstanding cases including those before the court, Insurance Ombudsman and the tribunal. It also reviews fraudulent claim cases.

| Number of committee meetings held | 4 |
|-----------------------------------|-----------------------------|
| Member's Name | Number of meetings attended |
| Shamim Ahmad Khan | 4 |
| Syed Yawar Ali | 4 |
| Faresa Ahsan | 2 |

UNDERWRITING AND REINSURANCE COMMITTEE

This Committee ensures that adequate reinsurance arrangements are in place. It evaluates the proposed reinsurance arrangements prior to execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurer, and makes appropriate adjustments therein as and when necessary. It also assesses the future effectiveness of the reinsurance program.

The Committee also formulates the underwriting policy of the Company. It sets out the criteria for assessing various types of insurance risks. It regularly reviews the underwriting policies with due regard to its business portfolio and the market development.

| Number of committee meetings held | 4 |
|-----------------------------------|-----------------------------|
| Member's Name | Number of meetings attended |
| Mohammad Kamal Syed | 4 |
| Syed Hyder Ali | 4 |
| Zehra Naqvi | 2 |
| Hasan Askari* | 1 |

ETHICS, HUMAN RESOURCE, REMUNERATION & NOMINATION COMMITTEE:

The Ethics, Human Resources, Remuneration & Nomination Committee is responsible for formulation and regular review of Human Resource policies of the Company. It assists the Board in the matters dealing with selection, evaluation and compensation of senior officers including the Chief Executive Officer, Deputy Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit. It also recommends succession planning of these officers.

| Number of committee meetings held | 1 |
|-----------------------------------|-----------------------------|
| Name of Members | Number of meetings attended |
| Syed Hyder Ali | 1 |
| Khurram Raza Bakhtayari | 1 |
| Syed Yawar Ali | 1 |
| Naz Khan* | 1 |
| Faresa Ahsan | - |

INVESTMENT COMMITTEE

The Investment Committee is responsible for supervising the Investment function to ensure optimum returns and safeguarding the policyholder's funds. The committee reviews and approves the investment policy for various funds managed by the Company.

| Number of committee meetings held | 4 |
|-----------------------------------|-----------------------------|
| Name of Members | Number of meetings attended |
| Syed Hyder Ali | 4 |
| Syed Yawar Ali | 4 |
| Mohammad Kamal Syed | 3 |
| Khurram Raza Bakhtayari | 4 |
| Hasan Askari* | 1 |

Board Evaluation Mechanism

The Board of Directors of the Company has an approved mechanism for the annual evaluation of the Board's performance as well as that of its Committees, as required by the CCG Regulations. The Board of Directors and the Board Committees carry out such evaluation exercises on an annual basis.

Directors' Remuneration

Directors' remuneration is governed by the articles of association of the Company whereby the Board of Directors is authorized to determine the remuneration of directors from time to time.

Impact on Environment

IGI Life strives for implementation of measures to improve health, safety and to create a better and safe workplace environment for its employees and surrounded community. COVID-19 SOPs are being implemented to further strengthen the same.

Trade in shares by Directors, Executives and their Spouses and Minor Children

Trades in the shares of the Company carried out by the Directors and their spouses are mentioned below:

- Syed Hyder Ali purchased 166,000 shares

The CFO, Company Secretary, Appointed Actuary and Executives have not traded in the shares of the Company during the year.


Pattern of Shareholding


The pattern of shareholding as at December 31, 2020 as required under section 227 of the Companies Act, 2017 is included in this annual report.

CODE OF CONDUCT

Your Company has been offering traditional life insurance, universal life and unit linked plans to its customers for their future financial security. We strictly comply with the Market Code of Conduct prescribed by the SECP and accordingly disclose all the material facts of our products to the prospective clients.

The Company has also introduced Code of Ethics for employees, which they are required to sign each year.


Shamim Ahmad Khan
 Chairman
 Dated: March 12, 2021


Syed Hyder Ali
 Chief Executive Officer
 Dated: March 12, 2021

* During the year, Mr. Hasan Askari and Ms. Naz Khan tendered resignation from the Board.

Key Risks and Opportunities

A) RISK AND ITS MITIGATION STRATEGIES:

| S.No. | Risk Name | Description of the Risk | Mitigation Strategy / Controls Implemented by the Company |
|-------|---|---|--|
| 1 | Regulatory and Compliance Risks | The Company is operating in a regulated environment governed by Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Rules, 2017 and other insurance related regulations issued by the Securities and Exchange Commission of Pakistan (SECP) from time to time. The Company is strictly required to comply with requirements of applicable laws and regulations failure to which may cause penalties and reputational damages. | The Company through its Risk Management and Compliance Committee (Committee) identifies and mitigates the regulatory and compliance related risks. The Committee oversees the Risk and Compliance Function (Function), comprises of team of professionals, which remain cognizant with upcoming changes in the regulatory requirements. The role of the function is to identify and communicate the risks to the Management and the Committee. Moreover, the Company also ensures the continuous training and development of employees with respect to legal and regulatory requirements through its frequent training programs. |
| 2 | Economic and Political Risks | Historically, the Economy of Pakistan has remained volatile due to political instability, foreign debt burden, current account deficit, significant fluctuations in foreign exchange rates, inflation and related increase changes in interest rates and volatility in equity markets. The situation remained further tightened during the year as the financial markets faced numerous challenges due to global pandemic of COVID-19. | The Company has an Investment Function (the function) which manages the risk by diversifying the investments portfolio into fixed income securities, money market securities and equity securities and keeping a sight on the political and economic environment of the Country. The function is governed by the Investment Management Committee (the committee) which recommends the Board regarding risks and actions associated with the financial markets due to recent economic and political conditions of Pakistan. The Committee also provides a guideline by forming Prudent Investment Policy which is pro-actively monitored to counter any challenges faced. The function also materialized the fluctuations of discount rates and actively monitored the equity markets due to political and economic changes as a result of COVID-19 pandemic. |
| 3 | Liquidity Risks | The life and health insurance business is always adhered to financial risks as its primary objective is to provide protection to its policyholders. The unusual claims pattern, impairment of any financial assets, accidents and catastrophes, failure of reinsurers to provide timely coverages, maturity profiles of the financial assets and volatility in the equity and fixed income markets might expose the Company to Financial and Liquidity Risks. | The Finance department in coordination with Investment Function of the Company ensure the availability of sufficient cash and cash equivalents all the time with Company. Furthermore, they also monitor the quality of the assets and its maturity profiles to manage its liquidity risks. The Investment function also ensures the credit worthiness of the financial assets available. |
| 4 | Underwriting and Reinsurance Risks | The Company operates with Individual Life, Group Life and Health and Unit Linked Insurance products which might expose the Company in failure of meeting the financial liability of the Policyholders. Further, there is also a risk that the cession might not be adequate based on the risk appetite of the Company or the reinsurer might fails to meet the obligations ceded by the Company. | The Company offers various products suites. These are reviewed internally by the Management as well as approved by the Appointed Actuary. The Management pro-actively monitors the same by maintaining various MIS and corrective actions are taken where ever necessary. Further, the Company also cede its risks with the reinsurers based on the risk appetite of the Company. While selecting the reinsurer, the Company assess its credit worthiness and ratings which is also being continuously monitored periodically. |
| 5 | Credit Risks | The Company is also exposed to the credit risk as it has an exposure with banks, asset management companies, corporate customers, brokers etc. | The Company has an approved credit policy which provides detailed guidelines regarding the exposure limits and assessment criteria for credit facilities. The management actively monitors the same by party-wise aging analysis and its credit worthiness and timely actions are made to protect the assets of the Company. |

Key Risks and Opportunities

A) RISK AND ITS MITIGATION STRATEGIES:

| S.No. | Risk Name | Description of the Risk | Mitigation Strategy / Controls Implemented by the Company |
|-------|--------------------------|---|--|
| 6 | Operational Risks | The operations of the Company are the most important in providing quality services to its Policyholders. The might be exposed to risk that the services of the Company are disrupted due to failure of IT systems, lengthy business processes, excessive usage of resources making expensive and non-compliance with the regulatory requirements. | The Company has an Internal Audit department (Department) oversight by the Board Internal Audit Committee (BAC). The function conducts audit of each operational unit on periodic basis. The function also identifies the gap in the business processes, suggests measures to improves operational efficiencies and recommend the same to the BAC for supervising. The function also recommends the business processes re-engineering to the redundant processes along with compliance with the regulatory requirement as stipulated. Further, the Company has also invested in its IT infrastructure to ensure better customer services. The Company has also devised a Business Continuity Plan (BCP) to ensure un-interrupted services to its policyholders which is also tested on periodic basis. COVID-19 had posed significant challenges where Company had to reengineer various processes to ensure uninterrupted services. |

B) UNCERTAINTIES FACED BY THE COMPANY:


The key risks identified in the above table might give rise to the following uncertainties to the business of the Company:

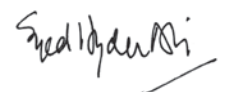
- 1) Adverse changes in the regulatory environment.
- 2) High mortality.
- 3) Depletion of Asset under Management (AUM).
- 4) Non-fulfilment of obligations by the reinsurers.
- 5) Interest rate movement.
- 6) Occurrence of catastrophic event(s).
- 7) Political instability affecting the financial markets.
- 8) Threats to the national security and peace of the country ultimately affecting economy and business of the Company
- 9) Failure of any major product suite or business channel.

C) OPPORTUNITIES AVAILABLE:

- 1) Life Insurance Industry comprises of less than 1% penetration of the total Gross Domestic Product (GDP) of Pakistan. There is a significant opportunity to increase the same by obtaining competitive advantages through offering good product suites, increased/improved distribution channels using technological means to maximize its outreach and educating masses by creating awareness about the importance of the life insurance.
- 2) Offering Shariah Compliant products through Window Takaful Operations.

For and on behalf of Board of Directors of the Company.


Shamim Ahmad Khan
 Chairman
 Dated: March 12, 2021

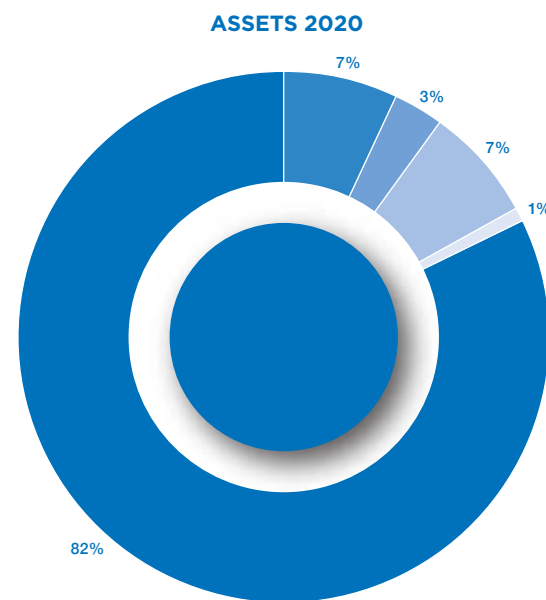

Syed Hyder Ali
 Chief Executive Officer
 Dated: March 12, 2021



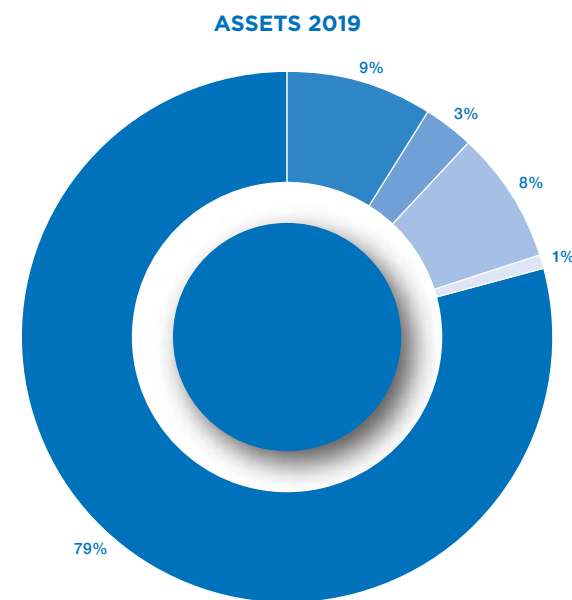
CORPORATE SOLUTIONS

Having large local and multinational conglomerates on-board is a testament of our service standard. We are working constantly with our corporate clientele to enhance their experience. This has proven to be mutually beneficial.

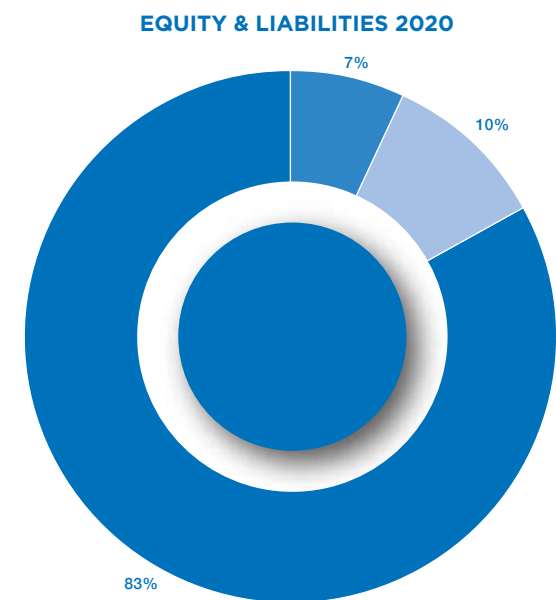
Performance at a Glance



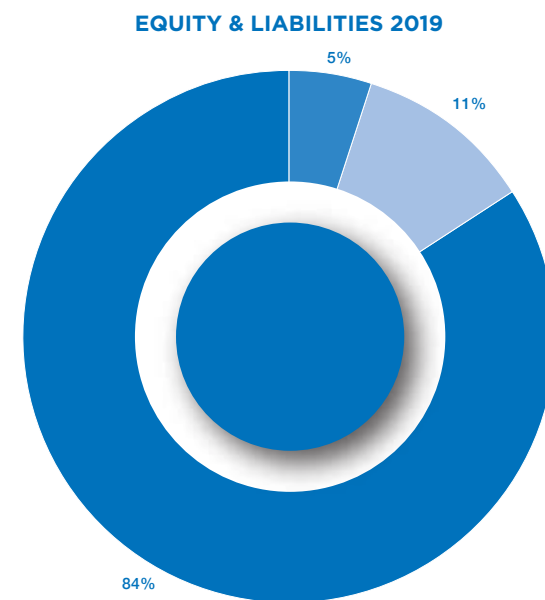
- Cash and cash equivalents
- Secured loans
- Investments
- Current assets
- Fixed Assets - tangible & intangible



- Cash and cash equivalents
- Secured loans
- Investments
- Current assets
- Fixed Assets - tangible & intangible

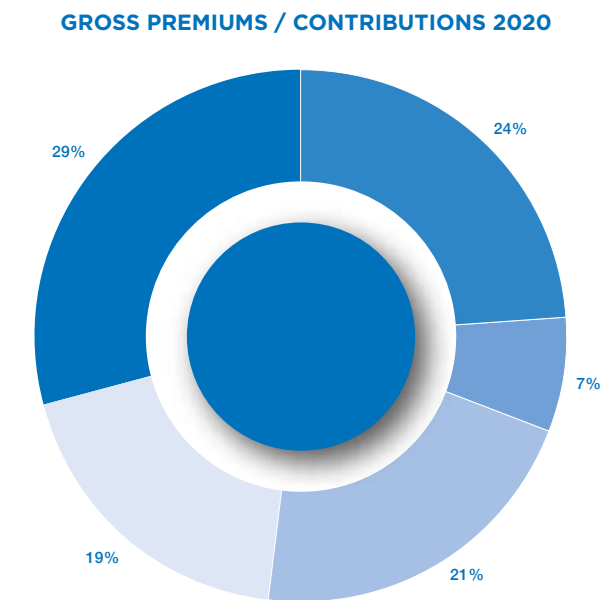


- Net Shareholders' Equity
- Balance of Statutory Funds
- Other Creditors and accruals

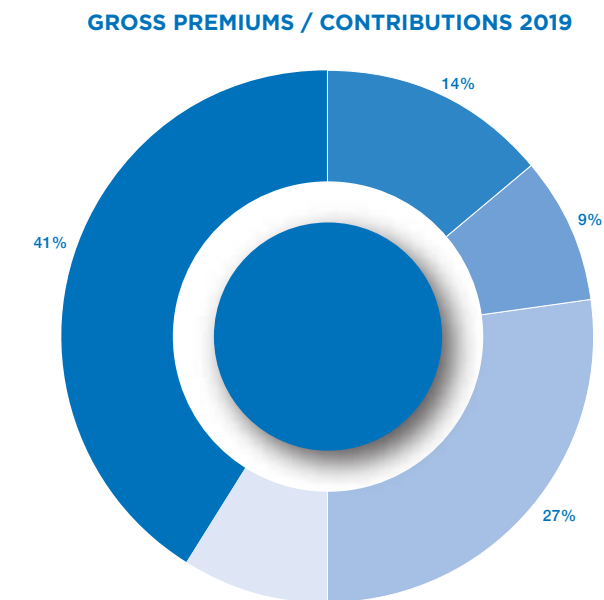


- Net Shareholders' Equity
- Balance of Statutory Funds
- Other Creditors and accruals

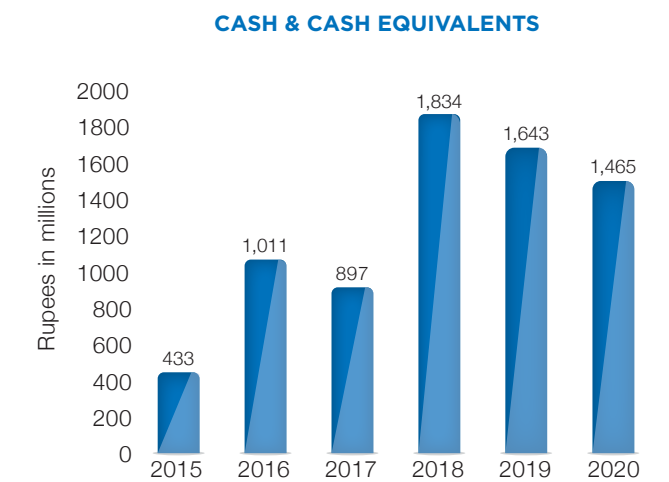
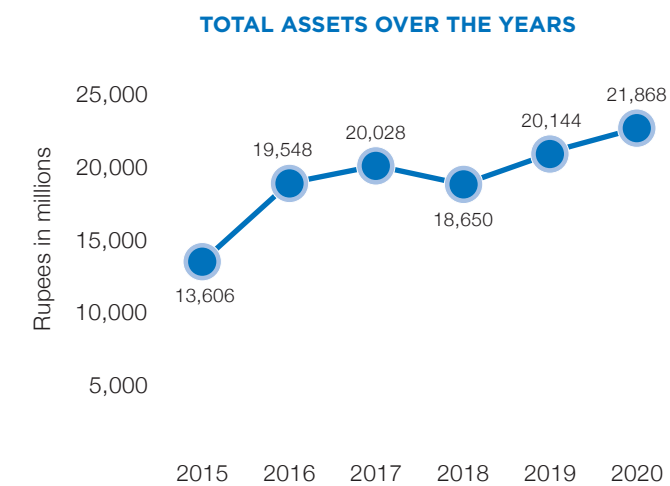
Performance at a Glance



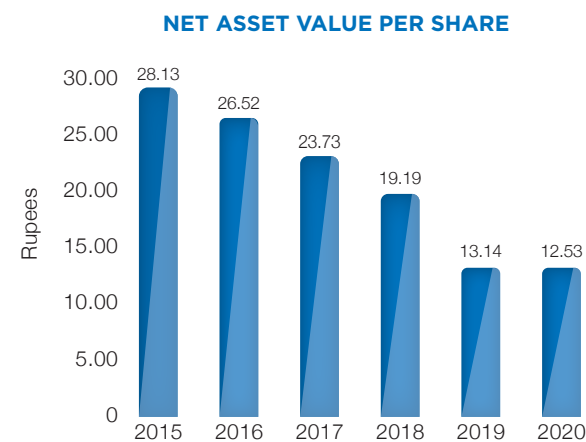
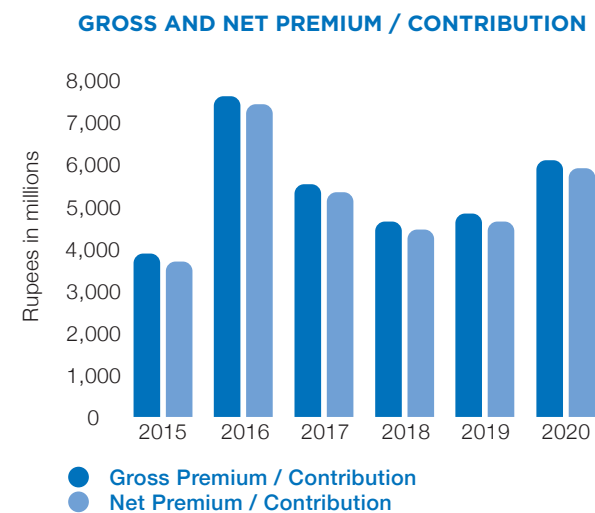
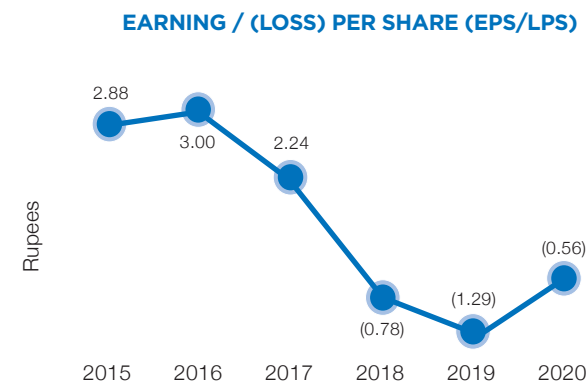
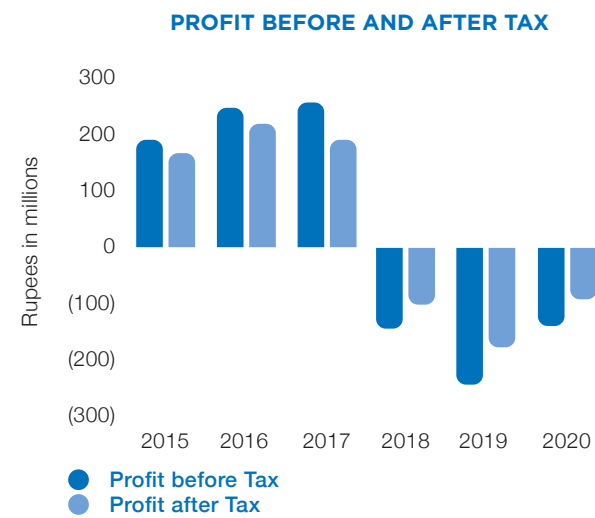
- First year individual policies
- Second year renewal individual policies
- Subsequent year renewal individual policies
- Single premium individual policies
- Group policies



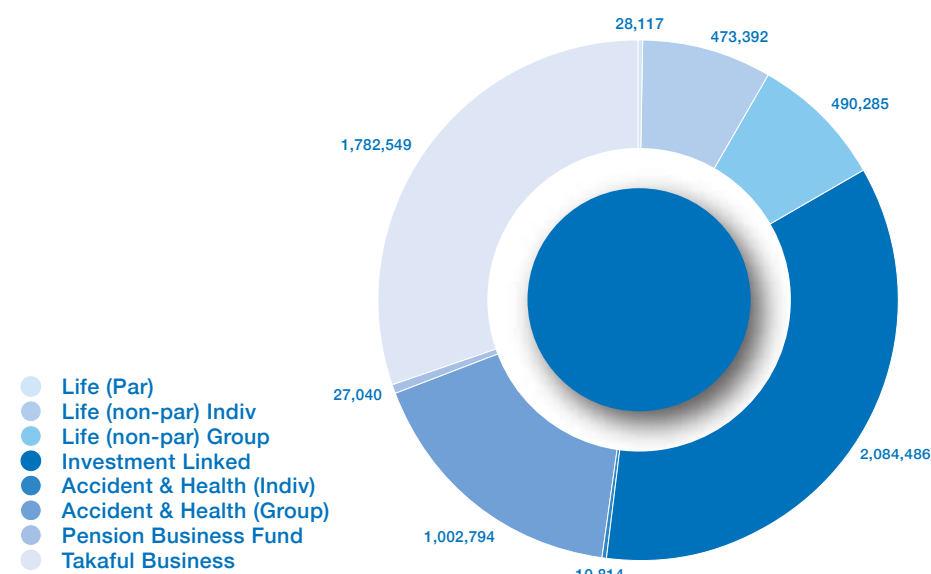
- First year individual policies
- Second year renewal individual policies
- Subsequent year renewal individual policies
- Single premium individual policies
- Group policies



Performance at a Glance



COMPOSITION OF NET PREMIUMS / CONTRIBUTIONS (RUPEES IN '000)



Key Financial Data

Six years at Glance

Financial ratios

Profitability / Return to shareholders

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-------|----------|---------|---------|--------|--------|
| (Loss) / profit before tax / gross premium / contributions | % | -2.21% | -5.10% | -2.80% | 4.02% | 2.93% |
| Total Expenses (including claims) / Total Revenue and Incomes | % | 86.64% | 106.33% | 114.26% | 86.29% | 43.48% |
| Return on assets | % | -0.44% | -0.88% | -0.51% | 0.79% | 1.06% |
| Return on equity | % | -4.48% | -7.89% | -7.00% | 10.22% | 11.33% |
| (LPS) / EPS | Rs. | (0.56) | (1.29) | (0.78) | 2.24 | 3.00 |
| Price earning ratio | times | (102.17) | (20.95) | (60.38) | 38.46 | 45.97 |
| Net assets per share | Rs. | 12.53 | 13.14 | 19.19 | 23.73 | 26.52 |

Market data

| | | | | | | |
|-------------------------------------|------|-----------|-----------|-----------|-----------|-----------|
| Face value per share | Rs. | 10 | 10 | 10 | 10 | 10 |
| Market value per share at year end | Rs. | 57.34 | 26.98 | 47.10 | 86.0 | 138.13 |
| Highest share price during the year | Rs. | 65.75 | 50.00 | 94.50 | 119.8 | 170.78 |
| Lowest share price during the year | Rs. | 13.32 | 11.50 | 47.10 | 45.6 | 109 |
| Market capitalization | '000 | 9,780,323 | 4,601,903 | 3,323,715 | 6,068,074 | 8,047,500 |

Performance / Liquidity

| | | | | | | |
|--|-------|--------|---------|---------|--------|--------|
| Earning asset to Total Asset ratio | % | 89.41% | 87.52% | 89.18% | 93.30% | 94.31% |
| Net premium / contribution to gross premium / contribution ratio | % | 95.76% | 96.14% | 96.60% | 97.71% | 98.05% |
| Net claims to net premium / contribution ratio | % | 72.82% | 102.44% | 110.01% | 78.69% | 42.86% |
| Management expenses to net premium / contribution ratio | % | 17.42% | 24.41% | 17.41% | 11.21% | 7.29% |
| Current ratio | times | 1.07 | 1.09 | 1.05 | 1.08 | 1.08 |
| Total assets turnover | times | 0.36 | 0.31 | 0.31 | 0.32 | 0.51 |
| Fixed assets turnover | times | 10.76 | 9.83 | 10.34 | 50.21 | 118.55 |
| Equity / total assets | % | 9.77% | 11.12% | 7.26% | 7.71% | 8.21% |

Key Financial Data

Six years at Glance

| Financial data | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------------------------|-------------|-------------|------------|-------------|------------|
| | ----- Rupees in '000 ----- | | | | | |
| Paid-up capital | 1,705,672 | 1,705,672 | 705,672 | 705,672 | 605,000 | 500,000 |
| Retained Earnings and Reserves | 431,056 | 535,041 | 648,182 | 838,616 | 999,550 | 906,374 |
| Investments | 17,916,306 | 15,818,831 | 14,616,832 | 17,620,631 | 17,271,547 | 12,094,010 |
| Cash and cash equivalents | 1,464,863 | 1,642,569 | 1,833,762 | 897,460 | 1,010,880 | 433,202 |
| Total assets | 21,867,742 | 20,144,099 | 18,650,377 | 20,028,295 | 19,547,892 | 13,606,156 |
| Operating data | | | | | | |
| Gross premium/ contributions | 6,160,785 | 4,814,857 | 4,793,561 | 5,617,388 | 7,584,067 | 3,962,435 |
| Net premium / contributions | 5,899,477 | 4,628,927 | 4,630,555 | 5,488,472 | 7,436,242 | 3,834,615 |
| Investments and other income | 1,862,054 | 1,547,348 | 992,947 | 1,112,085 | 2,555,514 | 1,607,984 |
| Profit before taxation | (135,987) | (245,797) | (134,076) | 225,975 | 222,435 | 180,166 |
| Taxation | (40,262) | (69,079) | (39,373) | 68,204 | 40,649 | 36,046 |
| Profit after taxation | (95,725) | (176,718) | (94,703) | 157,771 | 181,786 | 144,120 |
| (LPS) / EPS | (0.56) | (1.29) | (0.78) | 2.24 | 3.00 | 2.88 |
| Cash flow summary | | | | | | |
| Net cash flow from operating activities | (95,965) | (1,607,511) | (1,990,349) | (411,060) | 2,965,665 | 279,454 |
| Net cash flow from investing activities | (81,724) | 416,587 | 2,985,863 | 387,440 | (2,338,107) | (442,850) |
| Net cash flow from financing activities | (17) | 999,731 | (59,212) | (89,800) | (49,880) | - |
| Net cash flow from all activities | (177,706) | (191,193) | 936,302 | (113,420) | 577,678 | (163,396) |
| Cash and cash equivalents at the beginning of the year | 1,642,569 | 1,833,762 | 897,460 | 1,010,880 | 433,202 | 596,598 |
| Cash and cash equivalents at the end of the year | 1,464,863 | 1,642,569 | 1,833,762 | 897,460 | 1,010,880 | 433,202 |

Balance Sheet and Profit & Loss Analysis

| Balance Sheet | 2020 | | 2019 | | 2018 | | 2017 | | 2016 | | 2015 | |
|--|-------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| | Rupees in '000 | % | Rupees in '000 | % | Rupees in '000 | % | Rupees in '000 | % | Rupees in '000 | % | Rupees in '000 | % |
| Net Shareholders' equity | 2,136,728 | 10% | 2,240,713 | 11% | 1,353,854 | 7% | 1,544,288 | 8% | 1,604,550 | 8% | 1,406,374 | 10% |
| Balance of statutory funds | 18,152,024 | 83% | 16,864,180 | 84% | 16,490,600 | 88% | 17,741,157 | 89% | 17,102,179 | 87% | 11,504,382 | 85% |
| Deferred Tax liability | - | 0% | - | 0% | 19,772 | 0% | 60,729 | 0% | 76,016 | 0% | - | 0% |
| Creditors and accruals | 1,576,860 | 7% | 1,037,059 | 5% | 783,734 | 4% | 681,024 | 3% | 765,000 | 4% | 695,373 | 5% |
| Unclaimed Dividend | 2,130 | 0% | 2,147 | 0% | 2,417 | 0% | 1,097 | 0% | 147 | 0% | 27 | 0% |
| Total equity and liabilities | 21,867,742 | 100% | 20,144,099 | 100% | 18,650,377 | 100% | 20,028,295 | 100% | 19,547,892 | 100% | 13,606,156 | 100% |
| Cash and cash equivalents | 1,464,863 | 7% | 1,642,569 | 8% | 1,833,762 | 10% | 897,460 | 4% | 1,010,880 | 5% | 433,202 | 3% |
| Secured loans | 171,811 | 1% | 167,965 | 1% | 181,375 | 1% | 167,539 | 1% | 153,456 | 1% | 147,681 | 1% |
| Investments | 17,916,306 | 82% | 15,818,831 | 79% | 14,616,832 | 78% | 17,620,631 | 88% | 17,271,547 | 88% | 12,094,010 | 89% |
| Current assets | 1,583,799 | 7% | 1,872,396 | 9% | 1,464,200 | 8% | 1,214,776 | 6% | 1,027,724 | 5% | 852,161 | 6% |
| Deferred Asset | - | 0% | - | 0% | - | 0% | - | 0% | - | 0% | 5,543 | 0% |
| Fixed Assets - tangible & intangible | 730,963 | 3% | 642,338 | 3% | 554,208 | 3% | 127,889 | 1% | 84,285 | 0% | 73,559 | 1% |
| Total assets | 21,867,742 | 100% | 20,144,099 | 100% | 18,650,377 | 100% | 20,028,295 | 100% | 19,547,892 | 100% | 13,606,156 | 100% |
| | 0 | | 0 | | - | | 0 | | - | | - | |
| Revenue and Profit & Loss account | | | | | | | | | | | | |
| Net Income | 7,932,739 | 100% | 6,331,997 | 100% | 5,745,693 | 100% | 6,715,771 | 100% | 9,930,303 | 100% | 5,240,447 | 100% |
| Claims and Expenditures | (6,815,573) | -86% | (6,715,943) | -106% | (6,547,485) | -114% | (5,570,027) | -83% | (4,344,280) | -44% | (3,624,728) | -69% |
| Movement in policy holders' liability | (1,253,153) | -16% | 138,149 | 2% | 667,716 | 12% | (919,769) | -14% | (5,331,770) | -54% | (1,435,553) | -27% |
| Surplus / Profit before tax | (135,987) | -2% | (245,797) | -4% | (134,076) | -2% | 225,975 | 3% | 254,253 | 3% | 180,166 | 3% |
| Taxation | (40,262) | -1% | (69,079) | -1% | (39,373) | -1% | (68,204) | -1% | (72,467) | -1% | (36,046) | -1% |
| Surplus / Profit after tax | (95,725) | -1% | (176,718) | -3% | (94,703) | -2% | 157,771 | 2% | 181,786 | 2% | 144,120 | 3% |

Balance Sheet and Profit & Loss Analysis

Horizontal Analysis

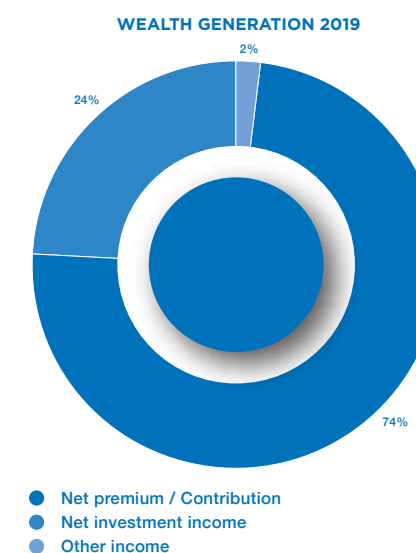
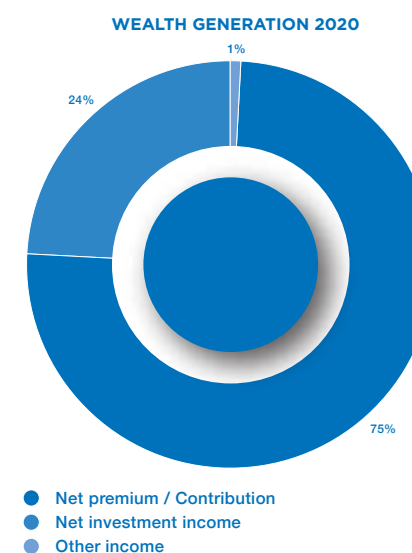
| Balance Sheet | 2020 | | | | | | 2019 | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|-----------|------------|-----------|------------|------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| | Rupees in '000 | | | | | | % increase / (decrease) over preceeding year | | | | | |
| Net shareholders' equity | 2,136,728 | 2,240,713 | 1,353,854 | 1,544,288 | 1,604,550 | 1,406,374 | -5% | 66% | -12% | -4% | 14% | 10% |
| Balance of statutory funds | 18,152,024 | 16,864,180 | 16,490,600 | 17,741,157 | 17,102,179 | 11,504,382 | 8% | 2% | -7% | 4% | 49% | 15% |
| Deferred tax liability | - | - | 19,772 | 60,729 | 76,016 | - | 0% | -100% | -67% | 0% | 0% | 0% |
| Creditors and accruals | 1,574,730 | 1,037,059 | 783,734 | 681,024 | 765,000 | 695,373 | 52% | 32% | 15% | -11% | 10% | 20% |
| Unclaimed Dividend | 2,130 | 2,147 | 2,417 | 1,097 | 147 | 27 | -1% | -11% | 120% | 646% | 444% | 0% |
| Total equity and liabilities | 21,865,612 | 20,144,099 | 18,650,377 | 20,028,295 | 19,547,892 | 13,606,156 | 9% | 8% | -7% | 2% | 44% | 15% |
| Cash and cash equivalents | 1,464,863 | 1,642,569 | 1,833,762 | 897,460 | 1,010,880 | 433,202 | -11% | -10% | 104% | -11% | 133% | -27% |
| Secured loans | 171,811 | 167,965 | 181,375 | 167,539 | 153,456 | 147,681 | 2% | -7% | 8% | 9% | 4% | 10% |
| Investments | 17,916,306 | 15,818,831 | 14,616,832 | 17,620,631 | 17,271,547 | 12,094,010 | 13% | 8% | -17% | 2% | 43% | 17% |
| Current assets | 1,583,799 | 1,872,396 | 1,464,200 | 1,214,776 | 1,027,724 | 852,161 | -15% | 28% | 21% | 18% | 21% | 9% |
| Deferred asset | - | - | - | - | - | 5,543 | 0% | 0% | 0% | 0% | 0% | 0% |
| Fixed Assets - tangible & intangible | 730,963 | 642,338 | 554,208 | 127,889 | 84,285 | 73,559 | 14% | 16% | 333% | 52% | 15% | 69% |
| Total assets | 21,867,742 | 20,144,099 | 18,650,377 | 20,028,295 | 19,547,892 | 13,606,156 | 9% | 8% | -7% | 2% | 44% | 15% |
| Revenue and Profit & Loss account | | | | | | | | | | | | |
| Net Income | 7,932,739 | 6,331,997 | 5,745,693 | 6,715,771 | 9,930,303 | 5,240,447 | 25% | 10% | -14% | -32% | 89% | 32% |
| Claims and Expenditures | (6,815,573) | (6,715,943) | (6,547,485) | (5,570,027) | (4,344,280) | (3,624,728) | 1% | 3% | 18% | 28% | 20% | -14% |
| Movement in policy holders' liability | (1,253,153) | 138,149 | 667,716 | (919,769) | (5,331,770) | (1,435,553) | -1007% | -79% | -173% | -83% | 271% | -417% |
| Surplus / Profit before tax | (135,987) | (245,797) | (134,076) | 225,975 | 254,253 | 180,166 | -45% | 83% | -159% | -11% | 41% | -16% |
| Taxation | (40,262) | (69,079) | (39,373) | (68,204) | (72,467) | (36,046) | -42% | 75% | -42% | -6% | 101% | 32% |
| Surplus / Profit after tax | (95,725) | (176,718) | (94,703) | 157,771 | 181,786 | 144,120 | -46% | 87% | -160% | -13% | 26% | -23% |

Statement of Value Addition

WEALTH GENERATION

Net premium / Contribution
Net investment income
Other income
Wealth generated

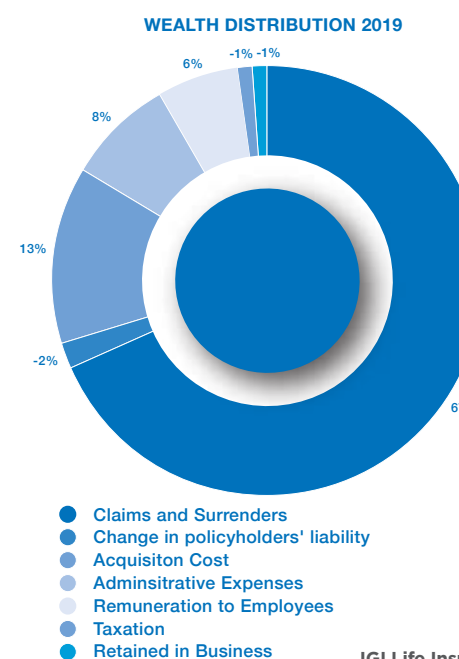
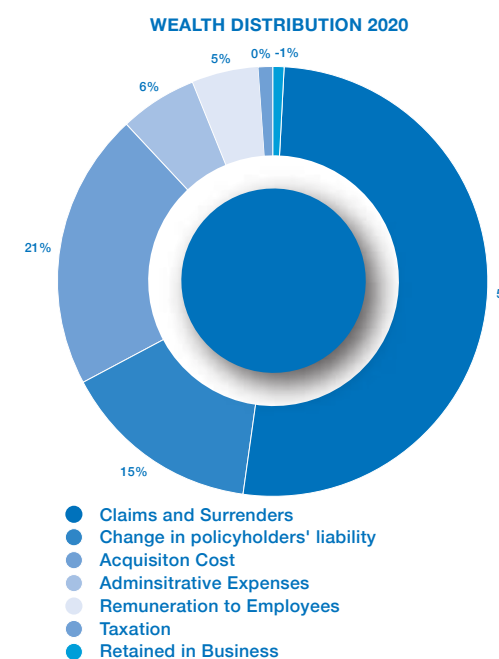
| 2020 | | 2019 | |
|-------------------------|-------------|-------------------------|-------------|
| Amount (Rupees in '000) | % | Amount (Rupees in '000) | % |
| 5,899,477 | 75% | 4,656,663 | 74% |
| 1,862,054 | 29% | 1,547,348 | 24% |
| 104,679 | 2% | 111,966 | 2% |
| 7,866,210 | 100% | 6,315,977 | 100% |



WEALTH DISTRIBUTION

Claims and Surrenders
Change in policyholders' liability
Acquisition Cost
Administrative Expenses
Remuneration to employees
Taxation
Retained in Business

| 2020 | | 2019 | |
|-------------------------|-------------|-------------------------|-------------|
| Amount (Rupees in '000) | % | Amount (Rupees in '000) | % |
| 4,295,989 | 54% | 4,770,078 | 75% |
| 1,253,153 | 16% | (138,149) | -2% |
| 1,682,731 | 21% | 927,462 | 15% |
| 457,268 | 6% | 592,394 | 9% |
| 379,585 | 5% | 426,009 | 7% |
| (40,262) | -1% | (69,079) | -1% |
| (95,725) | -1% | (176,718) | -3% |
| 7,932,739 | 100% | 6,331,997 | 100% |



Financial / Event Calendar

| Event | Date |
|---|---------------|
| Results | |
| Annual Budget Meeting | 23-Jan-2020 |
| Financials for the three months ended March 31, 2020 | 27-Apr-2020 |
| Financials for the six months ended June 30, 2020 | 19-Aug-2020 |
| Financials for the nine months ended September 30, 2020 | 28-Oct-2020 |
| Financials for the year ended December 31, 2020 | 12-Mar-2021 |
| Notice of AGM to Shareholders along with Financial Statements | 06-April-2021 |
| Annual General Meeting | 28-Apr-2021 |

Pattern of Shareholding

as at December 31, 2020

| NO. OF SHAREHOLDERS | NO. OF SHAREHOLDINGS | | TOTAL SHARES |
|---------------------|----------------------|-------------|--------------------|
| | FROM | TO | |
| 380 | 1 | 100 | 5,645 |
| 138 | 101 | 500 | 35,932 |
| 124 | 501 | 1,000 | 89,978 |
| 143 | 1,001 | 5,000 | 333,966 |
| 26 | 5,001 | 10,000 | 177,946 |
| 16 | 10,001 | 15,000 | 203,655 |
| 5 | 15,001 | 20,000 | 81,893 |
| 7 | 20,001 | 25,000 | 160,510 |
| 3 | 25,001 | 30,000 | 82,503 |
| 4 | 30,001 | 35,000 | 128,208 |
| 4 | 35,001 | 40,000 | 149,197 |
| 2 | 40,001 | 45,000 | 83,700 |
| 2 | 45,001 | 50,000 | 95,400 |
| 2 | 50,001 | 55,000 | 103,180 |
| 2 | 55,001 | 60,000 | 117,568 |
| 3 | 60,001 | 65,000 | 187,234 |
| 2 | 65,001 | 70,000 | 135,183 |
| 1 | 70,001 | 75,000 | 75,000 |
| 3 | 85,001 | 90,000 | 263,573 |
| 1 | 95,001 | 100,000 | 95,929 |
| 1 | 115,001 | 120,000 | 117,562 |
| 1 | 125,001 | 130,000 | 129,635 |
| 1 | 135,001 | 140,000 | 135,766 |
| 1 | 140,001 | 145,000 | 144,489 |
| 1 | 160,001 | 165,000 | 164,000 |
| 1 | 165,001 | 170,000 | 165,500 |
| 1 | 185,001 | 190,000 | 188,819 |
| 1 | 210,001 | 215,000 | 211,483 |
| 1 | 230,001 | 235,000 | 232,500 |
| 1 | 235,001 | 240,000 | 237,906 |
| 1 | 250,001 | 255,000 | 252,500 |
| 1 | 300,001 | 305,000 | 302,136 |
| 1 | 340,001 | 345,000 | 343,741 |
| 1 | 505,001 | 510,000 | 507,056 |
| 1 | 530,001 | 535,000 | 532,968 |
| 1 | 600,001 | 605,000 | 604,272 |
| 1 | 690,001 | 695,000 | 693,636 |
| 1 | 925,001 | 930,000 | 930,000 |
| 1 | 955,001 | 960,000 | 957,780 |
| 1 | 1,945,001 | 1,950,000 | 1,948,601 |
| 1 | 2,785,001 | 2,790,000 | 2,789,969 |
| 1 | 8,490,001 | 8,495,000 | 8,490,873 |
| 1 | 9,125,001 | 9,130,000 | 9,129,286 |
| 1 | 138,750,001 | 138,755,000 | 138,750,522 |
| 892 | | | 170,567,200 |

Pattern of Shareholding

as at December 31, 2020

| Shareholder's category | Number of Shareholders | Number of shares held |
|--|------------------------|-----------------------|
| Associated Companies, Undertaking and Related Parties | | |
| IGI HOLDINGS LIMITED | 2 | 138,750,934 |
| M/S. IGI INSURANCE LIMITED (BONUS-SO) | 3 | 2,292,387 |
| TOTAL >> | 5 | 141,043,321 |
| Mutual Funds | | |
| CDC - TRUSTEE HBL - STOCK FUND | 1 | 252,500 |
| CDC - TRUSTEE HBL EQUITY FUND | 1 | 164,000 |
| CDC - TRUSTEE HBL MULTI - ASSET FUND | 1 | 6,000 |
| CDC - TRUSTEE PICIC GROWTH FUND | 1 | 232,500 |
| CDC - TRUSTEE PICIC INVESTMENT FUND | 1 | 165,500 |
| TOTAL >> | 5 | 820,500 |
| Directors and their spouse | | |
| MS. ZEHRA NAQVI | 1 | 703 |
| MR. MOHAMMAD KAMAL SYED | 2 | 703 |
| MR. KHURRAM RAZA BAKHTAYARI | 2 | 703 |
| MR. SHAMIM AHMAD KHAN | 2 | 703 |
| MS. FARESA AHSAN | 1 | 703 |
| SYED HYDER ALI | 3 | 958,483 |
| SYED YAWAR ALI | 3 | 5,505 |
| SYEDA NIGHAT ALI | 1 | 507,056 |
| TOTAL >> | 15 | 1,474,559 |
| Executives | | |
| TOTAL >> | - | - |
| Public Sector Companies and Corporations | | |
| TOTAL >> | 4 | 122,135 |
| Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds | | |
| TOTAL >> | 3 | 8,493,787 |
| Shareholder Holding five percent or more voting Rights in the Listed Company | | |
| GREGORY ALEXANDER | 1 | 9,129,286 |
| IGI HOLDINGS LIMITED | 1 | 138,750,522 |
| TOTAL >> | 2 | 147,879,808 |

Categories of Shareholding

as at December 31, 2020

| S. No. | Shareholder's Category | No. of Shareholders | No. of Shares | Percentage |
|--------|---|---------------------|--------------------|---------------|
| 1 | Directors, Chief Executive Officer, and their spouse and minor children | 15 | 1,474,559 | 0.86 |
| 2 | Associated Companies, Undertakings and Related Parties | 5 | 141,043,321 | 82.69 |
| 3 | NIT and ICP | 1 | 1388 | 0.0008 |
| 4 | Banks, Development Financial Institutions, Non-Banking Financial Institutions | 3 | 8,493,787 | 4.98 |
| 5 | Insurance Companies | | | |
| 6 | Modarabas and Mutual Funds | 5 | 820,500 | 0.48 |
| 7 | Share holders holding 10% | 1 | 138,750,522 | 81.35 |
| 8 | General Public : | | | |
| | a. Local | 840 | 17,603,188 | 10.32 |
| | b. Foreign | - | - | - |
| 9 | Others | 24 | 1,131,845 | 0.66 |
| | Total (excluding : share holders holding 10%) | 892 | 170,567,200 | 100.00 |

Statement of Compliance with the Code of Corporate Governance for Insurers, 2016, & the Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended 31st December 2020

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

The Company has applied the principles contained in the Code and the Regulations in the following manner:

- The total number of directors are seven (7) as per the following:
 - Male: Five (5)
 - Female: Two (2)
- The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

| Category | Name |
|-------------------------|--|
| Independent Directors | Mr. Mohammad Kamal Syed Ms. Zehra Naqvi Ms. Faresa Ahsan |
| Executive Director | Syed Hyder Ali |
| Non-Executive Directors | Mr. Shamim Ahmad Khan Syed Yawar Ali Mr. Khurram Raza Bakhtayari |

All independent directors meet the criteria of independence as laid down under the Code of Corporate Governance for Insurers, 2016.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies, where applicable).
- 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 NBFIs or being a member of stock exchange, has been declared as a defaulter by a stock exchange.
- During the year two casual vacancies arose on the Board*. Both of the casual vacancies were filled up by the directors within 90 days of their occurrence as per the requirements of the Code. The incoming directors who filled in the casual vacancies assumed their respective charge subsequent to approval to do so by the SECP in terms of the Insurance Companies (Sound and Prudent Management) Regulations, 2012.
- The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- 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 the significant policies along with their date of approval or updating is maintained by the Company.
- All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, have been taken by the Board in accordance with the Companies Act, 2017 and the Regulations.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated.

10. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
11. At present, the Board is in compliance with the requirements of the time frame related to directors' training program as stipulated in the Regulations.
12. The Board arranged orientation courses for its directors during the year to acquaint them with the code, applicable laws and to appraise them with their duties and responsibilities.
13. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Code and the Regulations.
14. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and the Regulations and fully describes the salient matters required to be disclosed.
15. Chief financial officer and chief executive officer duly endorsed the financial statements 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 & REINSURANCE COMMITTEE | |
|--------------------------------------|----------|
| Name of the Member | Category |
| Mohammad Kamal Syed | Chairman |
| Syed Hyder Ali | Member |
| Zehra Naqvi | Member |
| Tahir Masaud | Member |
| Abdul Haseeb | Member |
| Ali Nadim | Member |

| CLAIM SETTLEMENT COMMITTEE | |
|----------------------------|----------|
| Name of the Member | Category |
| Shamim Ahmad Khan | Chairman |
| Syed Yawar Ali | Member |
| Faresa Ahsan | Member |

| RISK MANAGEMENT AND COMPLIANCE COMMITTEE | |
|--|----------|
| Name of the Member | Category |
| Shamim Ahmad Khan | Chairman |
| Zehra Naqvi | Member |
| Syed Yawar Ali | Member |
| Mohammad Kamal Syed | Member |
| Khurram Raza Bakhtayari | Member |

19. The Board has formed the following Board Committees:

| ETHICS, HUMAN RESOURCE, REMUNERATION & NOMINATION COMMITTEE | |
|---|-------------|
| Name of the Member | Category |
| Faresa Ahsan | Chairperson |
| Syed Yawar Ali | Member |
| Syed Hyder Ali | Member |
| Khurram Raza Bakhtayari | Member |

| INVESTMENT COMMITTEE | |
|-------------------------|----------|
| Name of the Member | Category |
| Mohammad Kamal Syed | Chairman |
| Syed Yawar Ali | Member |
| Syed Hyder Ali | Member |
| Khurram Raza Bakhtayari | Member |
| Tahir Masaud | Member |
| Abdul Haseeb | Member |
| Ali Nadim | Member |

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 |
| Mohammad Kamal Syed | Chairman |
| Zehra Naqvi | Member |
| Syed Yawar Ali | Member |
| Khurram Raza Bakhtayari | Member |

21. The meetings of the committees, except Ethics, Human Resources and Remuneration Committee were held at least once every quarter, prior to approval of interim and final results of the Company and as required by the Code. The terms of references of the aforesaid committees have been formed, documented and advised to the respective committees for compliance.
22. The Board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.
23. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016. The Appointed Actuary of the Company also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claim, reinsurance, customer service and grievance departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

| Name of the Person | Designation |
|--------------------|---|
| Syed Hyder Ali | Chief Executive Officer |
| Tahir Masaud | Head of Business and Operations |
| Ali Nadim | Chief Operating Officer |
| Sajjad Iftikhar | Chief Investment Officer |
| Abdul Haseeb | Chief Financial Officer |
| Hasham Wajih | Head of Actuarial and Reinsurance |
| Iqra Sajjad | Company Secretary* |
| Shahzeb Haider | Head of Internal Audit |
| Saleem Shah | Head of Underwriting |
| Kashif Qayyum | Head of Claims |
| Aijaz Saleem | Head of Customer Services and Grievance |
| Saira Sheikh | Head of Compliance |
| Faisal Khan | Head of Risk Management |

* Mr. Awais Hanif resigned as Acting Company Secretary on December 07, 2020 and Ms. Iqra Sajjad was appointed as the Company Secretary after his resignation.

24. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (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 Institute of Chartered Accountants of Pakistan.
25. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the requirements stipulated in the Companies Act, 2017, the Regulations and / or the Rule Book of Pakistan Stock Exchange Limited (PSX). Furthermore, the auditors have confirmed that they have observed IFAC guidelines in this regard.
26. The appointed actuary of the Company has confirmed that he or his spouse and minor children do not hold shares of the Company.
27. The Board ensures that the appointed actuary complies with the requirements set out for him in the Code of Corporate Governance for Insurers, 2016.
28. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
29. The Board ensures that the risk management system of the Company is in place as per the requirement of the Code of Corporate Governance for Insurers, 2016.
30. The Company has set up a risk management function, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
31. The Board ensures that as part of the risk management system, the Company gets itself rated from PACRA, which is being used by its risk management function and the respective committee as a risk monitoring tool. The Insurer Financial Strength (IFS) rating assigned by the said rating agency PACRA, as per their notification dated June 29, 2020 is A+ (A plus) with stable outlook.
32. The Board has set up a grievance department / function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.

33. The frequency of meetings of the committee were as per following:

- a) Audit Committee : quarterly meetings
- b) Ethics, HR, Remuneration and Nomination Committee: annual meeting
- c) Risk Management and Compliance Committee : quarterly meetings

34. Apart from seeking exemption from the requirement to attend a Director's Training Program (DTP) on behalf of two of its directors, the Company has not obtained any other exemptions from the Securities & Exchange Commission of Pakistan in respect of any of the requirements of the Code.

35. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 and mandatory requirements of regulation 3, 6, 7, 8, 27, 32, 33 and 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied.

By order of the Board



Shamim Ahmad Khan
Chairman

Independent Auditor's Review Report

To the members of IGI Life Insurance Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Code of Corporate Governance for Insurers, 2016 (both herein referred to as 'Regulations') prepared by the Board of Directors of IGI Life Insurance Limited (the Company) for the year ended December 31, 2020 in accordance with the requirements of regulation 36 the Listed Companies (Code of Corporate Governance) Regulations, 2019 and provisions of Code of Corporate Governance for Insurers, 2016.

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

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

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

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

A.F. Ferguson & Co.
Chartered Accountants
Karachi

Date: March 30, 2021

Independent Auditor's Report To the members of IGI Life Insurance Limited Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity, 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 the Company's affairs as at December 31, 2020 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in 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 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.

Emphasis of Matter

We draw attention to note 25.1 to the financial statements describing the matter related to provincial sales tax liability on premium charged to the policyholders' in respect of group health and life insurance. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Following are the Key audit matters:

| S.No. | Key Audit Matters | How the matter was addressed in our audit |
|-------|---|--|
| 1 | Insurance liabilities (Refer notes 3.2.1, 4.1.5 and 18 of the annexed financial statements) | Our audit procedures to assess the determination of actuarial reserve for the policyholders' liabilities, amongst others, included the following: <ul style="list-style-type: none"> • Obtained an understanding from the management of the actuarial assumptions and methodologies used for estimating policyholders' liabilities at December 31, 2020. • Inquired from the management about the consistency of the method used for calculation of policyholders' liabilities and assumptions for the valuation parameters at December 31, 2020 to establish whether they had been subject to any arbitrary discontinuities from those used at December 31, 2019. |

| S.No. | Key Audit Matters | How the matter was addressed in our audit |
|-------|--|--|
| | <p>The appointed actuary of the Company carries out an investigation as at the end of each year of the financial condition of the life insurance business carried on by the Company, including a valuation of its policyholders' liabilities as at December 31, 2020 and issues a report thereon to the Board of Directors of the Company before their approval of the financial statements.</p> <p>The determination of policyholders' liabilities involves estimation and judgment. Because of the significance of the impact of these judgments / estimations, we considered the area of insurance liabilities as a key audit matter.</p> | <ul style="list-style-type: none"> Reviewed the report submitted by the appointed actuary to the Board of Directors of the Company expressing his satisfaction over the valuation of policyholders' liabilities in accordance with Annexure 5 to Rule 23 of the Insurance Rules, 2017. Engaged an independent actuarial expert to assess whether the reserving methodology used with respect to all statutory funds maintained by the Company was in line with the minimum valuation basis given in Annexure 5 to Rule 23 of the Insurance Rules, 2017 and was further in accordance with generally accepted actuarial principles. Independently verified, on a test basis, the Company's data used by the appointed actuary in the determination of policyholders' liabilities. Recomputed, on a test basis, the account / cash values of the policyholders at December 31, 2020 by applying the relevant parameters (such as management fee charged, cost of insurance charged, return credited etc.) of the respective products. Recomputed, on a test basis, the element of unearned premium with respect to policies issued under group health and group life business. Assessed the relevant disclosures made in the financial statements to determine whether they complied with the accounting and reporting standards as applicable in Pakistan. |
| 2 | <p>Valuation and impairment of investments (Refer notes 4.6 and 7 to 10 of the annexed financial statements)</p> <p>The investments of Rs 19,018 million as at December 31, 2020 held by the Company constitute the most significant component of total assets of the Company.</p> <p>The proper valuation and assessment of impairment of investments portfolio of the Company as at December 31, 2020 was considered a significant area of estimation and therefore, we considered this as a key audit matter.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Tested the design and operating effectiveness of the key controls for valuation of investments. Checked that investments were valued appropriately in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan. Checked that net unrealised gains / losses arising on the subsequent measurement of investments were appropriately accounted for in the financial statements. Evaluated the Company's assessment of available-for-sale investments for any additional impairment in accordance with the accounting and reporting standards as applicable in Pakistan and performed an independent assessment of the assumptions and conclusions. Checked the appropriate recognition of related adjustments to the insurance liabilities in other comprehensive income where net unrealised gains / losses on available for sale investments were recognised in other comprehensive income. Obtained independent confirmations for verifying the existence of the investment portfolio as at December 31, 2020 and reconciled them with the books and records of the Company. Checked the relevant presentation and disclosures made in the financial statements to determine whether they comply with the accounting and reporting standards as applicable in Pakistan. |

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

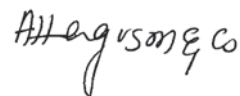
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;
- c) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary;
- d) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and
- e) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: March 30, 2021

Management's Statement of Compliance with the Shariah Principles

The financial arrangements, contracts and transactions, entered into by Window Takaful Operations of the IGI Life Insurers Limited 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 the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and Board of Directors have been implemented;
- All the products and policies have been approved by Shariah Advisor and the financial arrangement 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 (Participant Takaful Fund and Operator's fund) are segregated from its other assets and liabilities, at all times in accordance with provisions of the Takaful Rules, 2012.



Syed Hyder Ali
Chief Executive Officer
Dated: March 12, 2021



FAMILY TAKAFUL

Our Shariah-compliant solutions provide peace of mind for you and your family no matter what season of life you are currently in.

Shariah Review Report to the Board of Directors

For the year ended December 31, 2020

الحمد لله رب العالمين والصلاة والسلام على سيد الانبياء والمرسلين محمد النبي
الأمي وعلى آله وأصحابه أجمعين، وبعد!

I have examined the accompanying financial statements of IGI Life - Window Takaful Operations (hereafter referred to as "the Window Takaful") for the year ended 31 December 2020.

I acknowledge that as the Shariah Advisor of the Window Takaful, it is my responsibility to ensure that the financial arrangements, contracts and transactions entered into by the Window Takaful with its participants and stakeholders are in compliance with the requirements of Shariah rules and principles. It is the responsibility of the Window Takaful's management to ensure that the rules, principles and guidelines set by the Shariah Advisor are complied with, and that all policies and services being offered are duly approved by the Shariah Advisor.

The primary scope of Shariah Audit is to review the Window Takaful's compliance with Shariah Guidelines, and includes the examination of the appropriate evidence of transactions undertaken by the Window Takaful during the year 2020.

It is the responsibility of the Shariah Advisor to express his opinion on the submitted financial statements. In my opinion, and to the best of my understanding based on the provided information and explanations, below are the findings:

- I. Financial transactions undertaken by the Window Takaful for the year ended 31 December 2020 were in accordance with guidelines issued by Shariah Advisor as well as the requirements of Takaful Rules 2012.
- II. Few cases which had some irregularities from the Shariah perspective were discussed with the Management and duly resolved. Furthermore, the management of the Window Takaful has been advised to strictly follow Shariah compliance in future.
- III. Consequently, we have found that the Window Takaful is in accordance with the Shariah principles in all transactional aspects.

“And Allah Knows Best”



Dr. Mufti Ismatullah

Shariah Advisor (IGI Life - Window Takaful Operations)

شريعة ريوپورپورٹ برائے بورڈ آف ڈائریکٹرز

برائے مالیاتی سال 2020

الحمد لله رب العالمين والصلاة والسلام على سيد الانبياء والمرسلين محمد النبي
الأمي وعلى آله وأصحابه أجمعين، وبعد!

الحمد لله، میں نے "آئی جی آئی لائف، ونڈو تکافل آپریشنز" (آئندہ اسے "ونڈو تکافل" کہا جائے گا) کے مالیاتی اسٹیٹمنٹس برائے سال 2020 کا شرعی نقطہ نظر سے جائزہ لیا۔

میں "ونڈو تکافل" کے شریعہ ایڈوائزر کی حیثیت سے اس بات سے بخوبی باخبر ہوں کہ "ونڈو تکافل" کے شرکاء تکافل اور شیئر ہولڈرز کے مابین تمام مالی معاملات اور مختلف عقود و معاہدات کو شرعی قواعد و ضوابط کے مطابق یقینی بنانا میری ذمہ داری ہے۔ اسی طرح ونڈو تکافل کی منظمہ کمیٹی کی بھی یہ ذمہ داری ہے کہ وہ شریعہ ایڈوائزر کی طرف سے جاری کردہ اصول و ضوابط اور گائیڈ لائنز پر اہتمام کے ساتھ عمل کرنے کو یقینی بنائے اور تمام تکافل پالیسیاں اور خدمات شرعی قواعد و ضوابط کے مطابق اور باقاعدہ شریعہ ایڈوائزر سے منظور شدہ ہوں۔

یہ بات اہم ہے کہ ونڈو تکافل نے ابتداء ہی سے اس بات کا اہتمام کیا ہے کہ شریعہ ایڈوائزر کی جانب سے جاری کردہ ہدایات پر اہتمام سے عمل کیا جائے اور تمام تکافل پالیسیاں، خدمات اور مختلف فنڈز کی سرمایہ کاری شرعی قواعد و ضوابط کے مطابق انجام دی جائے اور یہ باقاعدہ شریعہ ایڈوائزر سے منظور شدہ بھی ہوں۔

بہر حال میری معلومات کے مطابق:

- 1۔۔ سال 2020 کے اختتام تک ونڈو تکافل کی جانب سے کئے گئے تمام مالی معاملات شریعہ ایڈوائزر کی جانب سے دی گئی گائیڈ لائنز اور کنزاور تکافل رولز 2012 کے مطابق تھے۔
- 2۔۔ البتہ ونڈو تکافل کے چند معاملات ایسے تھے، جو شریعت کی رو سے قابل اصلاح تھے، کمیٹی کی منظمہ کمیٹی سے ان معاملات پر بات چیت کر کے باقاعدہ ان کی اصلاح کر دی گئی ہے اور آئندہ بھی شریعہ ایڈوائزر پر اہتمام سے عمل کرنے کی ہدایت کر دی گئی ہے۔
- 3۔۔ الحمد لله، بحیثیت مجموعی ونڈو تکافل کے تمام معاملات کو شریعہ ایڈوائزر اور قواعد و ضوابط کے مطابق پایا۔

والله تعالى اعلم بالصواب و علمه اتم و احکم



ڈاکٹر مفتی عصمت اللہ

شریعی ایڈوائزر

آئی جی آئی لائف - ونڈو تکافل آپریشنز

FINANCIALS



Statement of Financial Position

As at December 31, 2020

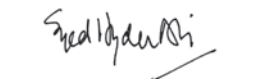
| | Note | 2020 | 2019 |
|--|------|---------------------------|-------------------|
| | | ----- Rupees in 000 ----- | |
| Assets | | | |
| Property and equipment | 5 | 347,639 | 204,875 |
| Intangible assets | 6 | 383,324 | 437,463 |
| Investments | | | |
| Equity securities | 7 | 43,143 | 86,130 |
| Mutual funds | 7 | 4,007,910 | 3,027,759 |
| Government securities | 8 | 13,640,253 | 12,247,588 |
| Debt securities | 9 | 225,000 | 457,354 |
| Term deposits | 10 | 1,101,600 | 1,532,107 |
| | | 19,017,906 | 17,350,938 |
| Loans secured against life insurance policies | | 171,811 | 167,965 |
| Insurance / takaful / reinsurance / retakaful receivables | 11 | 208,194 | 460,958 |
| Other loans and receivables | 12 | 393,085 | 647,299 |
| Taxation - payments less provision | | 631,002 | 599,667 |
| Deferred tax asset - net | 13 | 265,015 | 59,797 |
| Prepayments | 14 | 86,503 | 104,675 |
| Cash and bank | 15 | 363,263 | 110,462 |
| Total assets | | 21,867,742 | 20,144,099 |
| Equity and liabilities | | | |
| Capital and reserves attributable to Company's equity holders | | | |
| Authorised share capital (300,000,000 (2019: 300,000,000) ordinary shares of Rs. 10 each) | | 3,000,000 | 3,000,000 |
| Issued, subscribed and paid-up capital | 16 | 1,705,672 | 1,705,672 |
| Ledger account C & D | | (641,955) | (148,245) |
| Unappropriated profit | | 1,070,680 | 675,543 |
| Surplus on revaluation of available for sale investments - net | 17 | 2,331 | 7,743 |
| Total equity | | 2,136,728 | 2,240,713 |
| Liabilities | | | |
| Insurance liabilities [including policyholders' liabilities and ledger account A & B] | 18 | 18,152,024 | 16,864,180 |
| Outstanding claims | 19 | 477,224 | 371,060 |
| Retirement benefit obligations | 20 | 24,457 | 24,109 |
| Premium received in advance | | 398,697 | 65,569 |
| Reinsurance / retakaful payables | 22 | 40,965 | 75,298 |
| Other creditors and accruals | 23 | 501,433 | 453,603 |
| Lease liability against right-of-use assets | 24 | 136,214 | 49,567 |
| Total liabilities | | 19,731,014 | 17,903,386 |
| Total equity and liabilities | | 21,867,742 | 20,144,099 |
| Contingencies and commitments | | | |
| | 25 | | |

The annexed notes from 1 to 46 form an integral part of these financial statements.


Chairman


Director


Director


Chief Executive Officer


Chief Financial Officer
Profit and Loss Account

For the year ended December 31, 2020

| | Note | 2020 | 2019 |
|---|------|---------------------------|------------------|
| | | ----- Rupees in 000 ----- | |
| Premium / contribution revenue | | 6,160,785 | 4,814,857 |
| Less: premium / contribution ceded to reinsurers / retakaful operators | | 210,900 | 158,194 |
| Net premium / contribution revenue | 26 | 5,949,885 | 4,656,663 |
| Investment income | 27 | 1,644,301 | 1,551,163 |
| Net realised fair value gains / (losses) on financial assets | 28 | 217,753 | (3,815) |
| Other income - net | 29 | 104,679 | 111,966 |
| | | 1,966,733 | 1,659,314 |
| | | 7,916,618 | 6,315,977 |
| Net income | | | |
| Insurance benefits | | 4,416,919 | 4,883,118 |
| Recoveries from reinsurers / retakaful operators | | (120,930) | (113,040) |
| Net insurance benefits | 30 | 4,295,989 | 4,770,078 |
| | | 3,620,629 | 1,545,899 |
| Change in insurance liabilities (other than outstanding claims) | | 1,253,153 | (138,149) |
| Acquisition expenses | 31 | 1,682,731 | 927,462 |
| Marketing and administration expenses | 32 | 813,392 | 997,898 |
| Other expenses | 33 | 8,973 | 17,137 |
| Total expenses | | 3,758,249 | 1,804,348 |
| | | (137,620) | (258,449) |
| Finance costs | 34 | 14,488 | 3,368 |
| Surplus appropriated to Shareholders' Fund from Ledger Account C | | 16,121 | 16,020 |
| | | (135,987) | (245,797) |
| Loss before tax | 35 | (40,262) | (69,079) |
| Income tax | | (95,725) | (176,718) |
| | | (95,725) | (176,718) |
| Loss after tax | | | |
| Loss per share | 36 | (0.56) | (1.29) |

The annexed notes from 1 to 46 form an integral part of these financial statements.


Chairman


Director


Director


Chief Executive Officer


Chief Financial Officer

Statement of Comprehensive Income

For the year ended December 31, 2020

| Note | 2020 | 2019 |
|---|------------------|------------------|
| -----Rupees in 000----- | | |
| Loss after tax | (95,725) | (176,718) |
| Other comprehensive (loss) / income | | |
| Change in unrealised income on available-for-sale financial assets - net of tax | 45,400 | 583,732 |
| Change in insurance liabilities - net | (50,812) | (527,749) |
| Actuarial (losses) / gains on retirement benefit scheme | 20.7 (2,848) | 7,594 |
| Other comprehensive (loss) / income for the year | (8,260) | 63,577 |
| Total comprehensive loss for the year | <u>(103,985)</u> | <u>(113,141)</u> |

The annexed notes from 1 to 46 form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended December 31, 2020

| | Attributable to equity holders of the Company | | | | Total |
|---|---|--------------------------|----------------------|-----------------|------------------|
| | Share capital | Un-appropriated profit * | Ledger C & D account | Capital reserve | |
| | -----Rupees in 000----- | | | | |
| Balance as at December 31, 2018 | 705,672 | 625,357 | 71,065 | (48,240) | 1,353,854 |
| Total comprehensive income / (loss) | | | | | |
| Profit / (loss) for the year ended December 31, 2019 | - | 50,186 | (226,904) | - | (176,718) |
| Other comprehensive income for the year ended December 31, 2019 | - | - | 7,594 | 55,983 | 63,577 |
| | - | 50,186 | (219,310) | 55,983 | (113,141) |
| Transactions with owners recorded directly in equity | | | | | |
| Issuance of right shares | 1,000,000 | - | - | - | 1,000,000 |
| Balance as at December 31, 2019 | 1,705,672 | 675,543 | (148,245) | 7,743 | 2,240,713 |
| Total comprehensive income / (loss) | | | | | |
| Profit / (loss) for the year ended December 31, 2020 | - | 191,079 | (286,804) | - | (95,725) |
| Other comprehensive loss for the year ended December 31, 2020 | - | - | (2,848) | (5,412) | (8,260) |
| | - | 191,079 | (289,652) | (5,412) | (103,985) |
| Appropriation of surplus from ledger D to Shareholder fund | - | 204,058 | (204,058) | - | - |
| Balance as at December 31, 2020 | <u>1,705,672</u> | <u>1,070,680</u> | <u>(641,955)</u> | <u>2,331</u> | <u>2,136,728</u> |

* This includes an amount of Rs. 50 million set aside by the Company in respect of Takaful operations.

** This balance is net of related change in insurance liabilities.

The annexed notes from 1 to 46 form an integral part of these financial statements.


 Chairman


 Director


 Director


 Chief Executive Officer


 Chief Financial Officer


 Chairman


 Director


 Director


 Chief Executive Officer


 Chief Financial Officer

Cash Flow Statement

For the year ended December 31, 2020


| | Note | 2020 | 2019 |
|--|------|---------------------------|--------------------|
| | | ----- Rupees in 000 ----- | |
| Operating Cash flows | | | |
| (a) Underwriting activities | | | |
| Premiums received net of policy transfers | | 6,657,664 | 4,883,273 |
| Reinsurance premium paid | | (319,063) | (133,435) |
| Claims paid | | (1,613,406) | (1,647,935) |
| Surrenders paid | | (2,798,497) | (3,178,133) |
| Reinsurance recovery received | | 209,943 | 30,789 |
| Commission paid | | (751,393) | (495,079) |
| Commission received | | 50,408 | 133,435 |
| Net cash inflow from / (outflow on) underwriting activities | | 1,435,656 | (407,085) |
| (b) Other operating activities | | | |
| Income tax paid | | (192,729) | (136,635) |
| Payment for expenses | | (1,416,022) | (1,250,527) |
| Other operating receipts | | 61,371 | 157,186 |
| Loans advanced | | 11,299 | 21,666 |
| Loan repayments received | | 4,460 | 7,884 |
| Net cash outflow on other operating activities | | (1,531,621) | (1,200,426) |
| Total cash outflow on all operating activities | | (95,965) | (1,607,511) |
| Investment activities | | | |
| Profit / return received | | 1,863,897 | 1,391,681 |
| Dividend received | | 110,370 | 34,299 |
| Payment for investments | | (2,411,432) | (5,256,433) |
| Proceeds from disposal of investments | | 582,608 | 4,437,166 |
| Fixed capital expenditure | | (212,828) | (581,231) |
| Fixed assets disposals | | 6,210 | 9,863 |
| Capital work in progress | | (20,549) | 381,242 |
| Total cash (outflow on) / inflow from investing activities | | (81,724) | 416,587 |
| Financing activities | | | |
| Issuance of right shares | | - | 1,000,000 |
| Dividends paid | | (17) | (269) |
| Total cash (outflow) / inflow on financing activities | | (17) | 999,731 |
| Net cash outflow from all activities | | (177,706) | (191,193) |
| Cash and cash equivalents at beginning of the year | | 1,642,569 | 1,833,762 |
| Cash and cash equivalents at end of the year | 15.1 | 1,464,863 | 1,642,569 |
| Reconciliation to Profit and Loss Account | | | |
| Operating cash flows | | (95,965) | (1,607,511) |
| Depreciation and amortisation expenses | | (164,731) | (126,613) |
| Gain on disposal of fixed assets | | 4,093 | 7,890 |
| Increase in assets other than cash | | 398,002 | 267,187 |
| Increase in liabilities | | (2,197,982) | (907,566) |
| Investment income | | 1,916,577 | 2,000,863 |
| Profit received on bank deposits | | 28,160 | 173,012 |
| Surplus appropriated to Shareholders' fund | | 16,121 | 16,020 |
| Loss after taxation | | (95,725) | (176,718) |

The annexed notes from 1 to 46 form an integral part of these financial statements.


 Chairman


 Director


 Director


 Chief Executive Officer


 Chief Financial Officer
Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 IGI Life Insurance Limited ("the Company") was incorporated in Pakistan on October 9, 1994 as a public limited company under the Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange Limited. The Company commenced its operations on May 25, 1995 after registration with the Controller of Insurance on April 30, 1995. The registered office of the Company is situated at 7th Floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi. The registered office is also the principal office of the Company.
- 1.2 The Company is a subsidiary of IGI Holdings Limited ("Holding Company") which holds 82.69% (2019: 82.69%) share capital of the Company.
- 1.3 The Company is engaged in life insurance, carrying on both participating and non-participating business. The Company is also engaged in providing Shariah Compliant family takaful products as an approved window takaful operator.
- 1.4 In accordance with the requirements of the Insurance Ordinance, 2000, the Company established a Shareholders' Fund and Separate Statutory Funds, in respect of each class of life insurance and family takaful business. The Statutory Funds established by the Company, in accordance with the advice of the Appointed Actuary are as follows:
- Life (participating)
 - Life (non-participating) - Individual
 - Life (non-participating) - Group
 - Accident & Health - Individual
 - Accident & Health - Group
 - Pension Business Fund
 - Investment Linked
 - Individual Family Takaful
 - Accident & Health Takaful - Individual
 - Group Family Takaful
 - Group Health Takaful

2 BASIS OF PREPARATION

These financial statements have been presented in accordance with the requirements of the Insurance Rules, 2017 issued through S.R.O. 88 (I) / 2017 dated February 09, 2017 by the Securities and Exchange Commission of Pakistan (SECP).

The Securities and Exchange Commission of Pakistan (the SECP), in exercise of the powers conferred under Rule 11(1)(c) of the Takaful Rules, 2012, has imposed certain conditions vide its Circular No. 15 of 2019 dated November 18, 2019 on life insurers related to financial reporting of their window takaful operations. Under these conditions, the Life Insurers shall separately prepare financial statements for family takaful operations as if these are carried out by a Standalone Takaful Operator and shall be annexed with the insurer's annual / interim report (as applicable).

Accordingly, the Company has prepared and annexed to these financial statements, a standalone set of financial statements for Window Takaful Operations of the Company, as if these are carried out by a Standalone Takaful Operator. This standalone set of financial statements for Window Takaful Operations of the Company is unaudited and un-reviewed and is being submitted in compliance with the conditions imposed by the SECP as detailed above.

2.1 Statement of compliance

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

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

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

2.2 Standards, interpretations of and amendments to the accounting and reporting standards that are effective in the current year:

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

2.3 Standards, interpretations of and amendments to the accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2021:

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

* The management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Further details relating to temporary exemption from the application of IFRS 9 are given in note 2.3.1.1 to these financial

The management is in the process of assessing the impact of these amendments on the financial statements of the Company.

There are certain other new and amended standards and interpretations that are mandatory for the Company's accounting period beginning on or after January 1, 2021, but are considered not to be relevant or will not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

2.3.1 Temporary exemption from application of IFRS 9

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

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

| Financial assets with contractual cash flows that meet the SPPI criteria, excluding those held for trading | Rupees in '000 |
|---|-----------------------|
| <i>Pakistan Investment Bonds - available for sale (refer note 8)</i> | |
| Opening fair value | 9,235,853 |
| Disposals during the year - net | (6,219,988) |
| Decrease in fair value | (240,523) |
| Closing fair value | <u>2,775,342</u> |
| <i>Treasury Bills - available for sale (refer note 8)</i> | |
| Opening fair value | 3,011,735 |
| Additions during the year - net | 7,581,439 |
| Decrease in fair value | (3,430) |
| Closing fair value | <u>10,589,744</u> |
| <i>GOP Ijara Sukuk - available for sale (refer note 8)</i> | |
| Opening fair value | - |
| Additions during the year - net | 284,756 |
| Decrease in fair value | (9,589) |
| Closing fair value | <u>275,167</u> |
| <i>Debt Securities - available for sale (refer note 9)</i> | |
| Opening fair value | 457,354 |
| Disposal during the year - net | (232,354) |
| Increase in fair value | - |
| Closing fair value | <u>225,000</u> |

Financial assets that do not meet the SPPI criteria

Rupees in '000

| | |
|--|------------------|
| <i>Mutual funds - available for sale (refer note 7)</i> | |
| Opening fair value | 3,027,759 |
| Additions during the year - net | 465,266 |
| Increase in fair value | 514,885 |
| Closing fair value | <u>4,007,910</u> |
| <i>Listed equities - available for sale (refer note 7)</i> | |
| Opening fair value | 86,130 |
| Disposal during the year - net | (42,758) |
| Decrease in fair value | (229) |
| Closing fair value | <u>43,143</u> |

Fair value of term deposits is equivalent to the carrying value as these are short-term in nature.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except as disclosed in accounting policies relating to investments and staff retirement benefits scheme.

3.1 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.2 Use of estimates and judgments

The preparation of financial statements in conformity with the requirements of accounting and reporting 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, 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 estimates about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future periods affected in accordance with the requirements of International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

Significant areas where assumptions and estimates were exercised in application of accounting policies, otherwise that are disclosed in these financial statements, relate to items described in note 3.2.1 to 3.2.6 to these financial statements.

3.2.1 Policyholders' liabilities

Mortality and interest bases adopted

SECP vide its circular 17/2013 dated September 13, 2013 has stipulated that SLIC(2001I05) Individual Life Mortality Table published by Pakistan Society of Actuaries be used as the minimum valuation basis prescribed under SECP's notification S.R.O 16(1)/2012. A test was previously conducted to compare the existing valuation basis i.e. EFU (1961I66) mortality table with the minimum valuation basis SLIC (2001I05) for the relevant reserves. The test revealed that the existing valuation basis was more prudent than the minimum valuation basis and therefore it was considered to be more appropriate to continue with the existing valuation basis.

The rate of discount was taken as 3.75% in line with the requirements under SECP's notification S.R.O 16(1)/2012, for determining reserves of traditional products and supplementary coverage. Any differential between the assumed rate and the actual rate is intended to be available to the Company for meeting its administrative expenses.

General principles adopted for valuation

The general principles adopted in the actuarial valuation to estimate policyholders' liabilities as at December 31, 2020 in accordance with the Annexure 5 to Rule 23 of the Insurance Rules, 2017 are as follows:

- Reserves for Endowment Policies with term not less than 20 years have been calculated using Full Preliminary Term Method with EFU (1961I 66) Ultimate Mortality Table at 3.75%.
- Reserves for Endowment Policies with term less than 20 years have been calculated using combination of Full Preliminary Term Method and Net Level Premium Method with EFU (1961I 66) Ultimate Mortality Table at 3.75%.
- Term Policies are calculated using Net Level Premium Method with EFU (1961I 66) Ultimate Mortality Table at 3.75%.

- d) Reduced Paidups and Extended Term insurances have been valued by Net Single Premium Method with EFU (1961! 66) Ultimate Mortality Table at 3.75%.
- e) Bonus Reserves have been valued by Net Single Premium Method with EFU (1961! 66) Ultimate Mortality Table at 3.75%.
- f) Loyalty Bonus Reserves have been valued by Net Single Premium Method at 3.75% for active policies.
- g) In respect of Unit Linked policies, the reserve for bid value of allocated units is calculated using the latest bid value of units and the total number of units belonging to policyholders' accounts as at the valuation date. The amount is held as a reserve since it represents the current value of amounts that will be payable to policyholders at the time when a maturity, death or surrender claim is filed. The latest bid value is the last "announced" bid price before the valuation date.
- h) Universal Life business has been valued using full account values. No deduction has been made for surrender charges.
- i) An 'Asset Liability mismatch reserve' has been kept in the Individual Life Non - Participating Fund as a result of the ALM exercise carried out to assess the interest rate risk, credit risk and equity risk.
- j) Group Life Insurance, Individual Accident & Health Insurance and Group Accident & Health have been valued using Unearned Gross Premium.
- k) Pension business has been valued using full account values.
- l) Unearned premium reserves have been maintained for all riders except Level Term rider reserve which is calculated using Net Level Premium Method with EFU (1961!66) Ultimate Mortality Table at 3.75%.
- m) Reinsurance premium reserves have been maintained on an unearned premium basis.
- n) Reserves have been maintained for Incurred But Not Reported (IBNR) claims which were determined using the Chain and Ladder method based on the claims lag pattern experienced over the past few years.
- o) Reserves for claims payable in instalments have been kept at 3.75%.
- p) Unearned Premium Reserve is kept as half month of Cost of Insurance (COI) for Cost of Insurance (COI) of Universal Life and Unit Linked Policies.
- q) No policy is treated as an asset and in the system if the reserve is negative, the negative value is excluded and the reserves for the policies is set equal to zero.
- r) The Company does not have any insurance policy which is denominated in foreign currency.
- s) Reinstatement reserves have been maintained on universal life and ordinary life policies.

The principles adopted in this valuation were same as those followed in previous valuation as at December 31, 2019.

Surrenders

For the purpose of conventional and annuity business, no provision has been made for lapses and surrenders. This gives prudence to the value placed on the liability by not taking any credits for the profits made on surrenders.

Claims provision

- a) Reserves have been made in respect of all intimated claims. Most claims require lump sum payments, for which reserves have been maintained in each Statutory Fund, where applicable. In a small number of cases, claims are payable in instalments over a period of more than twelve months after the valuation date. In respect of all such claims, reserves have been calculated using the minimum valuation basis.
- b) Adequate reserves have also been maintained for Incurred But Not Reported (IBNR) claims which were determined using the Chain and Ladder Method.

3.2.2 Classification of investment and provisions for impairment there against

The Company determines that available for sale equity investments are impaired when there has been significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in prices. In addition, impairment against investments 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.

The Company has determined fair value of certain investments by using quotations from active market. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgment (e.g. valuation, interest rates, etc.) and therefore, cannot be determined with precision.

3.2.3 Income tax

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

3.2.4 Tangible and intangible assets, depreciation and amortisation

In making estimates of the depreciation / amortisation method, the management uses the method which reflects the pattern in which economic benefits are expected to be consumed by the Company. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern.

The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amounts.

3.2.5 Defined benefits plans and other benefits

Liability / asset is determined on the basis of actuarial valuation carried out using the Projected Unit Credit Method.

3.2.6 Right-of-use assets and their related lease liability

Estimates involved in measuring lease liabilities (present value of the lease payments) is the interest rate used for discounting it. The Company uses incremental borrowing rate for computing present value of lease payments.

3.2.7 Contingencies and commitments

A contingent liability is recognised when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or when the Company has a present obligation as a result of past events and it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Insurance / takaful contracts

Conventional business

Insurance contracts represent contracts with policy-holders and reinsurers.

Those contracts including riders where the Company (the insurer) accepts significant insurance risk from another party i.e. group and individual policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders are insurance policy contracts.

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Company enters into reinsurance contracts with foreign reinsurers in the normal course of business in order to limit the potential for losses arising from certain exposures.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its period, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

The Company enters into insurance contracts with policyholders which are divided into following major categories:

Group insurance contracts

The Company offers Group Life, Group Accident & Health and Pension Business to its clients. The Company also underwrites business for consumer banking related schemes. The risk underwritten is mainly death, hospitalisation and disability. The group insurance contracts are issued typically on Yearly Renewable Term basis (YRT). This business is written through direct sales force as well as bancassurance.

Individual insurance contracts

The Company offers Individual Life (Participating), Individual Life (Non-Participating), Individual Accident & Health and Investment Unit Linked Plans which provide the financial protection, protection against the financial consequences of death, disease and disability caused by accidents, sickness or old age and a substantial return at maturity. Investment Unit Linked policies are regular life policies, where policy value is determined as per the underlying assets' value. Various types of riders (Accidental Death, Income Benefit, etc.) are also sold along with the basic policies. Some of these riders are charged through deduction from policyholders' fund value, while others are conventional i.e., additional premium is charged there against. This business is written through direct sales force as well as bancassurance.

Takaful business

The takaful contracts are based on the principles of Wakala Waqf Model. Takaful is a programme based on Shariah compliant, approved concept funded on the principles of mutual cooperation, solidarity and brotherhood. The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In the event where there are insufficient funds in Waqf to meet their current payments less receipts, the deficit is funded by way of an interest free loan (Qard-e-Hasna) from the operators' sub fund to the statutory fund (Takaful Business Statutory Funds). The amount of Qard-e-Hasna is refundable to the operators' sub fund.

Technical reserves are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each balance sheet date, in accordance with the requirement of section 50 of the Insurance Ordinance, 2000.

Group takaful contracts

The Company offers Group Family, Group Accident and Health takaful policies to its clients. The Group Takaful contracts are issued typically on yearly renewable term basis.

Individual family takaful contracts - unit linked

The Company offers Unit Linked Takaful Plans which provide Shariah compliant financial protection and investment vehicle to individual participants. These plans carry cash value which is determined as per the underlying asset's value. The death benefit design is based on Constant Sum Risk approach i.e. the sum cover is paid in addition to the cash value. The plans offer investment choices to the customer to direct their investment related contribution based on their risk / return objectives. No investment guarantees are offered. The investment risk is borne by the participants. Various type of supplemental benefits (accidental death, disability, income benefit, etc) are also sold along with basic policies.

4.1.1 Premiums / contributions

Conventional business

- First year individual life premium is recognised when the policy is issued after receipt of that premium. Subsequent premiums falling due under the policy are recognised if received before expiry of the grace period, or if advanced by the Company under the Automatic Premium Loan (APL). Single premiums and top-up premiums are recognised once the related policies are issued against the receipt of premium.
- Group premiums are recognised when due.

Receivables under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognises it as impairment loss.

Takaful business

- First year individual life contribution is recognised when the policy is issued after receipt of that contribution. Subsequent contributions falling due under the policy are recognised if received before expiry of the grace period, or if advanced by the Company under the Automatic Contribution Loan (ACL). Single contributions and top-up contributions are recognised once the related policies are issued against the receipt of contribution.

- Group contributions are recognised when due.

Receivables under takaful contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is an objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognises it as impairment loss.

4.1.2 Reinsurance / retakaful contracts held

Conventional business

Reinsurance premiums are recognised in accordance with the pattern of recognition of the related premium. These are measured in line with the terms and conditions of the reinsurance treaty.

Reinsurance liabilities represent balances due to reinsurance companies. Balances payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against expenses or income from related insurance assets as required by the Insurance Ordinance, 2000.

The Company assesses its reinsurance assets for impairment on reporting date. If there is an objective evidence that the reinsurance assets are impaired, the Company reduces the carrying amount of the reinsurance assets to their recoverable amount and recognises them as impairment loss.

Takaful business

These contracts are entered into by the Company with retakaful operator under which the "Waqf Fund" cedes the takaful risk assumed during normal course of its business and according to which Waqf is compensated for losses on contracts issued by it are classified as retakaful contracts held.

Retakaful Contribution

Retakaful contribution is recorded at the time the retakaful is ceded. Surplus from retakaful operator is recognised in the profit and loss account.

Retakaful Expenses

Retakaful expenses are recognised as a liability in accordance with the pattern of recognition of related contribution.

Retakaful Assets and Liabilities

Retakaful assets represent balances due from retakaful operator. Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful liabilities represent balances due to retakaful operator. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

Retakaful assets are not offset against related retakaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related retakaful contracts as required by Insurance Ordinance, 2000.

4.1.3 Receivables and payables related to insurance contract

Receivables and payables are recognised when due. These include amounts due to and from agents and policyholders.

4.1.4 Claims

Conventional business

Claim expense

Insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims and any adjustments to claims outstanding from previous years. Claims are recognised at the earlier of when the policy ceases to participate in the earnings of the fund or insured event occurs.

The outstanding claims liability includes amounts relating to unpaid reported claims and expected claims settlement costs. Full provision is made for the estimated cost of claims incurred to the date of the statement of financial position. The liability for claims expenses relating to "Incurred But Not Reported" (IBNR) is included in policyholders' liabilities.

Claim recoveries

Claim recoveries receivable from reinsurers are recognised as assets at the same time when the corresponding claims are recorded in accordance with the terms of the re-insurance contracts.

Experience refund of premium

Experience refund of premium payable / receivable to / from Individual and Group policyholders is presented in the statement of financial position.

Takaful business

Claims expense include all claims occurring during the year, whether reported or not, internal and external claim handling costs that are directly related to the processing and settlement of claims and other recoveries, and any adjustments to claims outstanding from previous years.

The outstanding claims liability includes amounts relating to unpaid reported claims and expected claims settlement costs. Full provision is made for the estimated cost of claims incurred to the date of statement of financial position. The liability for claims expenses relating to "Incurred But Not Reported" (IBNR) is included in the technical reserves.

4.1.5 Policyholders' liabilities

Policyholders' liabilities including IBNR are stated at a value determined by the appointed actuary through an actuarial valuation / advice carried out at each reporting date, in accordance with section 50 of the Insurance Ordinance, 2000. In determining the value both acquired policy values as well as estimated values which will be payable against risks which the Company underwrites are considered. The basis used are applied consistently from year to year.

As permitted under IFRS 4, related adjustments to policyholders' liabilities are recognised in other comprehensive income, if the unrealised gains or losses on investments are recognised in other comprehensive income.

4.1.6 Acquisition cost

These comprise commission and other costs incurred in acquiring and maintaining insurance policies and include without limitation all forms of remuneration paid to insurance intermediaries.

These are recognised as an expense in the earlier of the financial year in which these are paid and in a financial year in which these become due and payable, except those which are directly referable to the acquisition or renewal of specific contracts that are recognised not later than the period in which the premium to which these refer is recognised as revenue.

4.1.7 Takaful operator's fee

The shareholders of the Company manage the family takaful operations for the participants and act as Wakeel of the Waqf fund. The Company is entitled for the wakala fee for the management of takaful operation under Waqf fund to meet its management expenses.

4.2 Staff retirement benefits

4.2.1 Defined benefit plan

The Company operates an approved defined benefit gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions to the Fund are made based on actuarial valuation provided by the management's expert.

Past service costs, gains or losses on settlements, and net interest income (expense) are recognised in the profit and loss account in the period in which these occur. The measurement differences representing actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost / income are recognised immediately with a charge or credit to other comprehensive income (OCI).

4.2.2 Defined contribution plan

The Company operates an approved contributory provident fund which covers all permanent employees. Equal monthly contributions are made both by the Company and the employees to the Fund at the rate of 10 percent of basic salary.

4.3 Employees' compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the period in which employees become entitled.

4.4 Cash and cash equivalents

For the purposes of statement of cash flows, cash and cash equivalents include the following:

- cash and stamps in hand
- cash at bank in current and other accounts
- deposits and investments with original maturity of three months or less

4.5 Loans secured against life insurance policies

Interest bearing loans are available to policyholders of the Company to the extent of ninety percent of cash values built in their policies. These are recognised on disbursement.

4.6 Investments

4.6.1 Classification

Investments with fixed or determinable payments and fixed maturity, where the Company has positive intent and ability to hold to maturity, are classified as Held-to-Maturity. Investments designated at fair value through profit or loss represent investments acquired principally for the purpose of generating profits from short term fluctuations in market prices, interest rate movement, or dealer's margin. Available for sale investments are those investments that do not fall under either fair value through profit or loss or held to maturity categories.

4.6.2 Initial recognition

All investments are initially recognised at cost, being the fair value of the consideration given and includes transaction costs except for investments designated at fair value through profit or loss in which transaction cost is charged to profit and loss account.

4.6.3 Subsequent measurement

Held to maturity

Subsequently, these are measured at amortised cost less provision for impairment, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortised over the term of investment using the effective interest method.

Available-for-sale

Investments classified as available-for-sale are subsequently measured at market value in accordance with the requirements of the Insurance Accounting Regulations, 2017 and the unrealised gain or loss is recognised in other comprehensive income.

Fair value through profit and loss

Investments classified 'at fair value through profit or loss' category at inception, are subsequently measured at their fair value and gains and losses arising from changes in fair value are included in the profit and loss account.

Fair / market value measurement

For investments in government securities, fair value / market value is determined by reference to quotations obtained from Financial Market Association of Pakistan (FMAP) (PKRV) where applicable. The fair value / market value of mutual fund units and listed equity securities is determined as per the rates announced by the Mutual Funds Association of Pakistan (MUFAP) and the Pakistan Stock Exchange (PSX) respectively.

Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is a date on which a trade (bonds, equities, foreign exchange, commodities, etc.) is executed i.e. the day when transaction is entered into.

4.7 Taxation

Income tax comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to the items recognised directly in equity in which case it is recognised in equity.

4.7.1 Current

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

4.7.2 Deferred

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

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

4.8 Fixed assets

4.8.1 Tangible

These are initially stated at cost and subsequently at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 5.1 to the financial statements, after taking into account residual value and charged to profit and loss account.

Depreciation on additions is charged from the month in which the asset is available for use and on disposal, upto the month the asset is in use.

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

An item of tangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognised.

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

4.8.2 Right-of-use assets and their related lease liability

4.8.2.1 Right-of-use assets

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

Right-of-use assets is subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets is depreciated over the expected useful life using the straight-line method. Depreciation on additions (new leases) is charged from the month in which leases are entered into. No depreciation is charged in month in which the leases mature or are terminated.

4.8.2.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining 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 lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also measured to reflect any remeasurement or change in lease terms. These remeasurement of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the statement of comprehensive income as financial charges over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

4.8.3 Capital work in progress

Capital work in progress is stated at cost less any impairment in value. It includes advances to suppliers in respect of tangible fixed assets.

4.8.4 Intangible

These are stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 6 to the financial statements.

Amortisation on additions is charged from the month in which the asset is acquired or capitalised and on disposal up to the month the asset is in use.

Software development costs are only capitalised to the extent that future economic benefits are expected to be derived by the Company.

4.9 Impairment of non-financial assets

The carrying amount of assets (other than deferred tax asset) are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account, as appropriate. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

4.10 Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

4.11 Investment income

- Income from held to maturity / available for sale investments is recognised using effective interest method. The difference between the redemption value and the purchase price of the held to maturity investments is amortised over the term of the investment and is taken to the profit and loss account.
- Dividend income on investments is recognised when the Company's right to receive the payment is established.
- Gain or loss on sale of investments is included in the profit and loss account.
- Return on bank deposits, loans to employees and loans to policyholders are recognised on a time proportionate basis taking into account the effective yield.
- Revaluation gain / loss on investments held 'at fair value through profit or loss' is recognised as income / expense in the profit and loss account.

4.12 Earnings per share

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

4.13 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components.

All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The chief operating decision maker has been identified as the Chief Executive Officer.

The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Takaful Rules, 2012. The Company has 11 Operating segments for reporting purposes namely; a) Individual Life participating business, b) Individual Life non-participating business, c) Investment linked d) Accidental & health e) Group Life, f) Group health, g) Pension business h) Individual family takaful, i) Accidental and health individual takaful j) Group family takaful and k) Accident & health family takaful.

- The Life (participating) segment provides life insurance coverage to individuals under individual life policies that are entitled to share in the surplus earnings of the statutory fund to which they are referable.
- The Life (non-participating) segment provides life insurance coverage to individuals under individual life policies that are not entitled to share in the surplus earnings of the statutory fund to which they are referable.
- The Life (non-participating) Group segment provides life insurance coverage to employer-employee (and similar) groups of employees / members under a single life policy issued to the employer. The Group policy is not entitled to share in the surplus earnings of the statutory fund to which it is referable.
- The Investment Linked business segment provides life insurance coverage to individuals, whereby the benefits are expressed in terms of units, the value of which is related to the market value of specified assets.
- The Accident and Health - Individual segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals.
- The Accident and Health - Group segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.
- The Pension Fund segment provides coverage for the purposes of a pension or a retirement scheme with or without the payments being guaranteed for a minimum period.

Family Takaful

- The Individual Family Takaful business segment provides family takaful coverage to individuals under unit-linked policies issued by the Company.
- The individual Accidental and Health Takaful business segment provides takaful pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals.
- The Group Family Takaful business segments provides family takaful coverage to members of business enterprises, corporate entities and common interest groups under group family takaful scheme operated by the Company.
- The Group Health Takaful provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.

Actuarial valuation of life insurance business is required to be carried out annually at the reporting date. Policyholders' liabilities included in the statutory funds are based on the actuarial valuation carried out by the Appointed Actuary as at December 31, 2020.

The Company reviews the basis of estimation used in respect of allocation of assets, liabilities, income and expenses not referable to specific fund with the consultation of Company's appointed actuary.

4.14 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in income currently.

4.15 Statutory funds

The Company maintains statutory funds in respect of each class of life insurance business. Assets, liabilities, revenues, and expenses of the Company are usually referable to respective statutory funds, however, where these are not referable to statutory funds, these are allocated to shareholders' fund.

Apportionment of assets, liabilities, revenues and expenses, wherever required, between funds are made on a fair and equitable basis in accordance with the written advice of the appointed actuary.

4.16 Financial instruments

Financial instruments carried on the statement of financial position include cash and bank deposits, loans secured against other assets, investment in government securities and listed securities, premiums due but unpaid, amount due from / to agents, sundry receivables, accrued interest, accrued expenses, other creditors and accruals, and dividend payable.

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. These financial assets and liabilities are subsequently measured at fair market value or amortised cost as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

4.17 Offsetting of financial assets and 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 recognised amount and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.18 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.19 Dividend and appropriation of reserve

Dividend and appropriation to reserve except appropriations required by the law or determined by the appointed actuary or allowed by the Insurance Ordinance, 2000, are recognised in the year in which these are approved.

5 PROPERTY AND EQUIPMENT

| | Note | 2020 | 2019 |
|--|------|----------------|----------------|
| Tangible assets (including right-of-use-asset) | 5.1 | 325,353 | 203,138 |
| Capital work in progress | 5.2 | 22,286 | 1,737 |
| | | <u>347,639</u> | <u>204,875</u> |

5.1 Tangible assets

| | 2020 | | | | | | | | |
|------------------------|------------------|-------------------------|-------------------|--------------------------|---------------------|---------------|-------------------|----------------------------------|-------------------|
| | Cost | | | Accumulated depreciation | | | | Net book value as at December 31 | Depreciation Rate |
| | As at January 01 | Additions / (disposals) | As at December 31 | As at January 01 | Charge for the year | Disposals | As at December 31 | | |
| | Rupees in (000) | | | | | | | | % |
| Leasehold improvements | 97,541 | 9,403 (67) | 106,877 | 38,792 | 7,436 | 67 | 46,161 | 60,716 | 10 |
| Computer equipment | 114,029 | 31,195 | 145,224 | 87,847 | 23,267 | - | 111,114 | 34,110 | 20 - 33.33 |
| Vehicles owned | 36,436 | 101 (9,475) | 27,062 | 36,157 | 126 | 9,335 | 26,948 | 114 | 20 |
| Right-of-use asset | | | | | | | | | |
| - Vehicles | 61,792 | 106,681 (5,630) | 162,843 | 18,533 | 23,720 | 3,679 | 38,574 | 124,269 | 20 |
| - Property | 30,179 | 41,286 (6,431) | 65,034 | 13,101 | 21,614 | 6,431 | 28,284 | 36,750 | 5 - 80 |
| | 91,971 | 135,906 | 227,877 | 31,634 | 45,334 | 10,110 | 66,858 | 161,019 | |
| Furniture and fixtures | 62,310 | 11,346 (227) | 73,429 | 29,756 | 4,628 | 227 | 34,157 | 39,272 | 10 |
| Office equipment | 44,437 | 8,902 (258) | 53,081 | 19,400 | 3,791 | 232 | 22,959 | 30,122 | 10 |
| | 446,724 | 208,914 (22,088) | 633,550 | 243,586 | 84,582 | 19,971 | 308,197 | 325,353 | |

| | 2019 | | | | | | | | |
|------------------------|------------------|-------------------------|-------------------|--------------------------|---------------------|-----------------|-------------------|----------------------------------|-------------------|
| | Cost | | | Accumulated depreciation | | | | Net book value as at December 31 | Depreciation Rate |
| | As at January 01 | Additions / (disposals) | As at December 31 | As at January 01 | Charge for the year | Disposals | As at December 31 | | |
| | Rupees in (000) | | | | | | | | % |
| Leasehold improvements | 73,376 | 24,165 | 97,541 | 32,595 | 6,197 | - | 38,792 | 58,749 | 10 |
| Computer equipment | 111,804 | 6,905 (4,680) | 114,029 | 71,736 | 19,191 | (3,080) | 87,847 | 26,182 | 20 - 33.33 |
| Vehicles owned | 52,990 | 57 (16,611) | 36,436 | 52,599 | 169 | (16,611) | 36,157 | 279 | 20 |
| Right-of-use asset | | | | | | | | | |
| - Vehicles | 37,020 | 28,321 (3,549) | 61,792 | 13,977 | 7,732 | (3,176) | 18,533 | 43,259 | 20 |
| - Property | 17,893 | 12,286 | 30,179 | - | 13,101 | - | 13,101 | 17,078 | 5 - 80 |
| | 54,913 | 37,058 | 91,971 | 13,977 | 20,833 | (3,176) | 31,634 | 60,337 | |
| Furniture and fixtures | 56,014 | 6,296 | 62,310 | 25,571 | 4,185 | - | 29,756 | 32,554 | 10 |
| Office equipment | 39,430 | 5,007 | 44,437 | 15,999 | 3,401 | - | 19,400 | 25,037 | 10 |
| | 388,527 | 83,037 (24,840) | 446,724 | 212,477 | 53,976 | (22,867) | 243,586 | 203,138 | |

5.1.1 The cost of fully depreciated tangible assets still in use amounts to Rs. 145.219 million (2019: Rs. 151.431 million).

5.1.2 Disposal of tangible assets

Disposal of tangible assets during the year 2020 having net book value exceeding Rupees fifty thousand :

| Particulars of asset | Cost | Accumulated Depreciation | Net Book Value | Sale proceeds | Net gain | Mode of disposal | Name of the buyer |
|----------------------|-----------------|--------------------------|----------------|---------------|----------|------------------|-------------------|
| | Rupees in (000) | | | | | | |

Disposals having book value exceeding Rs. 50,000 individually

Right-of-use assets - vehicle

| | | | | | | | |
|----------------------------|-------|-------|-------|-------|-----|----------------|--------------------------------|
| Vehicles - Toyota Corrolla | 2,048 | 1,787 | 261 | 809 | 548 | Company policy | Akif Zia Malik - (Ex employee) |
| Vehicles - Suzuki Cultus | 1,795 | 181 | 1,614 | 1,745 | 131 | Company policy | Insurance claim |
| Vehicles - Suzuki Mehran | 732 | 657 | 75 | 325 | 250 | Company policy | Adeel Safdar - (Employee) |
| | 4,575 | 2,625 | 1,950 | 2,879 | 929 | | |

Vehicles owned

| | | | | | | | |
|--------------------------|-----|-----|-----|-----|-----|----------------|-------------------------------|
| Vehicles - Suzuki Mehran | 698 | 558 | 140 | 525 | 385 | Company policy | Muhammad Abid - (Ex employee) |
|--------------------------|-----|-----|-----|-----|-----|----------------|-------------------------------|

Disposals having book value not exceeding Rs. 50,000 individually

| | | | | | | | |
|--------------------------------|--------|--------|----|-------|-------|----------------|------------------------------|
| Right-of-use assets - vehicle | 1,055 | 1,054 | 1 | 441 | 440 | Company policy | Kamran Khan - (Ex employee) |
| Right-of-use assets - property | 6,431 | 6,431 | - | - | - | Company policy | Lease arrangement terminated |
| Vehicles owned | 8,777 | 8,777 | - | 2,266 | 2,266 | Company policy | Various persons |
| Furniture and fixture | 227 | 227 | - | 76 | 76 | Negotiations | Various persons |
| Leasehold improvements | 67 | 67 | - | 1 | 1 | Negotiations | Various persons |
| Office equipment | 258 | 232 | 26 | 22 | (4) | Negotiations | Various persons |
| | 16,815 | 16,788 | 27 | 2,806 | 2,779 | | |

2020

| | | | | | |
|--|--------|--------|-------|-------|-------|
| | 22,088 | 19,971 | 2,117 | 6,210 | 4,093 |
|--|--------|--------|-------|-------|-------|

2019

| | | | | | |
|--|--------|--------|-------|-------|-------|
| | 24,840 | 22,867 | 1,973 | 9,863 | 7,890 |
|--|--------|--------|-------|-------|-------|

5.2 Capital work in progress

Opening balance
Additions during the year
Transfers during the year
Closing balance

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

| | | |
|--|-----------|----------|
| | 1,737 | 17,852 |
| | 229,463 | 66,922 |
| | (208,914) | (83,037) |
| | 22,286 | 1,737 |

6 INTANGIBLE ASSETS

Computer softwares
Capital work in progress

| | | |
|-----|---------|---------|
| 6.1 | 383,324 | 437,463 |
| 6.2 | - | - |
| | 383,324 | 437,463 |

6.1 Computer softwares

| | Cost | | | Accumulated amortisation | | | | Net book value as at December 31 | Amortisation Rate |
|-------------------|------------------|------------------------|-------------------|--------------------------|---------------------|-----------|-------------------|----------------------------------|-------------------|
| | As at January 01 | Additions / (Disposal) | As at December 31 | As at January 01 | Charge for the year | Disposals | As at December 31 | | |
| | | Rupees in (000) | | | | | | | |
| Computer software | 522,533 | 26,010 | 548,543 | 85,070 | 80,149 | - | 165,219 | 383,324 | 10 - 33.33 |
| 2020 | 522,533 | 26,010 | 548,543 | 85,070 | 80,149 | - | 165,219 | 383,324 | 10 - 33.33 |
| 2019 | 25,505 | 497,028 | 522,533 | 12,433 | 72,637 | - | 85,070 | 437,463 | 10 - 33.33 |

6.1.1 The cost of fully amortised intangible assets still in use amounts to Rs. 10.483 million (2019: Rs. 9.458 million).

| | | 2020 | 2019 |
|-----|---------------------------------|------------------------------|-----------|
| | | ----- (Rupees in '000) ----- | |
| 6.2 | Capital work in progress | | |
| | Opening balance | - | 365,127 |
| | Additions during the year | 26,010 | 131,901 |
| | Transfers during the year | (26,010) | (497,028) |
| | Closing balance | - | - |

7 INVESTMENTS IN EQUITY SECURITIES

| 2020 | | | 2019 | | |
|-----------------|--------------|---------------------------------------|-----------------|--------------|---------------------------------------|
| Carrying amount | Market value | Surplus on revaluation of investments | Carrying amount | Market value | Surplus on revaluation of investments |

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

Note

Available for sale:

| | | | | | | | |
|--------------------------|-----|------------------|------------------|----------------|------------------|------------------|----------------|
| Listed equity securities | 7.1 | 39,320 | 43,143 | 3,823 | 82,078 | 86,130 | 4,052 |
| Listed Mutual Funds | 7.2 | 3,309,517 | 4,007,910 | 698,393 | 2,844,251 | 3,027,759 | 183,508 |
| | | <u>3,348,837</u> | <u>4,051,053</u> | <u>702,216</u> | <u>2,926,329</u> | <u>3,113,889</u> | <u>187,560</u> |

7.1 Details of listed equity securities

Particulars of scrip

Automobile assembler

| | | 2020 | 2019 |
|--|---------------------------|------------------------------|--------------|
| | | ----- (Rupees in '000) ----- | |
| | Honda Atlas Cars Limited | 427 | 285 |
| | Millat Tractors Limited | 328 | 211 |
| | Pak Suzuki Motors Limited | 363 | - |
| | Thal Limited | - | 981 |
| | | <u>1,118</u> | <u>1,477</u> |

Cement

| | | | |
|--|--------------------------------|--------------|--------------|
| | Attock Cement Pakistan Limited | 18 | 12 |
| | D.G Khan Cement Limited | 516 | - |
| | Kohat Cement Limited | 1,513 | 619 |
| | Lucky Cement Limited | 2,889 | 3,749 |
| | Maple Leaf Cement Limited | 555 | 806 |
| | Fauji Cement Limited | 325 | 78 |
| | | <u>5,816</u> | <u>5,264</u> |

Chemicals

| | | | |
|--|-------------------------------------|--------------|--------------|
| | Engro Polymer and Chemicals Limited | 1,378 | 2,126 |
| | Descon Chemicals Limited | 235 | - |
| | | <u>1,613</u> | <u>2,126</u> |

Commercial Banks

| | | | |
|--|---------------------------|--------------|---------------|
| | Allied Bank Limited | 785 | 2,304 |
| | Bank Alfalah Limited | 1,897 | 5,130 |
| | Bank AlHabib Limited | 1,322 | 4,227 |
| | Bank of Punjab | - | 1,241 |
| | Faysal Bank Limited | 315 | 5 |
| | Habib Bank Limited | 2,884 | 4,376 |
| | MCB Bank Limited | 871 | 2,090 |
| | Meezan Bank Limited | - | 447 |
| | United Bank Limited | 1,573 | 4,047 |
| | National Bank of Pakistan | 107 | 1,342 |
| | | <u>9,754</u> | <u>25,209</u> |

Engineering

| | | | |
|--|--|--------------|--------------|
| | Amreli Steels Limited | 241 | 433 |
| | AGHA Steels Industries Limited | 493 | - |
| | International Steels Limited | 65 | 243 |
| | Mughal Steels Mills Limited | 757 | 881 |
| | Pakistan National Shipping Corporation | - | 517 |
| | | <u>1,556</u> | <u>2,074</u> |

| | | | |
|--|-------------------------|---------------|---------------|
| | Balance carried forward | <u>19,857</u> | <u>36,150</u> |
|--|-------------------------|---------------|---------------|

Particulars of scrip

| | | | |
|--|-------------------------|--------|--------|
| | Balance brought forward | 19,857 | 36,150 |
|--|-------------------------|--------|--------|

Fertilizer

| | | | |
|--|------------------------------------|--------------|--------------|
| | Engro Corporation Limited | 1,930 | 4,454 |
| | Engro Fertilizers Limited | 443 | 2,533 |
| | Fauji Fertilizer Bin Qasim Limited | 1,671 | 2 |
| | Fauji Fertilizer Limited | - | 2,182 |
| | Dynea Pakistan Limited | - | 371 |
| | | <u>4,044</u> | <u>9,542</u> |

Glass and ceramics

| | | | |
|--|--------------------------------|-----|-----|
| | Tariq Glass Industries Limited | 571 | 535 |
|--|--------------------------------|-----|-----|

Insurance

| | | | |
|--|-----------------------------------|-----|-------|
| | Adamjee Insurance Company Limited | 197 | 1,179 |
|--|-----------------------------------|-----|-------|

Oil and gas exploration companies

| | | | |
|--|---|--------------|---------------|
| | Mari Petroleum Limited | 2,447 | 4,470 |
| | Oil and Gas Development Company Limited | 1,920 | 5,394 |
| | Pakistan Oilfields Limited | 992 | 2,926 |
| | Pakistan Petroleum Limited | 1,789 | 6,048 |
| | | <u>7,148</u> | <u>18,838</u> |

Oil and gas marketing companies

| | | | |
|--|-----------------------------------|--------------|--------------|
| | Attock Petroleum Limited | 395 | 178 |
| | Pakistan State Oil Limited | 1,517 | 2,352 |
| | Sui Northern Gas Pipeline Limited | 280 | 2,270 |
| | | <u>2,192</u> | <u>4,800</u> |

Pharmaceuticals

| | | | |
|--|--|------------|--------------|
| | Abbott Laboratories (Pakistan) Limited | 264 | 156 |
| | Glaxosmithkline (Pakistan) Limited | 364 | 289 |
| | The Searle Limited | 253 | 1,246 |
| | HIGHNOON Laboratories | - | 806 |
| | | <u>881</u> | <u>2,497</u> |

Power generations and distribution

| | | | |
|--|--------------------------------|--------------|--------------|
| | Hub Power Company Limited | 2,515 | 6,560 |
| | K-electric Limited | 188 | 428 |
| | Kot Addu Power Company Limited | - | 236 |
| | Saif Power Limited | - | 272 |
| | | <u>2,703</u> | <u>7,496</u> |

Refinery

| | | | |
|--|-------------------------|---|----|
| | Attock Refinery Limited | - | 11 |
|--|-------------------------|---|----|

Synthetic and Rayon

| | | | |
|--|---------------------------------------|------------|--------------|
| | Synthetic Products Enterprise Limited | 4 | 4 |
| | ICI Pakistan Limited | 190 | 1,080 |
| | | <u>194</u> | <u>1,084</u> |

Technology and telecommunication

| | | | |
|--|-----------------|-------|-----|
| | Systems Limited | 1,782 | 752 |
|--|-----------------|-------|-----|

Textile

| | | | |
|--|---------------------------------|--------------|--------------|
| | Gul Ahmed Textile Mills Limited | 537 | 1,233 |
| | Kohinoor Textile Mills Limited | 486 | 5 |
| | Nishat Chunian Limited | 652 | 213 |
| | Interloop Limited | 739 | 310 |
| | Nishat Mills Limited | 1,160 | 1,485 |
| | | <u>3,574</u> | <u>3,246</u> |

| | | 2020 | 2019 |
|--|--|------------------------------|---------------|
| | | ----- (Rupees in '000) ----- | |
| | | <u>43,143</u> | <u>86,130</u> |

7.2 Details of listed mutual funds

| | 2020 | 2019 |
|---|------------------------------|------------------|
| | ----- (Rupees in '000) ----- | |
| Al Ameen Islamic Aggressive Income Fund | 32,942 | 31,579 |
| Al Ameen Islamic Cash Fund | 14,894 | 26,194 |
| Al Ameen Shariah Stock Fund | 205,357 | 179,715 |
| Alfalah GHP Alpha Fund | 19,901 | 19,127 |
| Alfalah GHP Income Fund | 41,008 | - |
| Alfalah GHP Islamic Income Fund | 102,467 | 43,017 |
| Alfalah GHP Islamic Stock Fund | 123,962 | 151,212 |
| Alfalah GHP Money Market Fund | 514,478 | 340,124 |
| Alfalah GHP Stock Fund | 231,833 | 86,456 |
| ABL Stock Fund | 22,925 | - |
| ABL Islamic Stock Fund | 166,576 | - |
| ABL Islamic Income Fund | 11,406 | - |
| Atlas Islamic Income Fund | 16,356 | - |
| Atlas Islamic Stock Fund | 143,587 | 131,942 |
| Atlas Stock Market Fund | 111,439 | 121,758 |
| Atlas Income Fund | 13,962 | - |
| Faysal Stock Fund | 22,882 | - |
| Faysal Islamic Stock Fund | 32,070 | - |
| HBL Islamic Income Fund | 14,102 | - |
| HBL Islamic Stock Fund | 70,401 | 181,662 |
| HBL Stock Fund | 21,078 | 182,968 |
| HBL Government Securities Fund | - | 1,390 |
| HBL Income Fund | 976 | - |
| MCB Islamic Income Fund | 143,809 | 52,241 |
| MCB Pakistan Income Fund | 2,550 | 2,342 |
| MCB Pakistan Islamic Stock Fund | 295,690 | 213,880 |
| MCB Pakistan Stock Market Fund | 372,616 | 325,170 |
| Meezan Islamic Fund | 20,563 | 275 |
| Meezan Cash Fund | 9,101 | 15,262 |
| Meezan Islamic Income Fund | 66,600 | 46,989 |
| Meezan Islamic Stock Fund | - | 56,377 |
| Meezan Sovereign Fund | 8,106 | - |
| NBP Islamic Income Fund | 6,109 | - |
| NBP Islamic Stock Fund | 256,740 | 177,519 |
| NBP Money Market Fund | - | 132 |
| NBP Stock Fund | 401,418 | 171,013 |
| NBP Savings Fund | 347 | - |
| NBP Financial Sector Income Fund | 2,095 | - |
| UBL Income Opportunity Fund | 261 | - |
| UBL Money Market Fund | 6,398 | 7,393 |
| UBL Stock Advantage Fund | 480,905 | 462,022 |
| | <u>4,007,910</u> | <u>3,027,759</u> |

8 INVESTMENTS IN GOVERNMENT SECURITIES

| | Note | 2020 | | | 2019 | | |
|------------------------------|----------------|-------------------|-------------------|---|-------------------|-------------------|---------------------------------------|
| | | Carrying amount | Market value | Surplus / (deficit) on revaluation of investments | Carrying amount | Market value | Surplus on revaluation of investments |
| ----- (Rupees in '000) ----- | | | | | | | |
| Available for sale: | | | | | | | |
| Pakistan Investment Bonds | 8.1, 8.2 & 8.5 | 2,771,945 | 2,775,342 | 3,397 | 8,991,933 | 9,235,853 | 243,920 |
| Market Treasury Bills | 8.3 & 8.5 | 10,587,073 | 10,589,744 | 2,671 | 3,005,634 | 3,011,735 | 6,101 |
| GOP Ijarah Sukuk | 8.4 & 8.5 | 284,756 | 275,167 | (9,589) | - | - | - |
| | | <u>13,643,774</u> | <u>13,640,253</u> | <u>(3,521)</u> | <u>11,997,567</u> | <u>12,247,588</u> | <u>250,021</u> |

8.1 The effective yield on Pakistan Investment Bonds ranges from 6.40% to 12.68% (2019: 6.60% to 14.97%) per annum. The market yield ranges from 7.12% to 8.20% (2019: 11% to 13.44%) per annum.

8.2 The Company has deposited 5 years Pakistan Investment Bonds amounting to Rs. 193 million (2019: Rs. 192.34 million) with State Bank of Pakistan (SBP) under section 29 of the Insurance Ordinance, 2000.

8.3 The effective yield on Market Treasury Bills ranges from 6.50% to 13.12% (2019: 13.15% to 14.19%) per annum. The market yield ranges from 7.07% to 7.15% (2019: 13.25% to 13.44%) per annum.

8.4 The effective yield on GOP Ijarah Sukuk ranges from 6.63% to 7.37% (December 31, 2019: Nil) per annum.

8.5 Particulars of government securities

| | Tenure | Maturity year | Rate of return (%) per annum | Profit payment | Market value | |
|----------------------------|----------|---------------|------------------------------|----------------|-------------------|-------------------|
| | | | | | 2020 | 2019 |
| -----Rupees in '000----- | | | | | | |
| Pakistan Investment Bonds | 10 years | 2020 | 12.00% | Semi-annual | - | 496,433 |
| Pakistan Investment Bonds | 5 years | 2020 | 9.25% | Semi-annual | - | 861,568 |
| Pakistan Investment Bonds | 10 years | 2024 | 12.00% | Semi-annual | 40,134 | 43,912 |
| Pakistan Investment Bonds | 5 years | 2024 | 9.50% | Semi-annual | - | 1,276,855 |
| Pakistan Investment Bonds | 4 years | 2021 | 7.25% | Semi-annual | - | 253,748 |
| Pakistan Investment Bonds | 5 years | 2021 | 7.75% | Semi-annual | 151,226 | 142,048 |
| Pakistan Investment Bonds | 5 years | 2023 | 8.00% | Semi-annual | 597 | 2,418,596 |
| Pakistan Investment Bonds* | 10 years | 2028 | 7.70% | Semi-annual | 1,999,396 | 800,883 |
| Pakistan Investment Bonds* | 10 years | 2028 | 7.98% | Semi-annual | 296,700 | 629,500 |
| Pakistan Investment Bonds* | 10 years | 2028 | 7.67% | Semi-annual | 162,295 | 2,312,310 |
| Pakistan Investment Bonds* | 10 years | 2029 | 7.89% | Semi-annual | 124,994 | - |
| | | | | | <u>2,775,342</u> | <u>9,235,853</u> |
| Treasury Bills | 3 months | 2020 | 13.40% | On maturity | - | 152,780 |
| Treasury Bills | 6 months | 2020 | 13.41% | On maturity | - | 471,200 |
| Treasury Bills | 1 year | 2020 | 13.25% | On maturity | - | 2,387,755 |
| Treasury Bills | 3 months | 2021 | 7.10% | On maturity | 7,903,776 | - |
| Treasury Bills | 6 months | 2021 | 7.20% | On maturity | 517,699 | - |
| Treasury Bills | 6 months | 2021 | 7.10% | On maturity | 83,993 | - |
| Treasury Bills | 1 year | 2021 | 7.40% | On maturity | 117,346 | - |
| Treasury Bills | 1 year | 2021 | 13.10% | On maturity | 467,783 | - |
| Treasury Bills | 1 year | 2021 | 6.40% | On maturity | 49,063 | - |
| Treasury Bills | 1 year | 2021 | 6.90% | On maturity | 96,525 | - |
| Treasury Bills | 1 year | 2021 | 6.50% | On maturity | 137,058 | - |
| Treasury Bills | 1 year | 2021 | 9.50% | On maturity | 44,156 | - |
| Treasury Bills | 1 year | 2021 | 7.60% | On maturity | 52,702 | - |
| Treasury Bills | 1 year | 2021 | 7.20% | On maturity | 922,242 | - |
| Treasury Bills | 1 year | 2021 | 7.10% | On maturity | 26,209 | - |
| Treasury Bills | 1 year | 2021 | 7.30% | On maturity | 171,192 | - |
| | | | | | <u>10,589,744</u> | <u>3,011,735</u> |
| GOP Ijara Sukuk | 5 years | 2025 | 6.63% | Semi-annual | 275,167 | - |
| | | | | | <u>275,167</u> | <u>-</u> |
| | | | | | <u>13,640,253</u> | <u>12,247,588</u> |

* These represent floating rate PIB's issued by the SBP.

9 INVESTMENTS IN DEBT SECURITIES

| Note | 2020 | | | 2019 | | |
|------------------------------------|-----------------|----------------|---|-----------------|----------------|---|
| | Carrying amount | Market value | Surplus / (deficit) on revaluation of investments | Carrying amount | Market value | Surplus / (deficit) on revaluation of investments |
| ----- (Rupees in '000) ----- | | | | | | |
| Available for sale: | | | | | | |
| Unlisted term finance certificates | 9.1 | 225,000 | 225,000 | - | 225,000 | 225,000 |
| Unlisted commercial paper | 9.1 | - | - | - | 232,354 | 232,354 |
| | | <u>225,000</u> | <u>225,000</u> | <u>-</u> | <u>457,354</u> | <u>457,354</u> |

9.1 Particulars of debt securities

| | 2020 | | | | | 2019 | | | | |
|---|------------------------|-----------|---------------------------|----------------|--------------|------------------------|-----------|---------------------------|----------------|--------------|
| | Number of certificates | Tenure | Coupon rate | Profit payment | Market Value | Number of certificates | Tenure | Coupon rate | Profit payment | Market Value |
| | Rupees in '000 | | | | | Rupees in '000 | | | | |
| Unlisted Term Finance Certificates | | | | | | | | | | |
| Bank Alfalah Limited | 10,000 | 5 years | 3 months Kibor plus 1.50% | Semi annual | 50,000 | 10,000 | 5 years | 3 months Kibor plus 1.50% | Semi annual | 50,000 |
| Soneri Bank Limited | 10,000 | 5 years | 6 months Kibor plus 2% | Semi annual | 50,000 | 10,000 | 5 years | 6 months Kibor plus 2% | Semi annual | 50,000 |
| UBL Bank Limited | 15,000 | 5 years | 3 months Kibor plus 1.55% | Quarterly | 75,000 | 15,000 | 5 years | 3 months Kibor plus 1.55% | Quarterly | 75,000 |
| Habib Bank Limited | 10,000 | Perpetual | 3 months Kibor plus 1.60% | Quarterly | 50,000 | 10,000 | Perpetual | 3 months Kibor plus 1.60% | Quarterly | 50,000 |
| | 45,000 | | | | 225,000 | 45,000 | | | | 225,000 |
| Unlisted Commercial Paper | | | | | | | | | | |
| Hub Power Company Limited | - | | | | - | 2,500,000 | 1 year | 15.40% | Maturity | 232,354 |
| | - | | | | - | 2,500,000 | | | | 232,354 |
| | 45,000 | | | | 225,000 | 2,545,000 | | | | 457,354 |

10 INVESTMENTS IN TERM DEPOSITS

| | 2020 | | 2019 | |
|------------------------------------|------------------|--------------------------|------------------|----------------------------|
| | Principal amount | Rate | Principal amount | Rate |
| | Rupees in 000 | | Rupees in 000 | |
| Deposits maturing within 12 months | 1,101,600 | 6.25% to 6.75% per annum | 1,532,107 | 11.75% to 13.50% per annum |

Note **2020** **2019**
----- (Rupees in '000) -----

11 INSURANCE / TAKAFUL / REINSURANCE / RETAKAFUL RECEIVABLES

| | | |
|--|---------|---------|
| Due from insurance / takaful contract holders - unsecured - Considered good | 114,479 | 278,230 |
| Due from other insurers / reinsurers / retakaful - unsecured - Considered good | 93,715 | 182,728 |
| | 208,194 | 460,958 |
| Less: provision for impairment of receivables from Insurance contract holders | - | - |
| | 208,194 | 460,958 |

12 OTHER LOANS AND RECEIVABLES

| | | |
|---|---------|---------|
| Security deposit | 22,948 | 14,962 |
| Loans to agents | 278 | 278 |
| Receivable against claim administration services - net of provision | 104,427 | 186,758 |
| Experience refund receivables | 66,356 | 32,165 |
| Accrued income | 79,238 | 381,044 |
| Other receivables | 119,838 | 32,092 |
| | 393,085 | 647,299 |

13 DEFERRED TAX ASSET / (LIABILITY) - NET

| | | |
|---|----|----------------|
| Deferred tax (liability) / asset arising in respect of: | | |
| Unrealised (losses) / gains on investments classified as available for sale - net | 17 | 2,807 (754) |
| Deferred tax asset / (liability) arising in respect of: | | |
| On Ledger D account balances | | 262,208 60,551 |
| | | 265,015 59,797 |

14 PREPAYMENTS

| | | |
|--------------------|--------|---------|
| Prepaid rent | 1,563 | 4,209 |
| Prepaid commission | 66,414 | 85,294 |
| Others | 18,526 | 15,172 |
| | 86,503 | 104,675 |

15 CASH AND BANK

| | | |
|---------------------------------|---------|---------|
| Cash in hand | 650 | 774 |
| Cash at bank - Savings accounts | 362,613 | 109,688 |
| | 363,263 | 110,462 |

15.1 These accounts carry profit at rates ranging from 5.5% (2019: 10% to 12%).

15.1 Cash and cash equivalents

| | | |
|--|-----------|-----------|
| Cash and bank | 363,263 | 110,462 |
| Term deposit receipts (with original maturity of less than 3 months) | 1,101,600 | 1,532,107 |
| | 1,464,863 | 1,642,569 |

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

16.1 Issued, subscribed and paid-up share capital

| | 2020 | 2019 | | 2020 | 2019 |
|-------------|--------------------|---|-----------|------------------------|------|
| | (Number of shares) | | | (Rupees in '000) ----- | |
| 170,567,200 | 70,567,200 | Ordinary shares of Rs. 10 each fully paid in cash | 1,705,672 | 705,672 | |
| - | 100,000,000 | Issuance of right shares at Rs.10 each fully paid in cash | - | 1,000,000 | |
| 170,567,200 | 170,567,200 | | 1,705,672 | 1,705,672 | |

16.2 IGI Holdings Limited (Holding Company) held 141,043,321 (2019: 141,043,321) shares representing 82.69% (2019: 82.69%) of the Company's shares as at December 31, 2020. These include 824,910 shares in respect of withholding tax on bonus shares issued by the Company. These shares have not been released by the Company to the Government Treasury based on a stay order issued by the Honorable High Court of Sindh.

17 SURPLUS ON REVALUATION OF AVAILABLE FOR SALE INVESTMENTS - NET

| | 2020 | 2019 |
|--|------------------------|-------------|
| | (Rupees in '000) ----- | |
| Surplus / (deficit) on revaluation of available for sale investments at January 1 | 8,497 | (57,494) |
| (Deficit) / surplus arising on revaluation of available for sale investments during the year | (12,281) | 34,507 |
| Less: Surplus arising on revaluation of available for sale investments during the year on non-participating fund | 3,308 | 31,484 |
| | (476) | 8,497 |
| Less : related deferred tax (liability) / asset | 13 | 2,807 (754) |
| Surplus on revaluation of available for sale investments at December 31 | 2,331 | 7,743 |

18 INSURANCE LIABILITIES

| | | | |
|--|------|------------|------------|
| Incurred but not reported claims | 18.1 | 169,197 | 221,007 |
| Investment component of unit-linked and account value policies | 18.2 | 9,370,557 | 7,967,418 |
| Liabilities under individual conventional insurance contracts | 18.2 | 6,904,090 | 6,785,242 |
| Liabilities under group insurance contracts | 18.3 | 293,447 | 292,730 |
| Other insurance liabilities | 18.4 | 921,907 | 1,188,543 |
| Ledger account A and B | | 492,826 | 409,240 |
| | | 18,152,024 | 16,864,180 |

| | Note | 2020 | 2019 |
|--|------|------------------------------|-------------|
| | | ----- (Rupees in '000) ----- | |
| 18.1 Incurred but not reported claims | | | |
| Gross of reinsurance | | 187,801 | 221,462 |
| Reinsurance recoveries | | (18,604) | (455) |
| Net of reinsurance | | 169,197 | 221,007 |
| 18.2 Investment component of unit-linked and account value policies | | | |
| Investment component of unit-linked policies | | 9,370,557 | 7,967,418 |
| Investment component of account value policies | | 6,904,090 | 6,785,242 |
| | | 16,274,647 | 14,752,660 |
| 18.3 Liabilities under group insurance contracts | | | |
| Gross of reinsurance | | 350,936 | 329,146 |
| Reinsurance credit | | (57,488) | (36,416) |
| Net of reinsurance | | 293,447 | 292,730 |
| 18.4 Other insurance liabilities | | | |
| Gross of reinsurance | | 975,144 | 1,129,339 |
| Reinsurance | | (53,237) | 59,204 |
| Net of reinsurance | | 921,907 | 1,188,543 |
| 19 OUTSTANDING CLAIMS | | | |
| Opening balance | | 371,060 | 281,426 |
| Total gross claims | 30 | 4,416,919 | 4,883,118 |
| Claims paid /settled | | (4,310,755) | (4,793,484) |
| Closing balance | | 477,224 | 371,060 |

20 RETIREMENT BENEFIT OBLIGATIONS

20.1 DEFINED BENEFIT PLAN - GRATUITY FUND

The Company offers an approved gratuity fund for all eligible employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity scheme is governed under the Trust Act, 1882, Trust Deed and Rules of the Fund, the Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

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

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility

Most assets are invested in risk free investments. However, investments in shares, are subject to adverse fluctuation as a result of change in market price.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investments.

Mortality risks

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

Withdrawal risks

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

20.2 Valuation results

Actuarial valuation is carried out every year and the latest valuation was carried out as at December 31, 2020. The information provided in notes 20.3 to 20.15 has been obtained from the actuarial valuation carried out as at December 31, 2020. The following significant assumptions have been used for valuation of this scheme:

| | 2020 | 2019 |
|---|-----------|----------|
| | Per annum | |
| a) Expected rate of increase in salary level | 10.25% | 11.75% |
| b) Discount rate | 10.25% | 11.75% |
| c) Expected return on plan assets | 9.00% | 9.00% |
| d) Normal retirement age | 65 years | 65 years |
| e) Assumptions regarding future mortality experience are based on actuarial recommendations and published statistics. | | |

20.3 Amounts recognised in the statement of financial position:

| | Note | 2020 | 2019 |
|---|------|------------------------------|----------|
| | | ----- (Rupees in '000) ----- | |
| Present value of defined benefit obligation | 20.5 | 59,557 | 50,759 |
| Less: fair value of plan assets | 20.5 | (35,100) | (26,650) |
| | | 24,457 | 24,109 |

20.4 Movement in liability during the year

| | 2020 | 2019 |
|---|----------|----------|
| Obligation at the beginning of the year | 24,109 | 36,249 |
| Charge to profit and loss account | 13,436 | 16,642 |
| Contribution to the fund during the year | (12,800) | - |
| Benefits paid by the Company | (3,136) | (21,188) |
| Actuarial losses / (gains) on defined benefit liability | 2,848 | (7,594) |
| Obligation at the end of the year | 24,457 | 24,109 |

20.5 Movement in defined benefit obligation

As at January 1
Current service cost
Interest expense / (income)

Remeasurements:

- Gain from change in financial assumptions
- Loss from change in experience adjustments

Contribution made the Company
Benefit payments by the fund
Benefit payments made by the Company
As at December 31

| | 2020 | | |
|--|------------------------------|---------------------------|----------|
| | Present Value of obligation | Fair value of plan assets | Total |
| | ----- (Rupees in '000) ----- | | |
| As at January 1 | 50,759 | (26,650) | 24,109 |
| Current service cost | 10,698 | - | 10,698 |
| Interest expense / (income) | 6,455 | (3,717) | 2,738 |
| | 67,912 | (30,367) | 37,545 |
| Remeasurements: | | | |
| - Gain from change in financial assumptions | (280) | - | (280) |
| - Loss from change in experience adjustments | 1,423 | 1,705 | 3,128 |
| | 1,143 | 1,705 | 2,848 |
| Contribution made the Company | - | (12,800) | (12,800) |
| Benefit payments by the fund | (6,362) | 6,362 | - |
| Benefit payments made by the Company | (3,136) | - | (3,136) |
| As at December 31 | 59,557 | (35,100) | 24,457 |

| | 2019 | | |
|--|------------------------------|---------------------------|----------|
| | Present Value of obligation | Fair value of plan assets | Total |
| | ----- (Rupees in '000) ----- | | |
| As at January 1 | 80,357 | (44,108) | 36,249 |
| Current service cost | 12,000 | - | 12,000 |
| Interest expense / (income) | 8,089 | (3,447) | 4,642 |
| | 100,446 | (47,555) | 52,891 |
| Remeasurements: | | | |
| - Gain from change in financial assumptions | (344) | - | (344) |
| - Gain from change in experience adjustments | (7,144) | (106) | (7,250) |
| | (7,488) | (106) | (7,594) |
| Benefit payments by the fund | (21,011) | 21,011 | - |
| Benefit payments made by the Company | (21,188) | - | (21,188) |
| As at December 31 | 50,759 | (26,650) | 24,109 |

| 20.6 Amounts recognised in the profit and loss account: | 2020 | 2019 |
|---|------------------------------|--------|
| | ----- (Rupees in '000) ----- | |
| Current service cost | 10,698 | 12,000 |
| Interest cost | 2,738 | 4,642 |
| Expense for the year | 13,436 | 16,642 |

| 20.7 Amounts recognised in other comprehensive income: | 2020 | 2019 |
|--|------------------------------|---------|
| | ----- (Rupees in '000) ----- | |
| Gain from change in financial assumptions | (280) | (344) |
| Loss / (gain) from change in experience adjustments | 3,128 | (7,250) |
| | 2,848 | (7,594) |

| 20.8 Actual return on plan assets | 2020 | 2019 |
|-----------------------------------|------------------------------|-------|
| | ----- (Rupees in '000) ----- | |
| Expected return on assets | 3,717 | 3,447 |
| Actuarial (loss) / gain | (1,705) | 106 |
| | 2,012 | 3,553 |

| 20.9 Analysis of present value of defined benefit obligation | 2020 | | 2019 | |
|--|----------------------|--|----------------------|--|
| | Change in assumption | Increase / (decrease) in present value of defined benefit obligation | Change in assumption | Increase / (decrease) in present value of defined benefit obligation |
| Split by vested / non-vested | | | | |
| (i) Vested benefits | | 58,683 | | 49,975 |
| (ii) Non-vested benefits | | 874 | | 784 |
| | | 59,557 | | 50,759 |

| 20.10 Sensitivity analysis | Particulars | 2020 | | | 2019 | | |
|----------------------------|-------------|----------------------|--|------------------|----------------------|--|------------------|
| | | Change in assumption | Increase / (decrease) in present value of defined benefit obligation | | Change in assumption | Increase / (decrease) in present value of defined benefit obligation | |
| | | | (%) | (Rupees in '000) | | (%) | (Rupees in '000) |
| Discount rate | +1% | 74.00% | 37,562 | +1% | -35.02% | (28,140) | |
| | -1% | 89.77% | 45,568 | -1% | 42.61% | 34,238 | |
| Salary increase rate | +1% | 90.09% | 45,731 | +1% | 42.76% | 34,358 | |
| | -1% | 73.61% | 37,362 | -1% | -34.83% | (27,991) | |

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

| 20.11 Plan assets comprise of the following: | 2020 | Percentage composition | 2019 | Percentage composition |
|--|---------------|------------------------|---------------|------------------------|
| | (Rupees '000) | | (Rupees '000) | |
| Cash and bank balances | 35,100 | 100.00% | 26,650 | 100.00% |
| Government Securities | - | - | - | - |
| Fair value of plan assets | 35,100 | 100.00% | 26,650 | 100.00% |

20.12 As per the actuarial recommendations, the expected return on plan assets was taken as 9% (2019: 9%), which is representative of yields on long-term government bonds.

20.13 Based on actuarial advice, the Company intends to charge an amount of Rs. 14.051 million in the financial statements for the year ending December 31, 2021.

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

| At December 31, 2020 | Less than a year | Between 1-2 Years | Between 2-5 years | Over 5 years | Total |
|----------------------|------------------------------|-------------------|-------------------|--------------|-----------|
| | ----- (Rupees in '000) ----- | | | | |
| Gratuity | 4,245 | 4,687 | 23,279 | 1,379,996 | 1,412,207 |

20.15 5 year data on the deficit / (surplus) of the plan is as follows:

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|------------------------------|----------|----------|----------|----------|
| | ----- (Rupees in '000) ----- | | | | |
| Present value of defined benefit obligation | 59,557 | 50,759 | 80,357 | 67,072 | 62,674 |
| Fair value of plan assets | (35,100) | (26,650) | (44,108) | (44,695) | (39,455) |
| Deficit | 24,457 | 24,109 | 36,249 | 22,377 | 23,219 |

21 DEFINED CONTRIBUTION PLAN - PROVIDENT FUND

The Company has set up a provident fund for its permanent employees and contributions were made by the Company to the Trust in accordance with the requirements of Section 218 of the Companies Act, 2017. The total charge against provident fund for the year ended December 31, 2020 was Rs. 14.752 million (2019: Rs. 14.871 million).

| | 2020 (unaudited) | | 2019 (unaudited) | |
|---------------------|------------------|---------------------------|------------------|---------------------------|
| | Rupees in '000 | % of the size of the fund | Rupees in '000 | % of the size of the fund |
| Balances with Banks | 59,361 | 97.46% | 51,745 | 94.12% |
| Other assets | 1,546 | 2.54% | 3,232 | 5.88% |
| | 60,907 | 100.00% | 54,977 | 100.00% |

| 21.1 Number of employees | 2020 | 2019 |
|---|--|------|
| | Number of employees at the end of the year | 236 |
| Average number of employees during the year | 224 | 209 |

22 REINSURANCE / RETAKAFUL PAYABLES

| Due to other insurers / reinsurers | 2020 | 2019 |
|------------------------------------|------------------------------|--------|
| | ----- (Rupees in '000) ----- | |
| | 40,965 | 75,298 |

23 OTHER CREDITORS AND ACCRUALS

| | 2020 | 2019 |
|----------------------------|--------------------|---------|
| | Commission payable | 173,311 |
| Payable to vendors | 16,947 | 3,279 |
| Withholding tax payable | 21,667 | 18,617 |
| Surrender payable | 21,306 | 11,733 |
| Experience refund payables | 31,149 | 98,106 |
| Payable to related party | 73,457 | 6,652 |
| Accrued expenses | 59,300 | 141,506 |
| Unclaimed dividend | 2,130 | 2,147 |
| Other liabilities | 102,166 | 110,714 |
| | 501,433 | 453,603 |

23.1 This represents amount payable in respect of expenses such as rent, salaries and utilities charged under Group shared services arrangement.

24 LEASE LIABILITY AGAINST RIGHT-OF-USE-ASSETS

| | 2020 | 2019 |
|---|------------------------------|---------------|
| | ----- (Rupees in '000) ----- | |
| Lease liability against right-of-use assets - motor vehicle | 100,372 | 34,288 |
| Lease liability against right-of-use assets - property | 35,842 | 15,279 |
| | <u>136,214</u> | <u>49,567</u> |
| Present value of minimum lease payments | 136,214 | 49,567 |
| Less: Current portion | (41,655) | (18,481) |
| | <u>94,559</u> | <u>31,086</u> |

| | 2020 | | | 2019 | | |
|---|------------------------------|---------------------------------------|-----------------------|------------------------|---------------------------------------|-----------------------|
| | Minimum lease payments | Financial charges for future payments | Principal outstanding | Minimum lease payments | Financial charges for future payments | Principal outstanding |
| | ----- (Rupees in '000) ----- | | | | | |
| Not later than one year | 41,655 | (7,307) | 48,962 | 18,481 | (1,920) | 20,401 |
| Later than one year and not later than five years | 94,559 | (13,831) | 108,390 | 31,086 | (9,353) | 40,439 |
| | <u>136,214</u> | <u>(21,138)</u> | <u>157,352</u> | <u>49,567</u> | <u>(11,273)</u> | <u>60,840</u> |

25 CONTINGENCIES AND COMMITMENTS

25.1 With effect from November 1, 2018, the Punjab Revenue Authority (PRA), withdrew the exemption on both, life and health insurance, and subjected the same to the levy of Punjab Sales Tax (PST). Previously, the Sindh Revenue Board (SRB) had withdrawn similar exemptions granted in Sindh. However, during 2019, the Sindh Revenue Board, vide notification no. SRB 3-4/5/2019 dated May 8, 2019, restored the exemption on both, life and health insurance business upto June 30, 2019.

With effect from July 1, 2019, in Sindh, the SRB, vide its notifications SRB-3-4/16/2019 and SRB-3-4/14/2020, extended the exemption to health insurance upto June 30, 2021. For individual life insurance, the SRB prescribed a reduced rate of 3% on gross premium written. The exemption to Group Life insurance lapsed on June 30, 2019. Hence, Group Life Insurance was made taxable at the full rate of 13%. The SRB, however, vide its notification SRB-3-4/13/2020 dated June 22, 2020, provided exemptions to Individual Life and Group Life Insurance subject to e-deposit of sales tax payable thereon, as were provided or rendered during the period from July 1, 2019 till June 30, 2020. The Company, however, has not availed this exemption.

With effect from April 2, 2020, in Punjab, the Government of the Punjab (Finance department), as part of COVID relief, amended Second Schedule to the Punjab Sales Tax on Services Act, 2012 and changed sales tax rates on health and life insurance to 0% without input tax adjustment for the period from notification's effective date till June 30, 2020. This tax exemption is however retained only in case of Individual Health Insurance through the Punjab Finance Act, 2020 which is effective from July 1, 2020.

The Insurance Association of Pakistan (IAP) had taken up the matter extensively with PRA and SRB for restoration of the exemptions that were withdrawn, besides seeking legal advice. The legal advisors of the IAP/Company have confirmed the contention of the Company that insurance is not a service, but infact, in sum and substance, a contingent contract under which payment is made on the occurrence of an event, specified in the terms of contract or policy, and is thus a financial arrangement. Superior courts in foreign jurisdictions have held that insurance is not a service.

The legal advisors have also raised the important question of constitutionality of the levy of provincial sales tax on life insurance, which is a Federal subject, and have expressed the view that under Article 142 of the Constitution of Pakistan, only those matters which are not enumerated in the Federal Legislative List, may be legislated upon by the provinces. In their view, since the Federation has retained a legislative mandate over all laws relating to insurance, therefore, only the Federation is entitled to levy any tax in relation to insurance business.

Without prejudice to the main contentions as stated above, even otherwise, the legal advisors have expressed in their opinions a further flaw in the context of the manner in which the entire premium payment, i.e. Gross Written Premium (GWP) is being charged to the levy of provincial sales tax. This is despite the fact that there are two distinct elements of GWP (i) the amount allocated towards the policyholders' investment, which belongs to them and (ii) the difference between the GWP charged and the investment amount allocated. Thus, in their view, if the entire GWP is subjected to provincial sales tax, then this is akin to a direct tax on policyholders, in the nature of income tax, wealth tax, or capital value tax, all of which fall exclusively within the domain of Federal Legislature.

Based on the above contentions, the Company and other life insurance / health insurance companies challenged the levy of PST on life and health insurance in the Punjab through a writ petition in the Hon'ble Lahore High Court (LHC) in September 2019. Subsequent to the filing of the petition, in October 2019, the PRA issued a show cause notice to the Company and other life insurance companies, attempting to levy PST on the Pan Pakistan GWP, i.e. beyond their jurisdiction, and for the entire calendar year 2018, besides other inaccuracies. The Company and other life insurance companies have filed further Writ Petitions in the Honourable Lahore High Court against the same. The petition is pending adjudication.

In Sindh, extensive discussions were held at the collective level of IAP with the SRB for the restoration of exemption on life insurance, which remained inconclusive. In November 2019, the Company, and other life insurance companies received show cause notices from the SRB, requiring the companies to deposit the SST on life insurance. Based on the same contentions as PST, the Company and other life insurance companies, have filed a Petition in the Hon'ble Sindh High Court (SHC) in November 2019, challenging the levy of SST. The Hon'ble SHC, in their interim order dated December 2, 2019, directed that the request of the petitioners, seeking exemption in terms of Section 10 of the SST Act, 2011, shall be considered by the SRB in accordance with the law. The Petition is pending adjudication.

In January 2020, the SRB, PRA and BRA invited the IAP and insurance industry to hold a dialogue for an amicable settlement of the matter. The Company, along with the IAP and other insurance companies participated in the meeting convened by Chairman SRB, and will continue its efforts to convince the provincial revenue authorities about the merits of the case.

The legal advisors, in their opinion, have expressed the view that the Company has a reasonably strong case on the merits of the Petitions filed in both, the Honorable Lahore High Court and Honorable Sindh High Court, against the imposition of the provincial sales taxes on life and health insurance in the Punjab and on life insurance in Sindh.

Had the sales tax liability on life insurance and health insurance premium been recorded, the loss after tax would have been higher by Rs. 224.614 million while sales tax liability as at December 31, 2020 would have been higher by Rs. 316.357 million.

26 NET PREMIUM / CONTRIBUTION REVENUE

| | 2020 | 2019 |
|---|------------------------------|------------------|
| | ----- (Rupees in '000) ----- | |
| Gross premiums / contribution: | | |
| Regular premium / contribution individual policies* | | |
| First year | 1,466,075 | 680,919 |
| Second year renewal | 452,645 | 417,049 |
| Subsequent year renewal | 1,299,907 | 1,304,185 |
| Single premium / contribution individual policies | 1,187,234 | 443,605 |
| Group policies without cash value | 1,754,924 | 1,969,099 |
| Total gross premiums / contribution | <u>6,160,785</u> | <u>4,814,857</u> |
| Less: reinsurance premium / contribution ceded | | |
| On individual life first year business | 32,894 | 25,819 |
| On individual life second year business | 7,989 | 8,306 |
| On individual life renewal business | 35,617 | 34,262 |
| On single premium policies | 4,094 | 5,387 |
| On group policies | 180,714 | 112,156 |
| Less: commission from reinsurers | (50,408) | (27,736) |
| | <u>210,900</u> | <u>158,194</u> |
| Net premium / contribution | <u>5,949,885</u> | <u>4,656,663</u> |

* Individual policies are those underwritten on an individual basis, and includes joint life policies underwritten as such.

| 27 INVESTMENT INCOME | Note | 2020 ------(Rupees in '000)----- | 2019 |
|--|-------|-------------------------------------|------------------|
| Income from equity securities - available for sale | | | |
| Dividend income | | 110,370 | 34,299 |
| Income from debt securities - available for sale | | | |
| Return on government securities | | 1,330,060 | 1,321,736 |
| Amortisation of discount | | 57,034 | 24,180 |
| Profit on debt securities | | 34,451 | 46,799 |
| Income from term deposits - held to maturity | | | |
| Profit on term deposit receipts | | 112,386 | 124,149 |
| | | <u>1,644,301</u> | <u>1,551,163</u> |
| 28 NET REALISED FAIR VALUE (LOSSES) / GAINS ON FINANCIAL ASSETS | | | |
| Available for sale financial assets | | | |
| Realised gains on: | | | |
| Equity securities | | 2,421 | - |
| Mutual funds | | - | 8,650 |
| Debt securities | | 385,758 | - |
| | | 388,179 | 8,650 |
| Realised losses on: | | | |
| Equity securities | | - | (10,900) |
| Mutual funds | | (170,426) | - |
| Debt securities | | - | (1,565) |
| | | (170,426) | (12,465) |
| | | <u>217,753</u> | <u>(3,815)</u> |
| 29 OTHER INCOME - NET | | | |
| Return on bank balances | | 28,160 | 48,863 |
| Gain on sale of fixed assets | 5.1.2 | 4,093 | 7,890 |
| Return on loan to employees | | 3 | 3 |
| Return on loan to policyholders | | 15,145 | 16,044 |
| Fee for claim administration services | | 24,276 | 22,882 |
| Reversal of Workers' Welfare Fund | | - | 14,554 |
| Reversal of provision for Sindh Employees Social Security Institution | | 31,904 | - |
| Miscellaneous income | | 1,098 | 1,730 |
| | | <u>104,679</u> | <u>111,966</u> |
| 30 NET INSURANCE BENEFITS | | | |
| Gross claims | | | |
| Claims under individual policies | | | |
| by death | | 149,327 | 166,549 |
| by maturity | | 11,434 | 11,605 |
| by surrender | | 2,798,497 | 3,178,133 |
| experience refund | | - | (15,498) |
| Total gross individual policy claims | | <u>2,959,258</u> | <u>3,340,789</u> |
| Claims under group policies | | | |
| by death | | 623,707 | 303,702 |
| by insured event other than death | | 905,813 | 1,274,251 |
| experience refund | | (71,859) | (35,624) |
| Total gross group policy claims | | <u>1,457,661</u> | <u>1,542,329</u> |
| Total gross policy claims | | <u>4,416,919</u> | <u>4,883,118</u> |
| Less: Reinsurance recoveries | | | |
| On individual life claims | | 51,847 | 47,502 |
| On group life claims | | 69,083 | 65,538 |
| | | <u>120,930</u> | <u>113,040</u> |
| Net insurance benefit expense | | <u>4,295,989</u> | <u>4,770,078</u> |

30.1 Claim Development

The following table shows the development of claims over a period of time on gross basis for group life and individual life business:

| Accident Year | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|----------------------------|----------------|---------|---------|---------|
| | -----Rupees in ('000)----- | | | | |
| Group Life | | | | | |
| <i>Estimate of Ultimate Claims Costs:</i> | | | | | |
| At the end of the year | 25,326 | 67,216 | 79,587 | 86,210 | 548,677 |
| 1 year later | 30,345 | 79,738 | 90,509 | 176,576 | - |
| 2 years later | 30,345 | 80,238 | 90,509 | - | - |
| 3 years later | 30,345 | 80,238 | - | - | - |
| 4 years later | 30,345 | - | - | - | - |
| Current estimates of cumulative claim | 30,345 | 80,238 | 90,509 | 176,576 | 548,677 |
| Cumulative payments to date | 29,215 | 74,720 | 77,603 | 144,917 | 290,141 |
| Liability recognised in statement of financial position | 1,130 | 5,518 | 12,906 | 31,658 | 258,536 |
| Individual Life | | | | | |
| <i>Estimate of Ultimate Claims Costs:</i> | | | | | |
| At the end of the year | 107,332 | 107,381 | 62,297 | 108,538 | 195,184 |
| 1 year later | 125,586 | 136,827 | 101,800 | 122,332 | - |
| 2 years later | 126,667 | 141,881 | 101,800 | - | - |
| 3 years later | 126,679 | 142,843 | - | - | - |
| 4 years later | 126,679 | - | - | - | - |
| Current estimates of cumulative claim | 126,679 | 142,843 | 101,800 | 122,332 | 195,184 |
| Cumulative payments to date | 120,942 | 134,200 | 78,953 | 88,264 | 99,003 |
| Liability recognised in statement of financial position | 5,736 | 8,643 | 22,847 | 34,068 | 96,181 |
| 2020 | | | | | |
| 2019 | | | | | |
| ------(Rupees in '000)----- | | | | | |
| 31 ACQUISITION EXPENSES | | | | | |
| Remuneration to insurance intermediaries on individual policies: | | | | | |
| - Commission on first year premiums / contribution | 586,264 | 264,540 | | | |
| - Commission on second year premiums / contribution | 24,812 | 20,129 | | | |
| - Commission on subsequent renewal premiums / contribution | 38,928 | 41,098 | | | |
| - Commission on single premiums / contribution | 39,422 | 13,760 | | | |
| - Other benefits to insurance intermediaries | 618,579 | 300,786 | | | |
| | <u>1,308,005</u> | <u>640,313</u> | | | |
| Remuneration to insurance intermediaries on group policies: | | | | | |
| - Commission | 162,516 | 165,688 | | | |
| - Other benefits to insurance intermediaries | 3,368 | 3,529 | | | |
| | <u>165,884</u> | <u>169,217</u> | | | |
| Branch overheads : | | | | | |
| - Salaries and other benefits | 79,731 | 33,814 | | | |
| - Printing and stationery | 7,112 | 3,647 | | | |
| - Utilities | 15,504 | 8,855 | | | |
| - Repairs and maintenance | 16,348 | 15,975 | | | |
| - Communication | 17,561 | 6,427 | | | |
| - Entertainment | 1,540 | 753 | | | |
| - Rent | 50,549 | 39,163 | | | |
| - Others | 2,620 | 2,800 | | | |
| | <u>190,965</u> | <u>111,434</u> | | | |
| Other acquisition cost : | | | | | |
| - Policy stamps | 17,877 | 6,498 | | | |
| | <u>1,682,731</u> | <u>927,462</u> | | | |

32 MARKETING AND ADMINISTRATION EXPENSES

| Note | 2020 | 2019 |
|---|------------------------------|----------------|
| | ----- (Rupees in '000) ----- | |
| Salaries, allowances & other benefits | 351,397 | 394,496 |
| Employee benefit cost | 28,188 | 31,513 |
| Travelling expenses | 4,691 | 20,444 |
| Directors' fees | 6,745 | 7,254 |
| Regulators fee | 16,700 | 27,377 |
| Actuary's fees | 7,956 | 8,692 |
| Advertisement and publicity | 11,363 | 62,230 |
| Printing and stationery | 20,682 | 16,681 |
| Depreciation | 5.1 84,582 | 53,976 |
| Amortisation | 6.1 80,149 | 72,637 |
| Rent | 6,645 | 27,277 |
| Vehicles and general repair and maintenance | 10,987 | 23,372 |
| Systems maintenance cost | 73,552 | 126,160 |
| Utilities-electricity, water and gas | 13,347 | 11,459 |
| Transportation | 2,904 | 6,706 |
| Communication | 22,017 | 34,301 |
| Consultancy fee | 8,840 | 16,940 |
| Training and workshop | 3,496 | 1,157 |
| Legal and professional charges | 6,327 | 4,095 |
| Insurance | 8,745 | 7,077 |
| Interest on premium deposit in advance | 1,298 | 1,382 |
| Provision for doubtful debts | 32.1 10,000 | - |
| Social security | 2,751 | 1,594 |
| Entertainment | 14,918 | 8,293 |
| Books and subscriptions | 17 | 22 |
| Bank charges | 4,422 | 4,494 |
| Miscellaneous expenses | 10,673 | 28,269 |
| | <u>813,392</u> | <u>997,898</u> |

32.1 This represents provision against receivable from claim administration services amounting to Rs. 10 million.

33 OTHER EXPENSES

| Note | 2020 | 2019 |
|------------------------|------------------------------|---------------|
| | ----- (Rupees in '000) ----- | |
| Auditors' remuneration | 33.1 8,973 | 7,577 |
| Others | - | 9,560 |
| | <u>8,973</u> | <u>17,137</u> |

33.1 Auditors' remuneration

| | | |
|--|--------------|--------------|
| Audit fee | 1,725 | 1,500 |
| Fee for review of the half yearly financial statements | 575 | 500 |
| Certifications and other services | 5,628 | 4,850 |
| Out of pocket expenses | 1,045 | 727 |
| | <u>8,973</u> | <u>7,577</u> |

34 FINANCE COSTS

| | | |
|--------------------------|---------------|--------------|
| Mark up on finance lease | <u>14,488</u> | <u>3,368</u> |
|--------------------------|---------------|--------------|

35 TAXATION

| | | |
|----------------|-----------------|-----------------|
| Current | | |
| - for the year | 161,394 | 20,498 |
| Deferred | | |
| - for the year | (201,656) | (89,577) |
| | <u>(40,262)</u> | <u>(69,079)</u> |

Relationship between tax expense and accounting profit

| | 2020 | 2019 |
|---|------------------------------|---------------|
| | ----- (Rupees in '000) ----- | |
| Loss before tax | (135,987) | (245,797) |
| Tax at the applicable rate of 29% (2019: 29%) | 39,436 | 71,281 |
| Effect of: | | |
| - other adjustment | 826 | (2,202) |
| Taxation for the year | <u>40,262</u> | <u>69,079</u> |

35.1 As per Income Tax Ordinance, 2001, the current tax expense is chargeable to income attributable to shareholder's fund only. During the year ended December 31, 2020, the shareholder's fund reflected a profit before tax of Rs. 556.531 million resulting in current tax amounting to Rs. 161.394 million.

35.2 The Income Tax Ordinance, 2000 requires insurance companies to charge tax on the surplus transferred to shareholder's fund. However, due to application of the Insurance Accounting Regulations, 2017, the surplus generated by statutory funds (other than participating fund) of the Company are also presented in the profit and loss account on aggregate basis. Therefore the Company has recognised a deferred tax of Rs. 262.208 million (2019: Rs. 60.551 million) in this respect.

36 LOSS PER SHARE - basic and diluted

| | 2020 | 2019 |
|--|--------------------------------|--------------------|
| | ----- (Rupees in '000) ----- | |
| Loss for the year | <u>(95,725)</u> | <u>(176,718)</u> |
| | ----- (Number of shares) ----- | |
| Weighted average number of ordinary shares | <u>170,567,200</u> | <u>137,253,033</u> |
| | ----- (Rupees) ----- | |
| Loss per share | <u>(0.561)</u> | <u>(1.287)</u> |

36.1 Diluted earnings per share has not been presented as the Company has not issued any instrument which would have any impact on basic earnings per share when exercised.

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

| | 2020 | | | | 2019 | | | |
|--|------------------------------|----------------|--------------|----------------|-----------------|----------------|--------------|----------------|
| | Chief Executive | Executives | Directors | Total | Chief Executive | Executives | Directors | Total |
| | ----- (Rupees in '000) ----- | | | | | | | |
| Fee for attending Board Meetings | - | - | 6,000 | 6,000 | - | - | 7,255 | 7,255 |
| Consultancy fee (note 37.2) | - | - | 1,710 | 1,710 | - | - | 1,500 | 1,500 |
| Managerial remuneration | 20,858 | 138,750 | - | 159,608 | 19,759 | 159,735 | - | 179,494 |
| Bonus and housing | 1,000 | 5,441 | - | 6,441 | 2,000 | 3,487 | - | 5,487 |
| Contribution to defined contribution plan | 1,068 | 5,965 | - | 7,033 | 971 | 6,276 | - | 7,247 |
| Utilities / telephone | - | - | - | - | - | - | - | - |
| Other benefits | - | - | - | - | - | - | - | - |
| | <u>22,926</u> | <u>150,156</u> | <u>7,710</u> | <u>180,792</u> | <u>22,730</u> | <u>169,498</u> | <u>8,755</u> | <u>200,983</u> |
| | ----- (Number) ----- | | | | | | | |
| Number of persons, including those who worked part of the year | <u>1</u> | <u>25</u> | <u>7</u> | <u>33</u> | <u>1</u> | <u>21</u> | <u>7</u> | <u>29</u> |

37.1 In addition to the above remuneration, these executives have been provided with the Company maintained cars except who have opted for allowances.

37.2 This represents amount paid to one of the directors in respect of legal and professional consultancy provided under group shared services agreement.

38 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of holding company, associated companies, retirement benefit funds, directors and key management personnel of the Company. Remuneration to the key personnel is determined in accordance with the terms of their appointments. All transactions involving related parties arise in the normal course of business. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes and the actuarial advice.

38.1 The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

| Audited | | | | | | | |
|------------------|------|-------------------------------|------|--------------------------|------|-----------------------|------|
| Holding Company | | Post Employment Benefit Plans | | Key Management Personnel | | Other Related Parties | |
| 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| (Rupees in '000) | | | | | | | |

Transactions

| | | | | | | | |
|--|-------|--------|--------|--------|-------|--------|--------|
| Premium underwritten | - | - | - | 2,679 | 3,511 | 98,668 | 76,342 |
| Premium paid for general insurance | - | - | - | - | - | 4,553 | 4,776 |
| Claims paid | - | - | - | - | - | 41,684 | 33,406 |
| Claims received | - | - | - | - | - | 1,069 | 802 |
| Charge for administrative services received | 1,293 | 616 | - | - | - | 72,543 | 67,308 |
| Charge for administrative services provided | - | 10,056 | - | - | - | 7,027 | 7,704 |
| Rent expense | - | - | - | - | - | 41,607 | 38,356 |
| Purchase of fixed asset | - | - | - | - | - | 16,030 | - |
| Charge in respect of employees gratuity fund | - | - | 13,436 | 16,642 | - | - | - |
| Charge in respect of provident fund | - | - | 14,752 | 14,871 | - | - | - |

Balances

| | Holding Company | | Post Employment Benefit Plans | | Key Management Personnel | | Other Related Parties | |
|---|-----------------|----------|-------------------------------|--------|--------------------------|------|-----------------------|--------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| (Receivable) / payable for group shared services | (1,763) | (10,056) | - | - | - | - | 74,049 | 16,813 |
| Receivable/ payable for general insurance premium | - | - | - | - | - | - | 145 | (140) |
| Premium receivable | - | - | - | - | - | - | 799 | 2,346 |
| Retirement benefit obligations | - | - | 24,457 | 24,109 | - | - | - | - |
| Receivable to employee provident fund | - | - | (303) | (850) | - | - | - | - |

39 SEGMENT INFORMATION

Each class of business has been identified as a reportable segment. The following is a schedule of class of business wise assets, liabilities, revenues and results have been disclosed in accordance with the requirements of the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017.

39.1 Revenue account by statutory funds

| | 2020 | | | | | | | | | | |
|---|--------------------------------|--------------------------|-------------------|------------------------------|-------------------------|---------------------------|-------------------|------------------------------|--------------|--------------|--------------|
| | CONVENTIONAL - STATUTORY FUNDS | | | | | TAKAFUL - STATUTORY FUNDS | | | | | |
| | Life (Participating) | Life (Non-participating) | Investment Linked | Accident & Health Individual | Accident & Health Group | Pension Business Fund | Individual Family | Accident & Health Individual | Group Family | Group Health | Total |
| (Rupees in '000) | | | | | | | | | | | |
| INCOME | 28,117 | 473,392 | 490,285 | 10,814 | 1,002,794 | 27,040 | 1,726,294 | 2,164 | 19,184 | 34,907 | 5,899,477 |
| Premiums / contribution less reinsurances / retakaful | 245,346 | 796,874 | 2,066 | (24) | (1,418) | 14,873 | 66,397 | - | (61) | (21) | 1,692,459 |
| Net investment income | 7,213 | 14,271 | 5,205 | 817 | 35,146 | 1,076 | 97,765 | 7 | 1,096 | 5,316 | 197,199 |
| Other income - net | 280,676 | 1,284,537 | 497,556 | 11,607 | 1,036,522 | 42,989 | 1,890,456 | 2,171 | 20,219 | 40,202 | 7,789,135 |
| Total net income | 121,938 | 972,405 | 451,441 | (161) | 831,523 | 10,071 | 491,543 | - | 41,391 | 54,152 | 4,295,989 |
| CLAIMS AND EXPENDITURE | 9,225 | 184,012 | 98,573 | 25,965 | 246,469 | - | 1,043,759 | 901 | 17,505 | 33,419 | 2,440,856 |
| Claims, including bonuses, net of reinsurance recoveries | 131,163 | 1,156,417 | 550,014 | 25,804 | 1,077,992 | 10,071 | 1,535,302 | 901 | 58,896 | 87,571 | 6,736,825 |
| Management expenses less recoveries | 149,513 | 128,120 | (52,458) | (14,197) | (41,470) | 32,918 | 355,154 | 1,270 | (38,677) | (47,369) | 1,052,310 |
| Total claims and expenditure | 1,558,617 | 6,093,433 | 99,126 | 14,841 | 352,032 | 146,962 | 2,238,892 | - | 19,872 | (2,877) | 16,454,939 |
| Excess of income over claims and expenditure | (1,608,424) | (5,889,954) | (173,327) | (18,173) | (264,633) | (178,582) | (2,898,419) | (2,014) | 12,790 | 22,991 | (17,659,198) |
| Add: Policyholders' liabilities at beginning of the year | (49,807) | 203,479 | (74,201) | (3,332) | 87,399 | (31,620) | (659,527) | (2,014) | 32,662 | 20,114 | (1,204,259) |
| Less: Policyholders' liabilities at end of the year | 99,706 | 331,599 | (126,659) | (17,529) | 45,929 | 1,298 | (304,373) | (744) | (6,015) | (27,255) | (151,949) |
| Movement in policyholders' liabilities | - | 20,796 | 36,629 | 5,087 | (1,882) | (377) | 88,455 | 216 | 1,754 | 7,953 | 201,656 |
| Surplus / (deficit) before tax | 99,706 | 352,395 | (90,030) | (12,442) | 44,047 | 921 | (215,918) | (528) | (4,261) | (19,302) | 49,707 |
| Taxation | 49,807 | (203,479) | 74,201 | 3,332 | (87,399) | 31,620 | 659,527 | 2,014 | (32,662) | (20,114) | 1,204,259 |
| Surplus / (deficit) after tax | - | - | - | 30,000 | - | - | - | - | 15,000 | 15,000 | 60,000 |
| Transfers (to) or from shareholders' fund | - | - | - | - | - | - | - | - | (25,000) | - | (25,000) |
| - Capital contributions from shareholders' fund | - | - | - | - | - | - | - | - | 25,000 | - | 25,000 |
| - Qard-e-Hasna from Operators' Sub Fund to PTF | - | - | - | - | (4,300) | - | - | - | - | - | (4,300) |
| - Qard-e-Hasna received from PTF to Operators' Sub Fund | - | - | - | - | (40,000) | - | - | - | - | - | (40,000) |
| - Capital returned to shareholder's fund | (16,121) | (400,000) | - | - | (44,300) | - | - | - | - | - | (456,121) |
| - Surplus appropriated to shareholders' fund | (16,121) | (597,552) | - | 30,000 | (44,300) | - | - | - | - | - | (597,973) |
| Balance of statutory fund at beginning of the year | 1,967,858 | 6,558,849 | 191,462 | 4,193 | 375,873 | 154,363 | 2,159,828 | - | 22,817 | 45,156 | 17,360,867 |
| Balance of statutory fund at end of the year | 2,101,250 | 6,110,213 | 175,633 | 25,083 | 288,221 | 186,904 | 2,603,437 | 1,486 | 894 | 20,740 | 18,016,860 |
| Represented by: | - | - | - | 42,000 | - | 6,000 | 101,500 | - | 16,200 | 92,500 | 500,300 |
| Capital contributed by shareholders' fund | 1,608,424 | 5,889,954 | 173,327 | 18,173 | 264,633 | 178,582 | 2,898,419 | 2,014 | (12,790) | (22,991) | 17,659,198 |
| Policyholders' liabilities / PTF | 447,916 | - | - | - | - | - | - | - | - | - | 447,916 |
| Retained earnings attributable to policyholders (Ledger Account A) | 44,910 | - | - | - | - | - | - | - | - | - | 44,910 |
| Retained earnings on par business attributable to shareholders - undistributable (Ledger Account B) | - | 211,053 | 2,540 | (35,053) | 23,588 | 2,322 | (395,592) | (528) | (2,469) | (48,535) | (641,955) |
| Retained earnings on other than participating business (Ledger Account D) / PTF | - | 9,206 | (234) | (37) | - | - | (890) | - | (47) | (234) | 6,491 |
| Surplus / (deficit) on revaluation of available for sale investments | - | - | - | - | - | - | - | - | - | - | - |
| Balance of statutory fund | 2,101,250 | 6,110,213 | 175,633 | 25,083 | 288,221 | 186,904 | 2,603,437 | 1,486 | 894 | 20,740 | 18,016,860 |

| 2019 | CONVENTIONAL - STATUTORY FUNDS | | | | | TAKAFUL - STATUTORY FUNDS | | | | | Total | | | | | |
|---|--------------------------------|--------------------------|----------------|-------------------|------------------------------|---------------------------|-----------------------|------------------------------|----------|---------------|---------------|-------------------|-------------------|-------|------------|-------|
| | Life (Participating) | Life (Non-participating) | Group | Investment Linked | Accident & Health Individual | Group | Pension Business Fund | Accident & Health Individual | Family | Individual | | Group Health | | | | |
| | | | | | | | | | | | | | Accident & Health | | Group | |
| | | | | | | | | | | | | | Individual | Group | Individual | Group |
| (Rupees in '000) | | | | | | | | | | | | | | | | |
| INCOME | | | | | | | | | | | | | | | | |
| | 34,836 | 513,018 | 341,878 | 1,217,624 | 9,510 | 1,281,492 | 26,745 | 986,996 | - | 30,171 | 176,657 | 4,628,927 | | | | |
| Premiums / contribution less reinsurances / retakaful | | 846,426 | 10,794 | 737,834 | 1,034 | 783 | 15,323 | 100,589 | - | 911 | 1,201 | 1,938,398 | | | | |
| Net investment income | 7,601 | 19,286 | 4,169 | 20,807 | 1,475 | 35,097 | 1,796 | 104,399 | - | 2,907 | 6,074 | 203,611 | | | | |
| Other income - net | 265,940 | 1,378,730 | 356,841 | 1,976,265 | 12,019 | 1,317,372 | 43,864 | 1,201,984 | - | 33,989 | 183,932 | 6,770,936 | | | | |
| Total net income | | | | | | | | | | | | | | | | |
| CLAIMS AND EXPENDITURE | | | | | | | | | | | | | | | | |
| | 176,621 | 1,055,231 | 233,052 | 1,729,664 | 4,205 | 1,027,008 | 1,468 | 327,566 | - | 9,884 | 205,379 | 4,770,078 | | | | |
| Claims, including bonuses, net of reinsurance recoveries | 5,365 | 113,733 | 111,961 | 786,518 | 26,463 | 302,316 | - | 477,718 | - | 12,960 | 33,196 | 1,870,230 | | | | |
| Management expenses less recoveries | 181,986 | 1,168,964 | 345,013 | 2,516,182 | 30,668 | 1,329,324 | 1,468 | 805,284 | - | 22,844 | 238,575 | 6,640,308 | | | | |
| Total claims and expenditure | | | | | | | | | | | | | | | | |
| Excess of income over claims and expenditure | | | | | | | | | | | | | | | | |
| | 83,954 | 209,766 | 11,828 | (539,917) | (18,649) | (11,952) | 42,396 | 396,700 | - | 11,145 | (54,643) | 130,628 | | | | |
| Add: Policyholders' liabilities at beginning of the year | 1,569,863 | 6,075,027 | 98,103 | 6,219,006 | 10,020 | 320,265 | 106,582 | 1,721,067 | - | 7,529 | 33,077 | 16,160,539 | | | | |
| Less: Policyholders' liabilities at end of the year | (1,558,617) | (6,093,433) | (99,126) | (5,934,041) | (14,841) | (352,032) | (14,696) | (2,238,892) | - | (19,872) | 2,877 | (16,454,939) | | | | |
| Movement in policyholders' liabilities | 11,246 | (18,406) | (1,023) | 284,965 | (4,821) | (31,767) | (40,380) | (517,825) | - | (12,343) | 35,954 | (294,400) | | | | |
| Surplus / (deficit) before tax | | | | | | | | | | | | | | | | |
| | 95,200 | 191,360 | 10,805 | (254,952) | (23,470) | (43,719) | 2,016 | (121,125) | - | (1,198) | (18,689) | (163,772) | | | | |
| Taxation | - | (46,365) | (589) | 75,110 | 6,916 | 13,420 | (584) | 35,602 | - | 450 | 5,617 | 89,577 | | | | |
| Surplus / (deficit) after tax | | | | | | | | | | | | | | | | |
| | 95,200 | 144,995 | 10,216 | (179,842) | (16,554) | (30,299) | 1,432 | (85,523) | - | (748) | (13,072) | (74,195) | | | | |
| Movement in policyholders' liabilities | (11,246) | 18,406 | 1,023 | (284,965) | 4,821 | 31,767 | 40,380 | 517,825 | - | 12,343 | (35,954) | 294,400 | | | | |
| Transfers (to) or from shareholders' fund | | | | | | | | | | | | | | | | |
| | - | - | - | - | 10,000 | - | - | 10,000 | - | - | - | 95,000 | | | | |
| - Capital contributions from shareholders' fund | - | - | - | - | - | - | - | - | - | - | - | (45,000) | | | | |
| - Qard-e-Hasna from Operators' Sub Fund to PTF | - | - | - | - | - | - | - | - | - | - | - | 45,000 | | | | |
| - Qard-e-Hasna received from PTF to Operators' Sub Fund | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| - Capital returned to shareholder's fund | (16,020) | - | - | - | - | - | - | - | - | - | - | (16,020) | | | | |
| - Surplus appropriated to shareholders' fund | (16,020) | - | - | - | 10,000 | - | - | 10,000 | - | - | - | 78,980 | | | | |
| Balance of statutory fund at beginning of the year | 1,899,924 | 6,395,448 | 180,223 | 6,345,275 | 5,926 | 374,405 | 112,551 | 1,717,526 | - | 11,222 | 19,182 | 17,061,682 | | | | |
| Balance of statutory fund at end of the year | 1,967,858 | 6,558,849 | 191,462 | 5,880,468 | 4,193 | 375,873 | 154,363 | 2,159,828 | - | 22,817 | 45,156 | 17,360,867 | | | | |
| Represented by: | | | | | | | | | | | | | | | | |
| Capital contributed by shareholders' fund | 1,558,617 | 197,552 | - | 242,100 | 12,000 | 4,300 | 6,000 | 101,500 | - | 1,200 | 77,500 | 642,152 | | | | |
| Policyholders' liabilities / PTF | 372,690 | 6,093,433 | 99,126 | 5,934,041 | 14,841 | 352,032 | 14,696 | 2,238,892 | - | 19,872 | (2,877) | 16,454,939 | | | | |
| Retained earnings attributable to policyholders (Ledger Account A) | 36,551 | - | - | - | - | - | - | - | - | - | - | 372,690 | | | | |
| Retained earnings on par business attributable to shareholders - undistributable (Ledger Account B) | - | 261,966 | 92,219 | (293,946) | (22,595) | 18,980 | 1,401 | (179,030) | - | 1,826 | (29,065) | (148,244) | | | | |
| Retained earnings on other than participating business (Ledger Account D) / PTF | - | 5,898 | 117 | (1,727) | (53) | 561 | - | (1,534) | - | (81) | (402) | 2,779 | | | | |
| Surplus / (deficit) on revaluation of available for sale investments | - | - | - | - | - | - | - | - | - | - | - | - | | | | |
| Balance of statutory fund | 1,967,858 | 6,558,849 | 191,462 | 5,880,468 | 4,193 | 375,873 | 154,363 | 2,159,828 | - | 22,817 | 45,156 | 17,360,867 | | | | |

39.2 Segmental results by line of business

Gross premiums

- First year individual regular premiums
- Individual renewal premiums
- Individual single premiums
- Group premiums

- Total gross premiums
- Reinsurance premiums
- Individual
- Group
- Total reinsurance premiums

- Net premium revenues
- Net investment income
- Other income

Total net income

- Claims and expenditures
- Claims, including bonuses, net of reinsurance recoveries
- Management expenses less recoveries

Excess of Income over claims and expenditure

- Add: Policyholders' liabilities at beginning of the year
- Less: Policyholders' liabilities at end of the year
- Movement in policyholders' liabilities

Surplus / (deficit) before tax

| Direct Sales force | 2020 | | | | Others | Total |
|--------------------|---------------|------------|--------------|-----------|--------|--------------|
| | Ordinary Life | | Group | | | |
| | Bancassurance | Group Life | Group Health | | | |
| (Rupees in '000) | | | | | | |
| 986,381 | 479,694 | - | - | - | - | 1,466,075 |
| 770,246 | 982,306 | - | - | - | - | 1,752,552 |
| 166,118 | 1,021,116 | - | - | - | - | 1,187,234 |
| - | - | 687,816 | 1,040,068 | - | 27,040 | 1,754,924 |
| 1,922,745 | 2,483,116 | 687,816 | 1,040,068 | 27,040 | - | 6,160,785 |
| 49,675 | 30,919 | - | - | - | - | 80,594 |
| - | - | 178,347 | 2,367 | - | - | 180,714 |
| 49,675 | 30,919 | 178,347 | 2,367 | - | - | 261,308 |
| 1,873,070 | 2,452,197 | 509,469 | 1,037,701 | 27,040 | - | 5,899,477 |
| 726,239 | 950,781 | 2,005 | (1,439) | 14,873 | - | 1,692,459 |
| 64,681 | 84,679 | 6,301 | 40,462 | 1,076 | - | 197,199 |
| 2,663,990 | 3,487,657 | 517,775 | 1,076,724 | 42,989 | - | 7,789,135 |
| 841,509 | 2,065,902 | 492,832 | 885,675 | 10,071 | - | 4,295,989 |
| 1,340,082 | 704,788 | 116,078 | 279,888 | - | - | 2,440,836 |
| 2,181,591 | 2,770,690 | 608,910 | 1,165,563 | 10,071 | - | 6,736,825 |
| 482,399 | 716,967 | (91,135) | (88,839) | 32,918 | - | 1,052,310 |
| 7,433,269 | 8,406,555 | 118,998 | 349,155 | 146,962 | - | 16,454,939 |
| (8,174,048) | (8,904,389) | (160,537) | (241,642) | (178,582) | - | (17,659,198) |
| (740,779) | (497,834) | (41,539) | 107,513 | (31,620) | - | (1,204,259) |
| (258,380) | 219,133 | (132,674) | 18,674 | 1,298 | - | (151,949) |

| Direct Sales force | 2019 | | | | Others | Total |
|--------------------|---------------|------------|--------------|-----------|--------|--------------|
| | Ordinary Life | | Group | | | |
| | Bancassurance | Group Life | Group Health | | | |
| (Rupees in '000) | | | | | | |
| 321,606 | 359,313 | - | - | - | - | 680,919 |
| 758,070 | 963,164 | - | - | - | - | 1,721,234 |
| 82,821 | 360,784 | - | - | - | - | 443,605 |
| - | - | 478,209 | 1,464,145 | 26,745 | - | 1,969,099 |
| 1,162,497 | 1,683,261 | 478,209 | 1,464,145 | 26,745 | - | 4,814,857 |
| 48,892 | 24,882 | - | - | - | - | 73,774 |
| - | - | 106,160 | 5,996 | - | - | 112,156 |
| 48,892 | 24,882 | 106,160 | 5,996 | - | - | 185,930 |
| 1,113,605 | 1,658,379 | 372,049 | 1,458,149 | 26,745 | - | 4,628,927 |
| 767,069 | 1,142,317 | 11,705 | 1,984 | 15,323 | - | 1,938,398 |
| 61,694 | 91,874 | 7,076 | 41,171 | 1,796 | - | 203,611 |
| 1,942,368 | 2,892,570 | 390,830 | 1,501,304 | 43,864 | - | 6,770,936 |
| 826,527 | 2,466,760 | 242,936 | 1,232,387 | 1,468 | - | 4,770,078 |
| 658,003 | 751,794 | 124,921 | 335,512 | - | - | 1,870,230 |
| 1,484,530 | 3,218,554 | 367,857 | 1,567,899 | 1,468 | - | 6,640,308 |
| 457,838 | (325,984) | 22,973 | (66,595) | 42,396 | - | 130,628 |
| 6,840,541 | 8,754,442 | 105,632 | 353,342 | 106,582 | - | 16,160,539 |
| (7,433,269) | (8,406,555) | (118,998) | (349,155) | (146,962) | - | (16,454,939) |
| (592,728) | 347,887 | (13,366) | 4,187 | (40,380) | - | (294,400) |
| (134,890) | 21,903 | 9,607 | (62,408) | 2,016 | - | (163,772) |

Surplus / (deficit) before tax

39.3 Segmental statement of financial position

Assets

| | | | |
|---|------------------|-------------------|-------------------|
| Property and equipment | 252,467 | 95,172 | 347,639 |
| Intangible assets | 11,137 | 372,187 | 383,324 |
| Investments | | | |
| Equity securities | - | 43,143 | 43,143 |
| Mutual funds | - | 4,007,910 | 4,007,910 |
| Government securities | 812,242 | 12,828,011 | 13,640,253 |
| Debt securities | - | 225,000 | 225,000 |
| Term deposits | - | 1,101,600 | 1,101,600 |
| Loans secured against life insurance policies | - | 171,811 | 171,811 |
| Insurance / takaful / reinsurance / retakaful receivables | - | 208,194 | 208,194 |
| Other loans and receivables | 19,721 | 373,364 | 393,085 |
| Taxation - payments less provision | 631,002 | - | 631,002 |
| Deferred tax asset - net | 265,015 | - | 265,015 |
| Prepayments | 20,089 | 66,414 | 86,503 |
| Cash and bank | 650 | 362,613 | 363,263 |
| Total assets | 2,012,323 | 19,855,419 | 21,867,742 |

Liabilities

| | | | |
|---|----------------|-------------------|-------------------|
| Insurance liabilities [including policyholders' liabilities and ledger account A & B] | - | 18,152,024 | 18,152,024 |
| Outstanding claims | - | 477,224 | 477,224 |
| Retirement benefit obligations | - | 24,457 | 24,457 |
| Premium received in advance | - | 398,697 | 398,697 |
| Reinsurance / retakaful payables | - | 40,965 | 40,965 |
| Other creditors and accruals | 156,837 | 344,596 | 501,433 |
| Liabilities against right-of-use-assets | 136,214 | - | 136,214 |
| Total liabilities | 293,051 | 19,437,963 | 19,731,014 |

Assets

| | | | |
|---|------------------|-------------------|-------------------|
| Property and equipment | 124,913 | 79,962 | 204,875 |
| Intangible assets | 437,463 | - | 437,463 |
| Investments | | | |
| Equity securities | - | 86,130 | 86,130 |
| Mutual funds | - | 3,027,759 | 3,027,759 |
| Government securities | 308,046 | 11,939,542 | 12,247,588 |
| Debt securities | - | 457,354 | 457,354 |
| Term deposits | 396,257 | 1,135,850 | 1,532,107 |
| Loans secured against life insurance policies | - | 167,965 | 167,965 |
| Insurance / takaful / reinsurance / retakaful receivables | - | 460,958 | 460,958 |
| Other loans and receivables | 22,411 | 624,888 | 647,299 |
| Taxation - payments less provision | 599,667 | - | 599,667 |
| Deferred tax asset - net | 59,797 | - | 59,797 |
| Prepayments | 19,381 | 85,294 | 104,675 |
| Cash and bank | 19,485 | 90,977 | 110,462 |
| Total assets | 1,987,420 | 18,156,679 | 20,144,099 |

Liabilities

| | | | |
|---|----------------|-------------------|-------------------|
| Insurance liabilities [including policyholders' liabilities and ledger account A & B] | - | 16,864,180 | 16,864,180 |
| Outstanding claims | - | 371,060 | 371,060 |
| Retirement benefit obligations | - | 24,109 | 24,109 |
| Premium received in advance | - | 65,569 | 65,569 |
| Reinsurance / retakaful payables | - | 75,298 | 75,298 |
| Other creditors and accruals | 217,294 | 236,309 | 453,603 |
| Liabilities against assets subject to finance lease | 49,567 | - | 49,567 |
| Total liabilities | 266,861 | 17,636,525 | 17,903,386 |

| | 2020 | | |
|---|--------------------|-------------------|-------------------|
| | Shareholders' Fund | Statutory Funds | Total |
| (Rupees in '000) | | | |
| Property and equipment | 252,467 | 95,172 | 347,639 |
| Intangible assets | 11,137 | 372,187 | 383,324 |
| Investments | | | |
| Equity securities | - | 43,143 | 43,143 |
| Mutual funds | - | 4,007,910 | 4,007,910 |
| Government securities | 812,242 | 12,828,011 | 13,640,253 |
| Debt securities | - | 225,000 | 225,000 |
| Term deposits | - | 1,101,600 | 1,101,600 |
| Loans secured against life insurance policies | - | 171,811 | 171,811 |
| Insurance / takaful / reinsurance / retakaful receivables | - | 208,194 | 208,194 |
| Other loans and receivables | 19,721 | 373,364 | 393,085 |
| Taxation - payments less provision | 631,002 | - | 631,002 |
| Deferred tax asset - net | 265,015 | - | 265,015 |
| Prepayments | 20,089 | 66,414 | 86,503 |
| Cash and bank | 650 | 362,613 | 363,263 |
| Total assets | 2,012,323 | 19,855,419 | 21,867,742 |
| Insurance liabilities [including policyholders' liabilities and ledger account A & B] | - | 18,152,024 | 18,152,024 |
| Outstanding claims | - | 477,224 | 477,224 |
| Retirement benefit obligations | - | 24,457 | 24,457 |
| Premium received in advance | - | 398,697 | 398,697 |
| Reinsurance / retakaful payables | - | 40,965 | 40,965 |
| Other creditors and accruals | 156,837 | 344,596 | 501,433 |
| Liabilities against right-of-use-assets | 136,214 | - | 136,214 |
| Total liabilities | 293,051 | 19,437,963 | 19,731,014 |

| | 2019 | | |
|---|--------------------|-------------------|-------------------|
| | Shareholders' Fund | Statutory Funds | Total |
| (Rupees in '000) | | | |
| Property and equipment | 124,913 | 79,962 | 204,875 |
| Intangible assets | 437,463 | - | 437,463 |
| Investments | | | |
| Equity securities | - | 86,130 | 86,130 |
| Mutual funds | - | 3,027,759 | 3,027,759 |
| Government securities | 308,046 | 11,939,542 | 12,247,588 |
| Debt securities | - | 457,354 | 457,354 |
| Term deposits | 396,257 | 1,135,850 | 1,532,107 |
| Loans secured against life insurance policies | - | 167,965 | 167,965 |
| Insurance / takaful / reinsurance / retakaful receivables | - | 460,958 | 460,958 |
| Other loans and receivables | 22,411 | 624,888 | 647,299 |
| Taxation - payments less provision | 599,667 | - | 599,667 |
| Deferred tax asset - net | 59,797 | - | 59,797 |
| Prepayments | 19,381 | 85,294 | 104,675 |
| Cash and bank | 19,485 | 90,977 | 110,462 |
| Total assets | 1,987,420 | 18,156,679 | 20,144,099 |
| Insurance liabilities [including policyholders' liabilities and ledger account A & B] | - | 16,864,180 | 16,864,180 |
| Outstanding claims | - | 371,060 | 371,060 |
| Retirement benefit obligations | - | 24,109 | 24,109 |
| Premium received in advance | - | 65,569 | 65,569 |
| Reinsurance / retakaful payables | - | 75,298 | 75,298 |
| Other creditors and accruals | 217,294 | 236,309 | 453,603 |
| Liabilities against assets subject to finance lease | 49,567 | - | 49,567 |
| Total liabilities | 266,861 | 17,636,525 | 17,903,386 |

40 STATEMENT OF SOLVENCY

| | TAKAFUL - STATUTORY FUNDS | | | | | | | | | | 2020 | |
|---|---------------------------|----------------------|--------------------------|-------------------|------------------------------|-------------------------|-----------------------|-------------------|------------------|----------------|-----------------|-------------------|
| | SHAREHOLDERS' FUND | Life (Participating) | Life (Non-participating) | Investment Linked | Accident & Health Individual | Accident & Health Group | Pension Business Fund | Individual Family | Individual | Group Health | | |
| (Rupees in '000) | | | | | | | | | | | | |
| Property and equipment | 252,467 | 8,122 | 24,368 | 6,770 | 27,075 | 5,415 | 4,061 | - | 19,361 | - | - | 347,639 |
| Intangible assets | 11,137 | - | - | 99,113 | 273,074 | - | - | - | - | - | - | 383,324 |
| Investments | | | | | | | | | | | | |
| Equity securities | - | - | - | - | 43,143 | - | - | - | - | - | - | 43,143 |
| Mutual funds | - | - | 501,026 | 3,016 | 1,955,480 | 480 | - | - | 1,533,878 | - | 3,743 | 4,007,910 |
| Government securities | 812,242 | 1,817,353 | 5,370,794 | 4,599,502 | 4,581,438 | 37,000 | 134,500 | 152,205 | 245,219 | 3,000 | 16,500 | 13,640,253 |
| Debt securities | - | - | - | - | 225,000 | - | - | - | 1,007,100 | - | 10,000 | 225,000 |
| Term deposits | - | - | 16,500 | - | - | - | - | - | - | - | - | 1,101,600 |
| Inter-fund balances | 552,620 | 385,484 | 200,968 | (151,206) | (448,704) | 1,714 | (132,518) | 4,846 | (311,577) | (2,347) | (15,755) | - |
| Loans secured against life insurance policies | - | 83,767 | 88,044 | - | - | - | - | - | - | - | - | 171,811 |
| Insurance / takaful / reinsurance / retakaful receivables | - | 16,741 | - | 75,041 | 38,643 | - | 76,056 | - | - | - | (3,277) | 208,194 |
| Other loans and receivables | 19,721 | 9,581 | 58,275 | 1,287 | 42,477 | 673 | 191,907 | 4,761 | 48,148 | 1,262 | 291 | 14,702 |
| Taxation - payments less provision | 631,002 | - | - | - | - | - | - | - | - | - | - | 631,002 |
| Deferred tax asset - net | 265,015 | - | - | - | - | - | - | - | - | - | - | 265,015 |
| Prepayments | 20,089 | - | - | 17,488 | - | - | 44,632 | - | - | - | 3,237 | 86,503 |
| Cash and bank | 650 | - | - | - | 77,613 | - | - | 25,000 | 250,000 | - | 10,000 | 363,263 |
| Total assets (A) | 2,564,943 | 2,321,048 | 6,259,975 | 511,011 | 6,815,239 | 45,282 | 318,638 | 186,812 | 2,792,129 | 1,915 | 24,739 | 21,867,742 |
| Total inadmissible assets | | | | | | | | | | | | |
| Insurance / takaful / reinsurance / retakaful receivables | - | - | - | - | 82,279 | - | - | - | - | 1,188 | 246 | 88,168 |
| Prepayments | - | - | - | 39,655 | 40,413 | - | - | - | - | - | - | 80,068 |
| Property and equipment | 192,508 | 4,957 | 14,873 | 8,706 | 30,221 | - | - | - | - | - | 3,192 | 242,139 |
| Intangible assets | 11,137 | - | - | 99,113 | 4,133 | 16,525 | 2,479 | - | 11,393 | - | - | 250,173 |
| Deferred tax asset - net | 265,015 | - | - | - | 273,074 | - | - | - | - | - | - | 383,324 |
| Interfund balances | 552,620 | 385,484 | 200,968 | (151,206) | (448,704) | 1,714 | (132,518) | 4,846 | (311,577) | (2,347) | (15,755) | 265,015 |
| Total inadmissible assets (B) | 1,021,280 | 390,441 | 215,841 | 401 | (159,105) | 5,019 | 22,874 | 4,846 | (300,184) | (1,159) | (12,317) | 1,108,887 |
| Total admissible assets (C=A-B) | 1,543,663 | 1,930,607 | 6,044,134 | 510,610 | 6,974,344 | 40,263 | 295,764 | 181,966 | 3,092,313 | 3,074 | 37,056 | 20,758,855 |
| Liabilities | | | | | | | | | | | | |
| Insurance liabilities | - | - | - | - | 82,279 | - | - | - | - | - | - | 88,168 |
| Outstanding claims | - | - | - | - | 40,413 | - | - | - | - | - | - | 80,068 |
| Retirement benefit obligations | - | - | - | - | 30,221 | - | - | - | - | - | - | 42,139 |
| Premium received in advance | - | - | - | - | 2,479 | - | - | - | - | - | - | 250,173 |
| Reinsurance / retakaful payables | - | - | - | - | 16,525 | 3,505 | 5,979 | - | - | - | - | 383,324 |
| Other creditors and accruals | 156,837 | 1,927 | 25,688 | 39,571 | 125,263 | 2,597 | 24,438 | (92) | 113,640 | (4) | 6,184 | 501,433 |
| Liabilities against assets subject to finance lease | 49,567 | - | - | - | - | - | - | - | - | - | - | 49,567 |
| Total liabilities (D) | 293,051 | 1,828,222 | 6,039,716 | 508,705 | 6,973,693 | 38,372 | 295,050 | 178,490 | 3,087,111 | 2,443 | 11,055 | 19,238,188 |
| Total net admissible assets (E=C-D) | 1,250,612 | 102,385 | 4,418 | 1,905 | 651 | 1,891 | 714 | 3,476 | 5,202 | 631 | 26,001 | 1,520,667 |
| Margin for solvency | | | | | | | | | | | | |
| Shareholders' fund | 165,000 | - | - | - | - | - | - | - | - | - | - | 165,000 |
| Statutory funds | - | 66,977 | 245,650 | 268,682 | 74,268 | 3,635 | 206,718 | 7,143 | 37,855 | 430 | 22,374 | 940,081 |
| Solvency margins (F) | 165,000 | 66,977 | 245,650 | 268,682 | 74,268 | 3,635 | 206,718 | 7,143 | 37,855 | 430 | 22,374 | 1,105,081 |
| Excess of minimum solvency requirements | 1,085,612 | 35,408 | (241,232) | (266,777) | (73,617) | (1,744) | (206,004) | (3,667) | (32,653) | 201 | 3,627 | 415,586 |

40.1 The Company had obtained a specific approval vide letter ID/SUP/SLV/01/4170 dated July 26, 2012 from the Securities and Exchange Commission of Pakistan (the SECP) to manage its solvency on aggregate basis.

41 MANAGEMENT OF INSURANCE AND FINANCIAL RISK

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

41.1 Insurance risk

41.1.1 Individual life (unit linked policies, universal life policies and traditional policies)

This section discusses the exposure of insurance risk to the Company under Life Participating, Life Non-participating and Investment Linked statutory funds and the process adopted by the Company to manage these risks.

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The Company may get exposed to poor risks due to:

- Unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency.
- Additionally, the risk of poor persistency may result in the Company being unable to recover expenses incurred at policy acquisition.

The Company manages these risks through its:

- Pricing:

All products of this nature are designed by the Actuarial Department along with input from relevant sales team members. Profit testing is conducted for all new products and it is also reviewed by the Appointed Actuary. Embedded value analysis is conducted on a quarterly basis to ensure reasonableness of premiums charged. Additionally, the Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under-pricing.

- Underwriting:

Adequate underwriting policies and controls have been put in place which cover various aspects like health, location, nature of work of the insured etc. before issuance of policy. Appropriate underwriting authority limits have been assigned to individual underwriters by the underwriting committee. Furthermore, Underwriting & Reinsurance Committee reviews the underwriting performance of the Company on a quarterly basis.

- Reinsurance:

Company has entered into both excess of loss and quota share reinsurance agreements covering its individual life products and supplementary riders. Since the Company has liaison with the reputed reinsurers in the world, it does not only limit the insurance risks but also the credit risk associated with them. Underwriting & Reinsurance Committee reviews, every quarter, the performance of the treaties to ensure that sound reinsurance arrangements are in place.

- Claims handling policy:

The Company through its claims-handling policies has procedures and controls in place to ensure that payment of fraudulent claims is avoided. Detailed investigation of all material and doubtful claims is conducted. Moreover, Claims Committee has assigned claims process authority limits for processing of claims. Claims Committee meets on a quarterly basis to review the claims department's performance and ensures that adequate claims controls are in place.

- Persistency:

The Company applies controls to curb mis-selling to customers. Persistency for each product, branch and partner bank is closely monitored by the Company and remedial actions are taken immediately upon identifying when persistency level for a distribution channel drops below a certain threshold. Continuous efforts are made to increase and/or maintain the persistency levels for all distribution channels.

a) Frequency and severity of claims

The Company measures concentration of risk by its exposure to catastrophic events. Concentration of risk as a result of geographical area is not a factor of concern due to spread of risks across different parts of the country. To mitigate risk accumulation resulting from catastrophic events, the Company maintains a catastrophe reinsurance cover which ensures that the Company's liability in respect of catastrophic events remains within reasonable limits.

In order to cover its mortality risk, the Company makes adequate deductions from the insurance contracts. The Company manages these risks through its systematic underwriting processes and adequate reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

Individual life participating

Benefits assured per life

Rupees

| | | | | |
|---------------------|------------------|----------------|------------------|----------------|
| 0 - 200,000 | 74,437 | 1.54% | 73,987 | 2.10% |
| 200,001 - 400,000 | 227,589 | 4.71% | 226,876 | 6.44% |
| 400,001 - 800,000 | 541,592 | 11.21% | 517,403 | 14.70% |
| 800,001 - 1,000,000 | 308,023 | 6.37% | 278,346 | 7.91% |
| More than 1,000,000 | 3,680,459 | 76.17% | 2,423,753 | 68.85% |
| Total | 4,832,100 | 100.00% | 3,520,365 | 100.00% |

| Assured at the end of 2020 | | | |
|----------------------------|----------------|-------------------|----------------|
| Total benefits assured | | | |
| Before reinsurance | | After reinsurance | |
| (Rupees in '000) | % | (Rupees in '000) | % |
| 0 - 200,000 | 1.54% | 73,987 | 2.10% |
| 200,001 - 400,000 | 4.71% | 226,876 | 6.44% |
| 400,001 - 800,000 | 11.21% | 517,403 | 14.70% |
| 800,001 - 1,000,000 | 6.37% | 278,346 | 7.91% |
| More than 1,000,000 | 76.17% | 2,423,753 | 68.85% |
| Total | 100.00% | 3,520,365 | 100.00% |

Individual life non - participating

Benefits assured per life

Rupees

| | | | | |
|---------------------|-------------------|----------------|-------------------|----------------|
| 0 - 200,000 | 253,647 | 1.20% | 250,948 | 1.87% |
| 200,001 - 400,000 | 1,029,936 | 4.90% | 1,025,352 | 7.65% |
| 400,001 - 800,000 | 2,978,057 | 14.17% | 2,918,606 | 21.79% |
| 800,001 - 1,000,000 | 1,637,651 | 7.79% | 1,471,629 | 10.99% |
| More than 1,000,000 | 15,122,050 | 71.94% | 7,729,166 | 57.70% |
| Total | 21,021,341 | 100.00% | 13,395,701 | 100.00% |

| Assured at the end of 2020 | | | |
|----------------------------|----------------|-------------------|----------------|
| Total benefits assured | | | |
| Before reinsurance | | After reinsurance | |
| (Rupees in '000) | % | (Rupees in '000) | % |
| 0 - 200,000 | 1.20% | 250,948 | 1.87% |
| 200,001 - 400,000 | 4.90% | 1,025,352 | 7.65% |
| 400,001 - 800,000 | 14.17% | 2,918,606 | 21.79% |
| 800,001 - 1,000,000 | 7.79% | 1,471,629 | 10.99% |
| More than 1,000,000 | 71.94% | 7,729,166 | 57.70% |
| Total | 100.00% | 13,395,701 | 100.00% |

Investment linked

Benefits assured per life

Rupees

| | | | | |
|---------------------|-------------------|----------------|------------------|----------------|
| 0 - 200,000 | 490,903 | 2.40% | 486,172 | 5.37% |
| 200,001 - 400,000 | 821,675 | 4.03% | 800,492 | 8.86% |
| 400,001 - 800,000 | 2,022,761 | 9.91% | 1,811,462 | 20.05% |
| 800,001 - 1,000,000 | 1,130,560 | 5.54% | 816,591 | 9.04% |
| More than 1,000,000 | 15,947,291 | 78.12% | 5,122,171 | 56.68% |
| Total | 20,413,190 | 100.00% | 9,036,888 | 100.00% |

| Assured at the end of 2020 | | | |
|----------------------------|----------------|-------------------|----------------|
| Total benefits assured | | | |
| Before reinsurance | | After reinsurance | |
| (Rupees in '000) | % | (Rupees in '000) | % |
| 0 - 200,000 | 2.40% | 486,172 | 5.37% |
| 200,001 - 400,000 | 4.03% | 800,492 | 8.86% |
| 400,001 - 800,000 | 9.91% | 1,811,462 | 20.05% |
| 800,001 - 1,000,000 | 5.54% | 816,591 | 9.04% |
| More than 1,000,000 | 78.12% | 5,122,171 | 56.68% |
| Total | 100.00% | 9,036,888 | 100.00% |

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long term unit linked and universal life insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder's behavior (this primarily impacts persistency).

For this purpose, the Company carried out a liability adequacy test, details of which are provided below, and it was found that the recognised liabilities are adequate and no further provision is required.

c) Process used to decide on assumptions

- **Mortality:** The expected mortality is assumed at 85% of 1975-80 US SOA Select and Ultimate Mortality Table.
- **Persistency:** A periodic analysis of the Company's recent and historic experience is performed and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel.

- **Expense levels and inflation:** A periodic study is conducted on the Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

- **Investment returns:** The investment returns assumptions are based on assets backing the portfolio.

- Liability adequacy test

Liability adequacy test is applied in order to ensure that the liability calculated using conservative assumptions is sufficient in comparison to the liability determined using best estimate assumptions.

To determine the adequacy of liabilities, assumptions must be based on realistic best estimates. Company used EFU (61-66) mortality table to determine the conservative liabilities. Since the data is insufficient to conduct a detailed mortality study, Company believes that SLIC (2001-05) table better reflects the mortality rates in Pakistan.

The investment return assumed for valuation is 3.75% per annum. This rate is prescribed by law. On a more realistic basis, for Conventional line of business, Company expects to earn a long term return of 8.8% based on Pakistan Investment Bond (PIB) rates as at December 31, 2020. For Takaful line of business, Company expects to earn 7.04%, which is based on the 3-Month KIBOR rate as on December 31, 2020 plus 100 bps. Liabilities are also determined on this rate of return assumption for Liability Adequacy Test.

The table below shows the liability held as at December 31, 2020 and the liability determined through best estimate assumptions:

| | Liability Held as at December 31, 2020 | Best Estimate Liability |
|--|--|-------------------------|
| | 17,730,609,252 | 17,712,675,363 |
| | 17,730,609,252 | 17,679,403,637 |

Mortality
Investment

Liability adequacy shows that the liability held as at December 31, 2020 is adequate in comparison to the best estimate liability.

d) Change in assumptions

There has been no material change in assumptions.

41.1.2 Group life

The main risk written by the Company under the Group Life business is mortality. The Company is exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, and difficulty of verification of claims, fraudulent claims or a catastrophe. The Company also faces risk such as that of underpricing to acquire business in a competitive environment and of non-receipt of premium in due time.

The Company manages these risks through its:

- Pricing and underwriting:

All products of this nature are prepared by the Group Underwriting Department along with input from relevant sales team members which is then reviewed by the Appointed Actuary.

Pricing is done in line with the actual experience of the Company. The premium charged takes into account the actual historical experience as well as the future expected mortality, considering various characteristics of the client.

At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure.

Also, Underwriting and Reinsurance Committee reviews the underwriting performance of the Company on a quarterly basis and tracks the adequacy of premium charged.

- Reinsurance:

Reinsurance agreements are in place to limit the mortality risk exposure. The Company also has a catastrophe cover reinsurance agreement covering group life business. Underwriting & Reinsurance Committee reviews every quarter the performance of the treaties.

- Claims handling policy:

The Company through its claims-handling policies has procedures and controls in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all material and doubtful claims is conducted. Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims departments' performance and ensures that adequate claims controls are in place.

a) Frequency and severity of claims

The Company has a good spread of business throughout the country thereby ensuring diversification across geographical regions. However, there still is a risk accumulation resulting from catastrophic events which the Company mitigates through a catastrophe reinsurance cover.

The following table presents the concentration of insured benefits across six bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

Group life

Benefits assured per life

Rupees

0-500,000
500,001-1,000,000
1,000,001-1,500,000
1,500,001-2,000,000
2,000,001-2,500,000
More than 2,500,000
Total

| Assured at the end of 2020 | | | |
|----------------------------|----------------|--------------------|----------------|
| Total benefits assured | | | |
| Before reinsurance | | After reinsurance | |
| (Rupees in '000) | % | (Rupees in '000) | % |
| 39,287,298 | 5.82% | 37,885,337 | 7.10% |
| 49,750,410 | 7.37% | 47,975,074 | 8.99% |
| 82,557,329 | 12.23% | 79,611,284 | 14.92% |
| 50,695,466 | 7.51% | 48,886,406 | 9.16% |
| 41,852,448 | 6.20% | 40,358,950 | 7.56% |
| 410,896,536 | 60.87% | 278,968,633 | 52.27% |
| 675,039,487 | 100.00% | 533,685,684 | 100.00% |

b) Sources of uncertainty in the estimation of future benefits payments and premium receipts

Other than conducting a liability adequacy for unearned premium reserve, there is no need to estimate mortality for future years because of the short duration of the contracts.

c) Process used to decide on assumptions

Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

d) Changes in assumptions

There has been no material change in assumptions.

e) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

| | Change in variable | Increase in Liability 2020 (Rupees in '000) |
|--|--------------------|---|
| Worsening of mortality rates for risk policies | 10% | 5,252,004 |
| Increase in reporting lag | 10% | 5,252,004 |

41.1.3 Accident & health - conventional & takaful

The products in this fund provide cover against accidental death, disability, sickness and critical illness and are mainly offered as yearly renewable plans. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of fraudulent claims and catastrophic event.

The Company manages these risks through its:

- Pricing and underwriting:

Products of this nature are prepared by the actuarial department along with input from relevant sales team members which is then reviewed by the appointed actuary.

Pricing is done after analysing the actual experience of the Company as well as future expectations. The rates are certified by the appointed actuary.

Also, underwriting committee reviews the underwriting performance of the Company on a quarterly basis.

- Claims handling policy:

The Company has procedures in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all material and apparently doubtful claims is conducted.

- Reinsurance:

The Company has reinsurance arrangement in place covering A&H business; the treaty's results are reviewed by the Underwriting and Reinsurance Committee on a quarterly basis.

a) Frequency and severity of claims

The Company measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country.

The following table presents the concentration of insured benefits across five bands of insured benefits. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Company including exposure in respect of riders attached to the main policies.

Individual Accident and Health

Benefits assured per life

Rupees

0 - 200,000
200,001 - 400,000
400,001 - 800,000
800,001 - 1,000,000
More than 1,000,000

Total

| Assured at the end of 2020 | | | |
|----------------------------|----------------|-------------------|----------------|
| Total benefits assured | | | |
| Before reinsurance | | After reinsurance | |
| (Rupees in '000) | % | (Rupees in '000) | % |
| 1,242 | 0.01% | 1,242 | 0.01% |
| 610,905 | 3.23% | 610,905 | 4.19% |
| 1,406,150 | 7.45% | 1,406,150 | 9.67% |
| 721,820 | 3.82% | 721,320 | 4.96% |
| 16,140,257 | 85.49% | 11,805,769 | 81.17% |
| 18,880,374 | 100.00% | 14,545,386 | 100.00% |

b) Sources of uncertainty in the estimation of future benefits payments and premium receipts

Other than conducting a liability adequacy for unearned premium reserve, there is no need to estimate mortality for future years because of the short duration of the contracts.

c) Process used to decide on assumptions

The assumptions are set using the data available.

d) Changes in assumptions

There has been no material change in the assumptions.

41.1.4 Management of takaful risk and financial risk

The Company is responsible for managing contracts that result in the transfer of Takaful and Financial Risk from the Participant to the respective PTF. This section summarises the risks and the way the Company manages them, as part of the Company's Window Takaful Operations.

Takaful risk

The PTF issues takaful contracts that are classified in the following segments:

- Individual Family Takaful
- Individual Accidental and Health Takaful
- Group Family Takaful
- Group Health Takaful

41.1.4.1 Individual family takaful

These risks are managed along similar lines as explained for individual life unit linked and universal life business.

a) Frequency and severity of claims

Concentration of risk is not a factor of concern due to spread of risks across various parts of the country. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. However, a risk of concentration of risk on any one Participant of the PTF still exists. The Company caters to this risk by entering into suitable Retakaful arrangements. The Company charges for mortality risk (credited to the PTF) on a monthly basis for all Takaful contracts without fixed term.

Moreover, the Company manages these risks through its underwriting strategy and the results are revised quarterly by the Underwriting and Reinsurance Committee.

The table below presents the concentration of covered benefits across five bands of benefits covered. The benefit covered figures are shown gross and net of the retakaful contracts described above.

The amounts presented are showing total exposure of the PTF including exposure in respect of riders attached to the main membership.

Benefits assured per life

Rupees

0 - 200,000
200,001 - 400,000
400,001 - 800,000
800,001 - 1,000,000
More than 1,000,000

Total

| Assured at the end of 2020 | | | |
|----------------------------|----------------|------------------|----------------|
| Total benefits assured | | | |
| Before retakaful | | After retakaful | |
| (Rupees in '000) | % | (Rupees in '000) | % |
| 229,888 | 0.97% | 229,870 | 2.36% |
| 1,389,555 | 5.88% | 1,388,080 | 14.27% |
| 2,929,269 | 12.38% | 2,769,298 | 28.47% |
| 2,457,890 | 10.39% | 1,457,406 | 14.98% |
| 16,645,219 | 70.38% | 3,884,077 | 39.92% |
| 23,651,821 | 100.00% | 9,728,730 | 100.00% |

b) Source of uncertainty in the estimate of future benefits payments and contributions receipts

Uncertainty in the estimation of future benefit payments and contribution receipts for long term takaful contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in participants' behavior (this primarily impacts persistency).

c) Process used to decide on assumptions

- Mortality: The expected mortality is assumed at 85% of 1975-80 US SOA Select and Ultimate Mortality Table.
- Persistency: A periodic analysis of the Company's recent and historic experience is performed and persistency is calculated every month. Persistency rates vary by products and more importantly the sales distribution channel.
- Expense levels and inflation: A periodic study is conducted on the Company's current business expenses and future projections to calculate per membership expenses. Expense inflation is assumed in line with assumed investment return.
- Investment returns: The investment returns assumptions are based on the assets backing the portfolio.

d) Changes in assumptions

There has been no change in assumptions.

41.1.4.2 Group Life Family Takaful

The main risk written by the Company is mortality. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, and difficulty of verification of claims, fraudulent claims or a catastrophe. The Company also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of contribution in due time.

The Company manages these risks through its:

a) Pricing and Underwriting:

All products of this nature are prepared by the Group Underwriting Department along with input from relevant sales team members which is then reviewed by the Appointed Actuary.

Pricing is done in line with the actual experience of the Company. The contribution charged takes into account the actual experience of the client and the nature of mortality exposure the group faces.

At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure.

Furthermore, the Company also maintains various MIS that are shared with relevant management to track the adequacy of the contribution charged.

Also, Underwriting & Reinsurance Committee reviews the underwriting performance of the Company on a quarterly basis.

b) Retakaful:

Retakaful agreements are in place to limit the mortality exposure. Underwriting & Reinsurance Committee reviews every quarter the performance of the treaties to ensure that adequate retakaful coverage is in place.

c) Claims handling policy:

The Company has procedures in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all material and apparently doubtful claims is conducted. Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims department's performance and to make sure that adequate claims controls are in place.

d) Frequency and severity of claims:

The Company measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country. To mitigate risk accumulation resulting from catastrophic events, the Company maintains a catastrophe excess of loss retakaful agreement which protects the waqf fund from exposure to the catastrophic events.

The concentration of risk for these policies is mentioned in note 42.1.4.4.

| Rupees | Covered at the end of 2020 | | | |
|---------------------|----------------------------|------------------|-------------------|----------------|
| | Total takaful benefits | | | |
| | Before retakaful | | After retakaful | |
| (Rupees in '000) | % | (Rupees in '000) | % | |
| 0-500,000 | 19,536,800 | 35.21% | 19,536,800 | 51.27% |
| 500,001-1,000,000 | 15,408,750 | 27.78% | 10,597,000 | 27.81% |
| 1,000,001-1,500,000 | 5,055,647 | 9.11% | 2,747,132 | 7.21% |
| 1,500,001-2,000,000 | 6,572,719 | 11.85% | 2,465,236 | 6.47% |
| 2,000,001-2,500,000 | 3,287,343 | 5.93% | 1,540,450 | 4.04% |
| More than 2,500,000 | 5,612,590 | 10.12% | 1,220,920 | 3.20% |
| Total | 55,473,849 | 100.00% | 38,107,538 | 100.00% |

e) Sources of uncertainty in the estimation of future benefits payments and contribution receipts:

Other than conducting a liability adequacy for unearned contribution reserve, there is no need to estimate mortality for future years because of the short duration of the contracts.

f) Process used to decide on assumptions

Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

h) Changes in assumptions

There has been no material change in assumptions.

i) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

| | Change in variable | Increase in Liability 2020 (Rupees in '000) |
|------------------------------|--------------------|--|
| Worsening of mortality rates | 10% | 559,118 |
| Increase in reporting lag | 10% | 559,118 |

41.1.4.3 Group Health Takaful

The main risk written by the Company is morbidity. The Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of high exposure in a particular geographical region, medical expense inflation, fraudulent claims and catastrophic event. The Company potentially faces the risk of lack of adequate claims control (such as for very large groups). The Company also faces a risk of under-pricing to acquire business in a competitive environment and of non-receipt of contribution in due time.

The Company manages these risks through its:

a) Pricing and Underwriting:

Products of this nature are prepared by Group Underwriting Department along with input from relevant sales team members and Actuarial Department which is then reviewed by the Appointed Actuary.

Pricing is done in line with the actual experience of the Company. The contribution charged takes into account the actual experience of the client and the nature of mortality and morbidity exposure the group faces. The rates are certified by the Appointed Actuary for large groups.

At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure.

Furthermore, the Company also maintains various MIS that are shared with relevant management to track the adequacy of the contribution charged.

Also, Underwriting & Reinsurance Committee reviews the underwriting performance of the Company on a quarterly basis.

b) Claims handling policy:

The Company has procedures in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Also, the claims are reviewed and managed by technical staff and doctors while an on-site monitoring and checking is performed.

The Company has pre-determined charges for certain illnesses with its panel hospitals, and to keep a check on medical inflation, it continues to negotiate these rates. The portfolio has a spread across various geographical regions. On the claims handling side, the Company ensures that payment of any fraudulent claims is avoided.

Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims department's performance and make sure that adequate claims controls are in place.

c) Concentration risk:

The Company has a good spread of business throughout the country thereby ensuring diversification across geographical regions.

d) Frequency and severity of claims

The Company measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country.

Increase in claims severity due to medical inflation is a risk which is being strictly monitored by the Company through annual claims studies and trend analysis. Such trend analysis is also incorporated in Group Health takaful pricing.

e) Sources of uncertainty in the estimation of future benefits payments and contribution receipts

Other than conducting a liability adequacy for unearned contribution reserve, there is no need to estimate mortality for future years because of the short duration of the contracts.

f) Process used to decide on assumptions

Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

An investigation into group's experience is performed periodically, and statistical methods are used to adjust the rates to a best estimate of morbidity. Where data is sufficient to be statistically credible, the statistics generated by the data are assigned appropriate credibility factors to account for the group's experience.

g) Changes in assumptions

There has been no material change in assumptions.

41.1.4.4 Concentration of insurance risk

A concentration of risk may arise from a single insurance contract issued to a particular type of policyholder, within a geographical location or to types of commercial business. The Company minimises its exposure to significant losses by obtaining reinsurance from foreign reinsurers.

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks e.g. financial underwriting ensuring a reasonable relationship between the income and insurance amount of insured, determination of insurance amount through some mechanism which precludes individual choices and anti-selection.

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

| | Gross sum insured | | Reinsurance / Retakaful | | Net | |
|---------------------------------------|---------------------|---------|-------------------------|--------|---------|---------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | (Rupees in million) | | | | | |
| Life (participating) | 4,832 | 5,469 | 1,312 | 1,485 | 3,520 | 3,984 |
| Life (non-participating) - Individual | 21,021 | 22,698 | 7,625 | 8,354 | 13,396 | 14,344 |
| Life (non-participating) - Group | 675,039 | 337,633 | 141,353 | 60,530 | 533,686 | 277,103 |
| Investment Linked | 20,413 | 19,059 | 11,376 | 11,004 | 9,037 | 8,055 |
| Accident & Health - Individual | 18,880 | 7,913 | 4,335 | 1,645 | 14,545 | 6,268 |
| Family Takaful - Individual | 23,652 | 12,697 | 13,923 | 7,313 | 9,729 | 5,384 |
| Family Takaful - Group | 55,474 | 12,250 | 17,366 | 218 | 38,108 | 12,032 |
| | 819,311 | 417,719 | 197,290 | 90,549 | 622,021 | 327,170 |

41.1.5 Unclaimed insurance benefit

Circular 11 of 2014 dated May 19, 2014 issued by the Securities and Exchange Commission of Pakistan (SECP) has established requirement for all insurers to disclose age wise break up of unclaimed insurance benefits in accordance with format prescribed in the annexure to the said circular.

The unclaimed benefits is described in the circular as the amounts which have become payable in accordance with the terms and conditions of an insurance policy but have not been claimed by the policyholders or their beneficiaries. Such unclaimed amounts may fall into the following categories:

| Total Amount | Age-wise Breakup | | | | |
|-------------------------------|------------------|----------------|-----------------|-----------------|------------------|
| | 1 to 6 months | 7 to 12 months | 13 to 24 months | 25 to 36 months | Beyond 36 months |
| (Rupees in '000) | | | | | |
| Unclaimed maturity benefits | 772 | 615 | 952 | 397 | 196 |
| Unclaimed death benefits | - | - | - | - | - |
| Unclaimed disability benefits | - | - | - | - | - |
| Claims not encashed | - | 2,292 | 7,310 | 1,044 | 2,725 |
| Others unclaimed benefits | - | - | - | - | - |
| Total | 772 | 2,907 | 8,262 | 1,441 | 2,921 |

41.1.6 Assets - liabilities matching

| Fixed and guaranteed insurance and investment contracts | 2020 | | | | | | | Total | |
|--|--------------------|---------------------|-----------------------|---------------------|--------------------------------|--|------------------------------|----------|-------------------|
| | Contract with PDF | | Unit-linked contracts | | | Corporate | | | |
| | Insurance contract | Investment contract | Insurance contract | Investment contract | Short-term insurance contracts | Other financial assets and liabilities | Other assets and liabilities | | |
| (Rupees in '000) | | | | | | | | | |
| Debt securities | 5,370,794 | 1,817,353 | - | 5,051,657 | - | - | 1,625,449 | - | 13,865,253 |
| Equity securities | 501,026 | - | - | 3,532,501 | 3,311,758 | - | (3,294,232) | - | 4,051,053 |
| Loans and receivables | 88,044 | 83,767 | - | - | - | - | - | - | 171,811 |
| -Loans secured against life insurance policies | - | - | - | - | - | - | 278 | - | 278 |
| -Others at amortised cost | - | 16,741 | - | 38,643 | - | - | 38,331 | - | 93,715 |
| Reinsurance / retakaful assets | 16,500 | - | - | 1,334,713 | - | - | 113,650 | - | 1,464,863 |
| Cash and cash equivalents | 283,611 | 403,187 | - | (272,533) | - | - | 1,806,504 | - | 2,220,769 |
| Total assets | 6,259,975 | 2,321,048 | - | 9,684,981 | 3,311,758 | - | 289,980 | - | 21,867,742 |
| Long-term insurance contracts and investment contracts with PDF: | | | | | | | | | |
| -Insurance contracts | 5,889,954 | 2,101,250 | - | 9,559,872 | - | - | - | - | 17,551,076 |
| Short-term insurance contracts | - | - | - | - | - | - | 600,948 | - | 600,948 |
| Amounts due to related parties, trade payables, and other provisions at amortised cost | 19,208 | - | - | 4,697 | - | - | 17,060 | - | 40,965 |
| Other liabilities | 130,554 | 219,798 | - | 496,235 | - | - | 691,438 | - | 1,538,025 |
| Total liabilities | 6,039,716 | 2,321,048 | - | 10,060,804 | - | - | 1,309,446 | - | 19,731,014 |

Debt securities

Available for sale - unlisted securities

Equity securities

Available for sale - listed securities

Loans and receivables

-Loans secured against life insurance policies

-Others at amortised cost

Reinsurance / retakaful assets

Cash and cash equivalents

Other assets

Total assets

Long-term insurance contracts and investment contracts with PDF:

-Insurance contracts

Short-term insurance contracts

Amounts due to related parties, trade payables, and other provisions at amortised cost

Other liabilities

Total liabilities

| Fixed and guaranteed insurance and investment contracts | 2019 | | | | | | | Total | |
|--|--------------------|---------------------|-----------------------|---------------------|--------------------------------|--|------------------------------|----------|-------------------|
| | Contract with PDF | | Unit-linked contracts | | | Corporate | | | |
| | Insurance contract | Investment contract | Insurance contract | Investment contract | Short-term insurance contracts | Other financial assets and liabilities | Other assets and liabilities | | |
| (Rupees in '000) | | | | | | | | | |
| Debt securities | 6,015,153 | 1,850,808 | - | 4,137,054 | - | - | 701,927 | - | 12,704,942 |
| Equity securities | 155,392 | - | - | 2,919,149 | - | - | 39,348 | - | 3,113,889 |
| Loans and receivables | 86,509 | 81,456 | - | - | - | - | - | - | 167,965 |
| -Loans secured against life insurance | - | - | - | - | - | - | 278 | - | 278 |
| -Others at amortised cost | 33,434 | 20,457 | - | 33,946 | - | - | 94,891 | - | 182,728 |
| Reinsurance assets | - | - | - | 1,276,796 | - | - | 365,773 | - | 1,642,569 |
| Cash and cash equivalents | 361,130 | 32,345 | - | 64,049 | - | - | 1,874,204 | - | 2,331,728 |
| Total assets | 6,651,618 | 1,985,066 | - | 8,430,994 | - | - | 3,076,421 | - | 20,144,099 |
| Long-term insurance contracts and investment contracts with PDF: | | | | | | | | | |
| -Insurance contracts | 6,093,433 | 1,967,858 | - | 8,172,933 | - | - | - | - | 16,234,224 |
| Short-term insurance contracts | - | - | - | - | - | - | 629,956 | - | 629,956 |
| Amounts due to related parties, trade payables, and other provisions at amortised cost | - | - | - | 7,281 | - | - | 68,017 | - | 75,298 |
| Other liabilities | 92,769 | 17,208 | - | 274,505 | - | - | 579,426 | - | 963,908 |
| Total liabilities | 6,186,202 | 1,985,066 | - | 8,454,719 | - | - | 1,277,399 | - | 17,903,386 |

Debt securities

Available for sale - unlisted securities

Equity securities

Available for sale - listed securities

Loans and receivables

-Loans secured against life insurance

-Others at amortised cost

Reinsurance assets

Cash and cash equivalents

Other assets

Total assets

Long-term insurance contracts and investment contracts with PDF:

-Insurance contracts

Short-term insurance contracts

Amounts due to related parties, trade payables, and other provisions at amortised cost

Other liabilities

Total liabilities

41.2 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk
- Foreign currency risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

41.2.1 Credit risk

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

41.2.1.1 Exposure to credit risk

Credit risk of the Company arises principally from the investments (except for government securities), premium due but unpaid, amount due from other insurers / reinsurers, reinsurance recoveries. To reduce the credit risk the Company has developed a formal approval process whereby credit limits are applied to its policyholders and other insurers / reinsurers. The management continuously monitors the credit exposure towards policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

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

| | 2020 | 2019 |
|---|------------------------------|------------------|
| | ----- (Rupees in '000) ----- | |
| Cash and bank | 362,613 | 109,688 |
| Investments | | |
| Mutual funds | 4,007,910 | 3,027,759 |
| Debt securities | 225,000 | 457,354 |
| Term deposits | 1,101,600 | 1,532,107 |
| Loans secured against life insurance policies | 171,811 | 167,965 |
| Insurance / takaful / reinsurance / retakaful receivables | 208,194 | 460,958 |
| Other loans and receivables | 393,085 | 647,299 |
| | <u>6,470,213</u> | <u>6,403,130</u> |

The credit quality of Company's Government securities, term finance certificates, open ended mutual funds, term deposit receipts and bank balances can be assessed with reference to external credit ratings as follows:

| | Rating | | Rating Agency |
|--|------------|-----------|---------------|
| | Short term | Long term | |
| Albaraka Bank (Pakistan) Limited | A!1 | A+ | VIS |
| Bank Al-Habib Limited | A1+ | AA+ | PACRA |
| Bank Alfalah Limited | A!1+ | AA+ | VIS |
| Bank Islami Pakistan Limited | A!1 | A+ | PACRA |
| Bank of Punjab | A!1+ | AA | PACRA |
| The First Microfinance Bank Limited | A-1 | A+ | VIS |
| Khushali Microfinance Bank Limited | A-1 | A+ | VIS |
| Dubai Islamic Bank Pakistan Limited | A!1 | AA | VIS |
| Faysal Bank Limited | A!1+ | AA | VIS |
| FINCA Microfinance Bank Limited | A!1 | A | VIS |
| Habib Bank Limited | A!1+ | AAA | VIS |
| Meezan Bank Limited | A!1+ | AA+ | VIS |
| MCB Bank Limited | A-1+ | AAA | PACRA |
| MCB Islamic Bank Limited | A-1 | A | PACRA |
| Mobilink Microfinance Bank Limited | A-1 | A | PACRA |
| NRSP Microfinance Bank Limited | A-1 | A | PACRA |
| National Bank of Pakistan | A-1+ | AAA | PACRA |
| Samba Bank Limited | A!1 | AA | VIS |
| Silk Bank Limited | A-2 | A- | VIS |
| Soneri Bank Limited | A-1+ | AA! | PACRA |
| Standard Chartered Bank (Pakistan) Limited | A-1+ | AAA | PACRA |
| Summit Bank Limited | A!3 | BBB- | VIS |
| Telenor Microfinance Bank Limited | A-1 | A | PACRA |
| U Microfinance Bank Limited | A!1 | A | VIS |
| United Bank Limited | A!1+ | AAA | VIS |

The credit quality of Company's bank balances and investment in government securities, debt securities and mutual funds is categorised as follows:

| Rating | Government securities | Debt Securities | Open end mutual funds | Term deposit receipts | Cash and cash equivalents | Total |
|------------------|-----------------------|-----------------|-----------------------|-----------------------|---------------------------|-------------------|
| (Rupees in '000) | | | | | | |
| AAA | - | - | - | 149,000 | - | 149,000 |
| AA+ / AM2++ | - | 225,000 | 1,075,744 | - | 46,138 | 1,346,882 |
| AA / AM2+ | - | - | 2,365,134 | 273,500 | 314,199 | 2,952,833 |
| AA- | - | - | 276,855 | 254,000 | - | 530,855 |
| A+ / AM1 | - | - | 198,351 | 425,100 | - | 623,451 |
| A | - | - | 91,826 | - | 2,276 | 94,102 |
| A- | - | - | - | - | - | - |
| BBB+ | - | - | - | - | - | - |
| BBB | - | - | - | - | - | - |
| Not Rated | 13,640,253 | - | - | - | - | 13,640,253 |
| | <u>13,640,253</u> | <u>225,000</u> | <u>4,007,910</u> | <u>1,101,600</u> | <u>362,613</u> | <u>19,337,376</u> |

Premiums / contribution due but unpaid

Concentration of credit risk

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. Sector-wise analysis of premium due but unpaid at the reporting date was:

| | 2020 | | 2019 | |
|------------------------------|----------------|----------------|----------------|----------------|
| | Rupees in '000 | % | Rupees in '000 | % |
| Banks | 2,804 | 2.45% | 61,833 | 22.22% |
| Insurance | 2,113 | 1.85% | 1,114 | 0.40% |
| Textiles | 5,039 | 4.40% | 5,053 | 1.82% |
| Food and allied industries | 10,019 | 8.75% | 19,067 | 6.85% |
| Chemical and pharmaceuticals | 1,294 | 1.13% | 24,425 | 8.78% |
| Technology & Communication | 31,662 | 27.66% | 16,960 | 6.10% |
| Oil and gas | 1,892 | 1.65% | 4,308 | 1.55% |
| Miscellaneous | 59,656 | 52.11% | 145,470 | 52.28% |
| | <u>114,479</u> | <u>100.00%</u> | <u>278,230</u> | <u>100.00%</u> |

The age of premium due but unpaid at the reporting date is less than one year.

Amount due from other insurers / reinsurers / retakaful

The Company enters into re-insurance arrangements with re-insurers having sound credit ratings accorded by reputed credit rating agencies. The Company is required to comply with the requirements of Circular No. 32 / 2009 dated 27 October 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. All reinsurance assets relating to outward treaty cessions are with reinsurer with rating of "A" or above:

| Rating | Amounts due from reinsurers net of recoveries | |
|------------|---|---------|
| | 2020 | 2019 |
| | (Rupees in '000) | |
| A or Above | 93,715 | 182,728 |

The age of amount due from other insurers / reinsurers at the reporting date is less than one year.

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

The carrying value of the financial assets which are neither past due nor impaired are as under:

| | 2020 | 2019 |
|--|------------------|----------------|
| | (Rupees in '000) | |
| Cash and bank | 362,613 | 109,688 |
| Term deposit receipts | 1,101,600 | 1,532,107 |
| Debt securities | 225,000 | 457,354 |
| Loans secured against life insurance policies | 171,811 | 167,965 |
| Insurance / takaful / reinsurance / retakaful receivables | 208,194 | 460,958 |
| Other loans and receivables | 393,085 | 647,299 |
| The carrying value of the financial assets which are past due but not impaired are as under: | | |
| Premiums / contribution due but unpaid | <u>50,807</u> | <u>133,871</u> |

41.2.1.2 Fair value of financial instruments

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

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

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the Pakistan Stock Exchange.
- Fair value of mutual funds is determined on the basis of closing net assets value (NAV) per unit published by Mutual Fund Association of Pakistan (MUFAP).
- Fair values of Treasury Bills and Pakistan Investment Bonds are derived using the PKRV rates (Reuters page).
- The fair value of all other financial assets and financial liabilities of the Company approximate their carrying amounts due to short term maturities of these instruments.

41.2.1.3 Fair value hierarchy

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

- Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities (Level 1).
- Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
- Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level 3).

As at December 31, 2020, the Company held the following financial instruments measured at fair value:

| Assets carried at fair value | As at December 31, 2020 | | |
|--------------------------------|-------------------------|-------------------|----------|
| | Level 1 | Level 2 | Level 3 |
| | (Rupees in '000) | | |
| Available-for-sale investments | 43,143 | 17,873,163 | - |
| | <u>43,143</u> | <u>17,873,163</u> | <u>-</u> |
| Assets carried at fair value | As at December 31, 2019 | | |
| | Level 1 | Level 2 | Level 3 |
| | (Rupees in '000) | | |
| Available-for-sale investments | 86,130 | 15,732,701 | - |
| | <u>86,130</u> | <u>15,732,701</u> | <u>-</u> |

41.2.2 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 stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected operational requirements. The Company also manages this risk by investing in deposit accounts that can be readily encashed. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

The following are the contractual maturities of financial liabilities:

| Non-derivative financial liabilities | 2020 | | | 2019 | | |
|--|------------------|--------------------------------------|---|-----------------|--------------------------------------|---|
| | Carrying Amount | Contractual cash flows upto one year | Contractual cash flows for more than one year | Carrying Amount | Contractual cash flows upto one year | Contractual cash flows for more than one year |
| | (Rupees in '000) | | | | | |
| Outstanding claims | 477,224 | 477,224 | - | 371,060 | 371,060 | - |
| Reinsurance / retakaful payables | 40,965 | 40,965 | - | 75,298 | 75,298 | - |
| Other creditors and accruals | 479,766 | 479,766 | - | 434,986 | 434,986 | - |
| Lease liabilities against right-of-use- assets | 136,214 | 41,655 | 94,559 | 49,567 | 18,481 | 31,086 |
| | <u>1,134,169</u> | <u>1,039,610</u> | <u>94,559</u> | <u>930,911</u> | <u>899,825</u> | <u>31,086</u> |

41.2.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All transactions are carried in Pak Rupees therefore, the Company is not exposed to any significant foreign exchange risk. The Company invests in government securities, debt securities, open ended mutual funds and listed equity securities which are accounted for at fair value, therefore the change in market prices is shown in note 41.2.3.1.

41.3 FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets and financial liabilities

Financial assets

Loans and receivables - amortised cost

| | | |
|---|-----------|-----------|
| Cash and bank | 363,263 | 110,462 |
| Term deposit receipts | 1,101,600 | 1,532,107 |
| Loans secured against life insurance policies | 171,811 | 167,965 |
| Insurance / takaful / reinsurance / retakaful receivables | 208,194 | 460,958 |
| Other loans and receivables | 393,085 | 647,299 |
| | 2,237,953 | 2,918,791 |

Investments - available for sale

| | | |
|-----------------------|------------|------------|
| Equity securities | 43,143 | 86,130 |
| Mutual funds | 4,007,910 | 3,027,759 |
| Government securities | 13,640,253 | 12,247,588 |
| Debt securities | 225,000 | 457,354 |
| | 17,916,306 | 15,818,831 |

Financial Liabilities

Amortised cost

| | | |
|---|-----------|---------|
| Outstanding claims | 477,224 | 371,060 |
| Amount due to other insurers / reinsurers / retakaful | 40,965 | 75,298 |
| Other creditors and accruals | 479,766 | 434,986 |
| Lease liabilities against right-of-use-assets | 136,214 | 49,567 |
| | 1,134,169 | 930,911 |

42 CAPITAL MANAGEMENT

The Company's goals and objectives when managing capital are:

- To comply with the minimum paid-up capital requirements as prescribed by SECP;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders;
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;
- Maintain strong ratings and to protect the Company against unexpected events / losses; and
- To ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

43 GENERAL

All figures have been rounded off to the nearest of thousand, except otherwise stated.

44 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

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

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

45 CORRESPONDING FIGURES

Corresponding figures has been rearranged or reclassified, wherever necessary. There has been no significant reclassification during the year.

46 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 12, 2021 by the Board of Directors of the Company.


Chairman


Director


Director


Chief Executive Officer


Chief Financial Officer

**WINDOW TAKAFUL
OPERATIONS
FINANCIAL STATEMENTS**



Statement of Financial Position (Un-Audited)

As at December 31, 2020

| | As at | | | As at |
|--|-------------------|--------------------|------------------|------------------|
| | 2020 | | | 2019 |
| | Operator sub fund | Policyholders fund | Total | Total |
| Note ----- Rupees in 000 ----- | | | | |
| Assets | | | | |
| Property and equipment | 75,833 | - | 75,833 | 3,867 |
| Investments | | | | |
| Mutual funds | 79,548 | 1,468,360 | 1,547,908 | 1,091,808 |
| Government Securities | 114,948 | 160,219 | 275,167 | - |
| Term deposits | 67 | 1,085,100 | 1,085,167 | 1,331,250 |
| | 194,563 | 2,713,679 | 2,908,242 | 2,423,058 |
| Takaful / retakaful receivables | - | 1,713 | 1,713 | 22,093 |
| Other loans and receivables | 333,722 | - | 333,722 | 34,807 |
| Taxation - payments less provision | 40,658 | - | 40,658 | 19,801 |
| Deferred tax asset - net | 183,108 | - | 183,108 | 85,075 |
| Prepayments | 11,974 | - | 11,974 | 5,491 |
| Cash and bank | (118,249) | 36,147 | (82,102) | (122,567) |
| Total assets | 721,609 | 2,751,539 | 3,473,148 | 2,471,625 |
| Equity and liabilities | | | | |
| Equity and reserves | | | | |
| Waqf Ceded Money | - | 500 | 500 | 500 |
| Capital contributed | 259,700 | - | 259,700 | 229,700 |
| Ledger account C & D | (447,125) | - | (447,125) | (206,270) |
| Surplus / (deficit) on revaluation of available for sale investments | (1,170) | - | (1,170) | (2,016) |
| Total equity | (188,595) | 500 | (188,095) | 21,914 |
| Liabilities | | | | |
| Insurance liabilities [including policyholders' liabilities and profit retained in waqf] | 71,725 | 2,792,927 | 2,864,652 | 2,255,887 |
| Outstanding claims | - | 35,003 | 35,003 | 14,088 |
| Contribution received in advance | - | 51,973 | 51,973 | 19,023 |
| Takaful / retakaful payables | - | 7,030 | 7,030 | 12,362 |
| Other creditors and accruals | 196,354 | - | 196,354 | 73,860 |
| Interfund receivable / (payable) | 607,729 | (135,894) | 471,835 | 71,923 |
| Lease liability against right-of-use assets | 34,396 | - | 34,396 | 2,568 |
| Total liabilities | 910,204 | 2,751,039 | 3,661,243 | 2,449,711 |
| Total equity and liabilities | 721,609 | 2,751,539 | 3,473,148 | 2,471,625 |

Contingencies and commitments


9


The annexed notes from 1 to 15 form an integral part of these financial statements.


Chairman


Director


Director


Chief Executive Officer


Chief Financial Officer

IGI Life Insurance Limited - Window Takaful Operations

Profit and Loss Account (Un-Audited)

For the year ended December 31, 2020

| | 2020 | | 2019 | |
|--|-------------------|--------------------|-------------------|--------------------|
| | Operator sub fund | Policyholders fund | Operator sub fund | Policyholders fund |
| ----- Rupees in 000 ----- | | | | |
| Contribution revenue | 1,823,196 | 1,823,196 | - | 1,225,152 |
| Less: wakala fee recognised | 648,144 | (648,144) | 294,123 | (294,123) |
| | 648,144 | 1,175,052 | 294,123 | 931,029 |
| Less: contribution ceded to retakaful operators | - | 32,848 | - | 19,656 |
| Net contribution revenue | 648,144 | 1,142,204 | 294,123 | 911,373 |
| Investment income | 2,446 | 136,838 | 11,219 | 107,126 |
| Net realised fair value losses / (gains) on financial assets | (4,346) | (65,239) | 2,943 | 9,021 |
| Takaful operator fee income | 59,741 | (59,741) | 40,824 | (40,824) |
| Other income - net | 11,101 | 522 | 11,015 | 4,196 |
| | 68,942 | 12,380 | 66,001 | 79,519 |
| Net income | 717,086 | 1,154,584 | 360,124 | 990,892 |
| Takaful benefits | - | 623,711 | - | 543,418 |
| Recoveries from retakaful operators | - | (36,625) | - | (589) |
| Net takaful benefits | - | 587,086 | - | 542,829 |
| Change in takaful liabilities (including profit retained in waqf fund) | 717,086 | 567,498 | 360,124 | 448,063 |
| Acquisition expenses | (47,064) | 567,498 | (21,738) | 448,063 |
| Marketing and administration expenses | 897,306 | - | 323,075 | - |
| Total expenses | 206,077 | - | 202,472 | - |
| | 1,056,319 | 567,498 | 503,809 | 448,063 |
| Loss before tax attributable to Operator | (339,233) | (339,233) | (143,685) | (143,685) |
| Taxation | (98,378) | - | (41,669) | - |
| Loss after tax attributable to Operator | (240,855) | (240,855) | (102,016) | (102,016) |

The annexed notes from 1 to 15 form an integral part of these financial statements.


Chairman


Director


Director


Chief Executive Officer


Chief Financial Officer

Statement of Comprehensive Income (Un-Audited)

For the year ended December 31, 2020

| | 2020 | | 2019 | | Total |
|---|-------------------|--------------------|-------------------|--------------------|-----------------|
| | Operator sub fund | Policyholders fund | Operator sub fund | Policyholders fund | |
| Loss after tax attributable to Operator | (240,855) | - | (102,016) | - | (102,016) |
| Other comprehensive loss | | | | | |
| Change in unrealised gain on available-for-sale financial assets - net of tax | 846 | 88,331 (88,331) | 2,673 | 67,888 (67,888) | 70,561 (67,888) |
| Change in takaful liabilities - net | - | - | - | - | - |
| Other comprehensive income for the period | 846 | - | 2,673 | - | 2,673 |
| Total comprehensive loss for the period attributable to Operator | (240,009) | - | (99,343) | - | (99,343) |

Rupees in 000

Loss after tax attributable to Operator

Other comprehensive loss

Change in unrealised gain on available-for-sale financial assets - net of tax

Change in takaful liabilities - net

Other comprehensive income for the period

Total comprehensive loss for the period attributable to Operator

The annexed notes from 1 to 15 form an integral part of these financial statements.


Chairman


Director


Director


Chief Executive Officer


Chief Financial Officer

Statement of Changes in Equity (Un-Audited)

For the year ended December 31, 2020

| | Attributable to equity holders of the Company | | | | |
|---|---|------------------|----------------------|---|-----------|
| | Capital contributed | Waqf Ceded Money | Ledger C & D account | Surplus / (deficit) on revaluation of available for sale investments ** | Total |
| Balance as at December 31, 2019 | 144,700 | 500 | (104,254) | (4,689) | 36,257 |
| Total comprehensive loss | | | | | |
| Loss for the year ended December 31, 2019 | - | - | (102,016) | - | (102,016) |
| Other comprehensive income for the year ended December 30, 2019 | - | - | - | 2,673 | 2,673 |
| | - | - | (102,016) | 2,673 | (99,343) |
| Transactions with owners recorded directly in equity | | | | | |
| Capital Contributed | 85,000 | - | - | - | 85,000 |
| Balance as at December 31, 2019 | 229,700 | 500 | (206,270) | (2,016) | 21,914 |
| Total comprehensive loss | | | | | |
| Loss for the year ended December 31, 2020 | - | - | (240,855) | - | (240,855) |
| Other comprehensive income for the year ended December 30, 2020 | - | - | - | 846 | 846 |
| | - | - | (240,855) | 846 | (240,009) |
| Transactions with owners recorded directly in equity | | | | | |
| Capital Contributed | 30,000 | - | - | - | 30,000 |
| Balance as at December 31, 2020 | 259,700 | 500 | (447,125) | (1,170) | (218,095) |


** This balance is net of related change in insurance liabilities.

The annexed notes from 1 to 15 form an integral part of these financial statements.


Chairman


Director


Director


Chief Executive Officer


Chief Financial Officer

Cash Flow Statement (Un-Audited)

For the year ended December 31, 2020

| Note | 2020 | 2019 |
|--|-------------------------|------------------|
| | -----Rupees in 000----- | |
| Operating Cash flows | | |
| (a) Underwriting activities | | |
| Premiums received net of policy transfers - net of retakaful | 1,841,211 | 1,237,368 |
| Claims paid - net of retakaful recoveries | (92,881) | (216,411) |
| Surrenders paid | (475,419) | (323,421) |
| Commissions paid | (324,516) | (152,655) |
| Net cash inflow from underwriting activities | 948,395 | 544,881 |
| (b) Other operating activities | | |
| Payment for expenses | (727,078) | (323,974) |
| Other operating receipts | 5,876 | 5,117 |
| Inter fund transactions | 362,113 | (52,157) |
| Net cash outflow on other operating activities | (359,089) | (371,014) |
| Total cash inflow from all operating activities | 589,306 | 173,867 |
| Investment activities | | |
| Profit / return received | 115,981 | 108,380 |
| Dividend received | 39,391 | 10,062 |
| Payments (made) / received on investments | (973,423) | 30,181 |
| Fixed capital expenditure | (6,873) | (23,562) |
| Total cash (outflow) / inflow from investing activities | (824,924) | 125,061 |
| Financing activities | | |
| Capital payments received by statutory funds | 30,000 | 85,000 |
| | 30,000 | 85,000 |
| Net cash (outflow on) / inflow from all activities | (205,618) | 383,928 |
| Cash and cash equivalents at beginning of year | 1,208,683 | 824,755 |
| Cash and cash equivalents at end of year | 1,003,065 | 1,208,683 |
| Reconciliation to Profit and Loss Account | | |
| Operating cash flows | 589,306 | 173,867 |
| Depreciation and amortisation expenses | 36,376 | 25,216 |
| Increase in assets other than cash | 172,446 | 41,044 |
| Decrease in liabilities | (1,120,305) | (487,663) |
| Investment income and other income | 75,575 | 132,392 |
| Profit received on bank deposits | 5,747 | 13,128 |
| Loss after taxation | (240,855) | (102,016) |

The annexed notes from 1 to 15 form an integral part of these financial statements.


Chairman


Director


Director


Chief Executive Officer


Chief Financial Officer

Notes to and Forming Part of these Financial Statements (Un-Audited)

For the year ended December 31, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 IGI Life Insurance Limited ("the Company") was incorporated in Pakistan on October 9, 1994 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange Limited. The Company commenced its operations on May 25, 1995 after registration with the Controller of Insurance on April 30, 1995. The registered office of the Company is situated at 7th Floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi which is also the principal office of the Company.

1.2 The Company was granted approval on July 02, 2015 under Rule 6 of the Takaful Rules, 2012 to start its Window Takaful Operations ("the Operations") by the Securities and Exchange Commission of Pakistan ("the SECP") in Pakistan. The Waqf deed was executed on June 20, 2015 and the operations were commenced also commenced in year 2015.

1.3 In accordance with the requirements of the Insurance Ordinance, 2000 and Takaful Rules, 2012, the Company established a Operator Sub Fund (OSF), Participant Investment Fund (PIF) and Participant Waqf Fund (PTF) under each statutory funds mentioned below:

- Individual Family Takaful
- Individual Accidental and Health Takaful
- Group Family Takaful
- Group Health Takaful

2 BASIS OF PREPARATION

These financial statements have been presented in accordance with the requirements of the Insurance Rules, 2017 issued through S.R.O. 88 (I) / 2017 dated February 09, 2017 by the Securities and Exchange Commission of Pakistan (SECP).

The Securities and Exchange Commission of Pakistan (the SECP), in exercise of the powers conferred under Rule 11(1)(c) of the Takaful Rules, 2012, has imposed certain conditions vide its Circular No. 15 of 2019 dated November 18, 2019 on life insurers related to financial reporting of their window takaful operations. Under these conditions, the Life Insurers shall separately prepare financial statements for family takaful operations as if these are carried out by a Standalone Takaful Operator and shall be annexed with the insurer's annual / interim report (as applicable).

Accordingly, the Company has prepared and annexed to these financial statements, a standalone set of financial statements for Window Takaful Operations of the Company, as if these are carried out by a Standalone Takaful Operator. This standalone set of financial statements for Window Takaful Operations of the Company is unaudited and un-reviewed and is being submitted in compliance with the conditions imposed by the SECP as detailed above.

These financial statements have been prepared with a limited disclosures as the annual financial statements of the Company contains detailed disclosures and necessary information.

2.1 Statement of compliance

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

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

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

2.2 Standards, interpretations of and amendments to the accounting and reporting standards that are effective in the current year:

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

2.3 Standards, interpretations of and amendments to the accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2021:

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

* The management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Further details relating to temporary exemption from the application of IFRS 9 are given in note 2.3.1.1 to these financial statements.

The management is in the process of assessing the impact of these amendments on the financial statements of the Company.

There are certain other new and amended standards and interpretations that are mandatory for the Company's accounting period beginning on or after January 1, 2021, but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

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

2.4 These financial statements are unaudited and are being submitted to shareholders in accordance with the Pakistan Stock Exchange Limited Regulations and section 237 of the Companies Act, 2017.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except as disclosed in accounting policies relating to investments and staff retirement benefits scheme.

4 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani rupees, which is the Company's functional and presentation currency.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are same as those applied in the preparation of annual financial statements of the Company for the year ended December 31, 2020.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing these financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the annual financial statements for the year ended December 31, 2020.

7 TAKAFUL FINANCIAL AND RISK MANAGEMENT

The Company's takaful risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended December 31, 2020.

8 TEMPORARY EXEMPTION FROM APPLICATION OF IFRS 9

As an takaful operator, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with takaful line of business.

9 CONTINGENCIES AND COMMITMENTS

The contingencies and commitments reported in the main financials of the Company also includes impacts of Window Takaful Operations as at December 31, 2020. There were no other material contingencies and commitments as at December 31, 2020.

10 NET CONTRIBUTION REVENUE

Gross contribution:

Regular contribution individual policies*
 First year
 Second year renewal
 Subsequent year renewal

Single contribution individual policies

Group policies without cash value

Total gross contribution

Less: retakaful contribution ceded

On individual life first year business
 On individual life second year business
 On individual life renewal business
 On single premium policies
 On group policies
 Commission from reinsurers

Net contribution

| | 2020 | 2019 |
|---|------------------------|------------------|
| | -- (Rupees in '000) -- | |
| Regular contribution individual policies* | | |
| First year | 914,864 | 325,900 |
| Second year renewal | 449,448 | 211,452 |
| Subsequent year renewal | 237,613 | 348,905 |
| Single contribution individual policies | 148,407 | 123,010 |
| Group policies without cash value | 72,864 | 215,885 |
| Total gross contribution | 1,823,196 | 1,225,152 |
| Less: retakaful contribution ceded | | |
| On individual life first year business | 10,655 | 3,755 |
| On individual life second year business | 3,428 | 3,558 |
| On individual life renewal business | 7,233 | 4,764 |
| On single premium policies | 125 | 194 |
| On group policies | 19,206 | 9,057 |
| Commission from reinsurers | (7,799) | (1,672) |
| | 32,848 | 19,656 |
| Net contribution | 1,790,348 | 1,205,496 |

* Individual policies are those underwritten on an individual basis, and includes joint life policies underwritten as such.

11 NET TAKAFUL BENEFITS

Gross Claims

Claims under individual policies
 By death
 By surrender

Total gross individual policy claims

Claims under group policies

by death
 by insured event other than death
 experience refund

Total gross group policy claims

Total gross policy claims

Less: retakaful recoveries

On Individual life claims
 On Group Life claims

Net takaful benefit expense

| | 2020 | 2019 |
|---|------------------------|----------------|
| | -- (Rupees in '000) -- | |
| Claims under individual policies | | |
| By death | 31,948 | 4,734 |
| By surrender | 475,419 | 323,421 |
| Total gross individual policy claims | 507,367 | 328,155 |
| Claims under group policies | | |
| by death | 60,512 | 8,792 |
| by insured event other than death | 60,164 | 205,669 |
| experience refund | (4,332) | 802 |
| Total gross group policy claims | 116,344 | 215,263 |
| Total gross policy claims | 623,711 | 543,418 |
| Less: retakaful recoveries | | |
| On Individual life claims | 15,824 | 589 |
| On Group Life claims | 20,801 | - |
| | 36,625 | 589 |
| Net takaful benefit expense | 587,086 | 542,829 |

12 ACQUISITION EXPENSES

Remuneration to takaful intermediaries on individual policies:

| | 2020 | 2019 |
|---|------------------------|---------|
| | -- (Rupees in '000) -- | |
| - Commission on first year contribution | 358,816 | 118,517 |
| - Commission on second year contribution | 12,300 | 8,761 |
| - Commission on subsequent renewal contribution | 10,489 | 10,373 |
| - Commission on single contribution | 4,655 | 3,017 |
| - Other benefits to takaful intermediaries | 438,909 | 146,598 |
| | 825,169 | 287,266 |

Remuneration to takaful intermediaries on group policies:

| | | |
|--|--------|--------|
| - Commission | 11,715 | 13,100 |
| - Other benefits to takaful intermediaries | 592 | 524 |
| | 12,307 | 13,624 |

Branch overheads :

| | | |
|-------------------------------|--------|--------|
| - Salaries and other benefits | 20,322 | 6,733 |
| - Other operational cost | 28,352 | 15,452 |
| | 48,674 | 22,185 |

Other acquisition cost :

| | | |
|-----------------|---------|---------|
| - Policy stamps | 11,156 | - |
| | 897,306 | 323,075 |

13 SEGMENT INFORMATION

Each fund of business under takaful statutory funds has been identified as a reportable segment. The following is a schedule of class of business wise revenues and results have been disclosed in accordance with the requirements of the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, and the Takaful Rules, 2012:

13.1 Participants' Investment Fund (PIF)

| | TAKAFUL - STATUTORY FUNDS | | | | Aggregate | |
|--|------------------------------|----------------------------------|--------------|--------------|--------------------------------|-------------|
| | Individual Family | Individual Accidental and Health | Group Family | Group Health | For the year ended December 31 | |
| | | | | | 2020 | 2019 |
| | ----- (Rupees in '000) ----- | | | | | |
| Income | | | | | | |
| Allocated Contribution | 1,121,258 | - | - | - | 1,121,258 | 733,363 |
| Net Investment Income | 56,915 | - | - | - | 56,915 | 77,315 |
| Other Income | 85,261 | - | - | - | 85,261 | 93,372 |
| Total Net Income | 1,263,434 | - | - | - | 1,263,434 | 904,050 |
| Less: Claims and Expenditure | | | | | | |
| Surrenders / Partial Surrenders | 475,419 | - | - | - | 475,419 | 323,334 |
| Risk Contributions | 74,286 | - | - | - | 74,286 | 31,178 |
| Wakalat-ul-Istismar | 34,892 | - | - | - | 34,892 | 26,793 |
| Policy admin fee | 24,449 | - | - | - | 24,449 | 14,031 |
| | 609,046 | - | - | - | 609,046 | 395,336 |
| Excess of Income over Claims and expenditure | 654,388 | - | - | - | 654,388 | 508,714 |
| Add: Technical reserves at the beginning of the year | 2,133,423 | - | - | - | 2,133,423 | 1,624,708 |
| Less: Technical reserves at the end of the year | (2,787,811) | - | - | - | (2,787,811) | (2,133,422) |
| | (654,388) | - | - | - | (654,388) | (508,714) |
| Surplus | - | - | - | - | - | - |
| Movement in technical reserves | 654,388 | - | - | - | 654,388 | 508,714 |
| Balance of PIF at the beginning of the year | 2,133,423 | - | - | - | 2,133,423 | 1,624,708 |
| Balance of PIF at the end of the year | 2,787,811 | - | - | - | 2,787,811 | 2,133,422 |

13.2 Participants' Takaful Fund (PTF)

| | TAKAFUL - STATUTORY FUNDS | | | | Aggregate | |
|--|------------------------------|----------------------------------|--------------|--------------|--------------------------------|----------|
| | Individual Family | Individual Accidental and Health | Group Family | Group Health | For the year ended December 31 | |
| | | | | | 2020 | 2019 |
| | ----- (Rupees in '000) ----- | | | | | |
| Income | | | | | | |
| Contribution net of retakaful | 33,200 | 606 | 7,627 | 26,356 | 67,789 | 198,993 |
| Net investment income | - | - | - | - | - | - |
| Other income | 10,296 | - | 839 | 4,486 | 15,621 | 6,845 |
| | 43,496 | 606 | 8,466 | 30,842 | 83,410 | 205,838 |
| Less: Claims and Expenditure | | | | | | |
| Claims | 16,124 | - | 41,391 | 54,152 | 111,667 | 219,456 |
| Wakala fee | - | - | - | - | - | - |
| | 16,124 | - | 41,391 | 54,152 | 111,667 | 219,456 |
| Excess of Income over Claims and expenditure | 27,372 | 606 | (32,925) | (23,310) | (28,257) | (13,618) |
| Add: Technical reserves at the beginning of the year | 22,586 | - | 14,891 | (4,104) | 33,373 | 46,991 |
| Less: Technical reserves at the end of the year | (25,117) | (882) | (30,640) | (18,201) | (74,840) | (62,945) |
| Add: Deficit retained in technical reserves | - | 138 | 25,659 | 45,615 | 71,412 | 39,905 |
| | (2,531) | (744) | 9,910 | 23,310 | 29,945 | 23,951 |
| Surplus / (deficit) | 24,841 | (138) | (23,015) | - | 1,688 | 10,333 |
| Movement in technical reserves | 2,531 | 744 | (9,910) | (23,310) | (29,945) | (23,951) |
| Qard-e-Hasna contributed by Window Takaful Operator | - | - | 25,000 | - | 25,000 | 45,000 |
| Balance of PTF at the beginning of the year | 22,586 | - | 15,038 | 42,305 | 79,929 | 48,547 |
| Balance of PTF at the end of the year | 49,958 | 606 | 7,113 | 18,995 | 76,672 | 79,929 |

13.3 Operators' Sub Fund (OSF)

| | TAKAFUL - STATUTORY FUNDS | | | | Aggregate | |
|--|------------------------------|----------------------------------|--------------|--------------|--------------------------------|-----------|
| | Individual Family | Individual Accidental and Health | Group Family | Group Health | For the year ended December 31 | |
| | | | | | 2020 | 2019 |
| | ----- (Rupees in '000) ----- | | | | | |
| Income | | | | | | |
| Allocation fee | 626,478 | 1,558 | 11,557 | 8,551 | 648,144 | 294,123 |
| Investment income / (loss) | 9,482 | - | (61) | (21) | 9,400 | 25,386 |
| Other Income | 10,007 | 7 | 257 | 830 | 11,101 | 14,835 |
| Wakala fee - PTF | 19,644 | - | - | - | 19,644 | 8,523 |
| Policy admin fee | 24,449 | - | - | - | 24,449 | 14,031 |
| Takaful operator fee | - | - | - | - | - | - |
| Wakalat-ul-Istismar | 34,892 | - | - | - | 34,892 | 26,793 |
| | 724,952 | 1,565 | 11,753 | 9,360 | 747,630 | 383,691 |
| Less: Expenses | | | | | | |
| Acquisition cost | 835,424 | 901 | 8,700 | 3,607 | 848,632 | 300,890 |
| Administration expenses / deferred taxation | 127,679 | (216) | 7,051 | 21,859 | 156,373 | 183,026 |
| | 963,103 | 685 | 15,751 | 25,466 | 1,005,005 | 483,916 |
| Excess of (expenditure)/over income | (238,151) | 880 | (3,998) | (16,106) | (257,375) | (100,225) |
| Add: Technical reserves at the beginning of the year | 82,883 | - | 4,981 | 1,227 | 89,091 | 89,974 |
| Less: Technical reserves at the end of the year | (60,650) | (1,408) | (5,244) | (4,423) | (71,725) | (89,092) |
| | 22,233 | (1,408) | (263) | (3,196) | 17,366 | 882 |
| Deficit | (215,918) | (528) | (4,261) | (19,302) | (240,009) | (99,343) |
| Movement in technical reserves | (22,233) | 1,408 | 263 | 3,196 | (17,366) | (882) |
| Capital Contribution during the year | - | - | 15,000 | 15,000 | 30,000 | 85,000 |
| Qard-e-Hasna contributed to the Participants | - | - | (25,000) | - | (25,000) | (45,000) |
| Takaful Fund | - | - | (25,000) | - | (25,000) | (45,000) |
| Balance of OSF at the beginning of the year | 3,819 | - | 7,779 | 2,851 | 14,449 | 74,675 |
| Balance of OSF at the end of the year | (234,332) | 880 | (6,219) | 1,745 | (237,926) | 14,450 |
| Balance of Family Takaful statutory fund | 2,603,437 | 1,486 | 894 | 20,740 | 2,626,557 | 2,227,801 |

14 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

- Level 1: fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.
- Level 2: fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2020 the Operator and policyholders held the following financial instruments measured at fair value:

| Assets carried at fair value | As at December 31, 2020 | | |
|--------------------------------|-------------------------|-----------|---------|
| | Level 1 | Level 2 | Level 3 |
| Available-for-sale investments | - | 1,823,075 | - |

| Assets carried at fair value | As at December 31, 2019 | | |
|--------------------------------|-------------------------|-----------|---------|
| | Level 1 | Level 2 | Level 3 |
| Available-for-sale investments | - | 1,091,808 | - |

14 GENERAL

All figures have been rounded off to the nearest of thousand rupees, except otherwise stated.

15 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 12, 2021 by the Board of Directors of the Company.

 Chairman
 Director
 Director
 Chief Executive Officer
 Chief Financial Officer

Statement of Directors

[As per the requirement of section 46(6) and section 52 (2) of Insurance Ordinance, 2000]

Section 46 (6)

- In our opinion the annual statutory accounts of the IGI Life Insurance Limited set out in the forms attached to the statement have been drawn up in accordance with the Ordinance and any rules made thereunder;
- IGI Life Insurance Limited has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements; and
- As at December 31, 2019, IGI Life Insurance Limited continues to be in compliance with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and reinsurance arrangements.

Section 52 (2)

- In our opinion each statutory fund of IGI Life Insurance Limited complies with the solvency requirements of Insurance Ordinance, 2000 on aggregate basis based on the approval granted by Securities and Exchange Commission of Pakistan.

 Chairman
 Director
 Director
 Chief Executive Officer

Statement of Actuary

[As per the requirement of section 52(2) (a) & (b) of the Insurance Ordinance, 2000]

In my opinion:

- the policyholder liabilities included in the balance sheet of IGI Life Insurance Limited as at December 31, 2020 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and
- with reference to SECP letter dated July 26, 2012 (ref: ID/SUP/SLV/01) granting permission to IGI Life Insurance Limited to maintain solvency margin in aggregate, the Shareholders' Fund and the Statutory fund of the Company meet the solvency requirements of the Insurance Ordinance, 2000 as on December 31, 2020.

Shujat Siddiqui
 MA, FIA, FPSA
 Appointed Actuary
 IGI Life Insurance Limited

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth Annual General Meeting of IGI Life Insurance Limited (the "Company") will be held on Wednesday, April 28, 2021 at 09:30 a.m. via video-conferencing arrangements.

Please note that due to the recent surge in COVID-19 reported cases and in order to control the spread of the virus, the Company shall hold its meeting only through video-link. Members are requested to attend the meeting through video conference facility managed by the Company as per the instructions given in the notes section.

Following business will be transacted at the meeting:

Ordinary Business

1. To confirm the minutes of the last Annual General Meeting (AGM) of the Company held on May 21, 2020.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2020 together with the Chairman's Review Report and Directors' and Auditors' Report thereon.
3. To appoint auditors for the year 2021 and fix their remuneration. The current Auditors, M/s. A.F. Ferguson & Co. (Chartered Accountants) have consented to be appointed as auditors and the Board of Directors has recommended their appointment.
4. To transact any other business with the permission of the Chairman.

April 6, 2021
Karachi

By order of the Board
Company Secretary

PARTICIPATION IN THE 26TH AGM PROCEEDINGS VIA VIDEO LINK FACILITY:

To ensure wellbeing of our members, keeping in view the current COVID-19 situation, the AGM proceedings shall be held via video-link facility only. To attend through video-link, members can download the application/software through <https://zoom.us/download> and login via video-link to participate in the AGM proceedings.

The members/proxies registering to connect through video-link facility to participate in the meeting are required to mention their Name, Folio Number and CNIC Number in an email to igilifeagm@igi.com.pk with subject 'Registration for IGI Life AGM 2021'. Video-link and login credentials will be shared with the members/proxies whose email containing all the required particulars as mentioned above is received at the given email address before 05:00 p.m. on April 26, 2021. The same email address can be used by the members to provide their comments and questions for the agenda items of the AGM.

In the event of voting required during AGM, members using the video link can exercise their right to vote on the AGM date by logging into FAMCO's portal: www.famco.com.pk/evoting.html

OTHER NOTES

1. The Share Transfer Books of the Company will remain closed from April 21, 2021 to April 28, 2021 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. The proxy forms duly completed and signed by the member(s) appointing the proxy must be deposited with the Company's Share Registrar, FAMCO Associates (Private) Limited, 8F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, not later than forty-eight (48) hours before the time appointed for the Meeting.

Notice of Annual General Meeting

3. Any individual beneficial owner having an account or sub-account with the Central Depository Company ("CDC"), entitled to vote at this meeting, must provide his/her Computerized / Smart National Identity Card (CNIC/SNIC) to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC/SNIC. The representatives of corporate bodies should provide attested copies of their board of directors' resolution/powers of attorney and/or all such documents as are required under Circular No. 1 dated January 26, 2000 issued by the SECP for the purpose.
4. Members (Non-CDC) are requested to promptly notify the Company's Share Registrar of any change in their addresses and also provide the email address, if possible.
5. Pursuant to Section 223 (7) of the Companies Act, 2017, the financial statements and annual reports have been placed on website of the Company and can be accessed on <http://igilife.com.pk/investor-relations/financial-reports/>. Members are hereby further informed that in pursuant to SECP's S.R.O. 787(1)/2014 dated September 8, 2014 and Companies Act, 2017, companies have been allowed to circulate the Annual Report to members through email. For this purpose, we have attached the request form in the Annual Report and also uploaded the same on our company's website at <http://igilife.com.pk/investor-relations/agm-related-forms/#1588198218774-0a90803a-a8bd>. Members who want to avail this facility are requested to submit the duly filled request form to the Share Registrar.
6. Further, in accordance with SRO 470(I) / 2016 dated May 31, 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with certain other conditions.
7. In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay the cash dividend to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive your dividends directly into your bank account, please complete the particulars in E-Credit Dividend Mandate Form. This form has been attached in the Annual Report and is also available on our Company's website - www.igilife.com.pk. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company. In the absence of a member's valid bank account details and/or IBAN, the Company will be constrained to withhold the payment of dividend to such members till provision of prescribed details.
8. Shareholders, who by any reason, could not claim their dividend/ physical/bonus shares, if any, are advised to contact our Share Registrar at the address mentioned above.
9. In accordance with the Companies (Postal Ballot) Regulations, 2018, for any agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot i.e. by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations.

Request for Annual Report and Notices Through Post

The Registrar

FAMCO Associates (Pvt.) Limited,
8-F, Next to Hotel Faran
Block-6, Nursery, P.E.C.H.S.
Shahrah-e-Faisal
Karachi-74000

Dear Sir,

I hereby request you to send me Annual Report of IGI Life Insurance Limited and notices for the year ended December 31, 2020 under the Companies Act, 2017 at my postal address given below:

(Postal address of the shareholder)

The above address will be recorded in the members register maintained under section 119 of the Companies Act, 2017. I will inform the Company and its Share Registrar about any change in my postal address immediately.

Regards,

(Signature)

Name of the Shareholders

Folio No: _____

(In case of physical shareholding)

CDC Account No.: _____

Note: Individual CDC Account holders should submit copy of their renewed Computerized National Identity Card (CNIC) alongwith this request form.

درخواست برائے سالانہ رپورٹ اور نوٹسز بذریعہ ڈاک

دی رجسٹرار
فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ
ایف-8، نزد ہوٹل فاران
نرسری بلاک-6، پی ای سی ایچ ایس
شاہراہ فیصل، کراچی

عزیز محترم

میں بذریعہ پوسٹ آپ سے درخواست کرتا ہوں کہ آئی جی آئی لائف انشورنس لمیٹڈ کی سالانہ رپورٹ اور نوٹسز کمپنیز ایکٹ 2017 کے تحت میرے درج ذیل ایڈریس پر ارسال کئے جائیں۔

(شیر ہولڈر کا ایڈریس)

مذکورہ بالا ایڈریس کمپنیز ایکٹ 2017 کے سیکشن 119 کے تحت تیار کردہ ممبران کے رجسٹر میں ریکارڈ کر لیا جائے۔ میں کمپنی اور رجسٹرار کو اپنے ایڈریس میں کسی بھی تبدیلی کے بارے میں فوری طور پر اطلاع کردوں گا/گی۔

منجانب

(دستخط)

شیر ہولڈر کا نام

فولیو نمبر:

(فزیکل شیر ہولڈنگ کی صورت میں)

سی ڈی سی اکاؤنٹ نمبر:

نوٹ: انفرادی سی ڈی سی اکاؤنٹ ہولڈرز کو اس درخواست فارم کے ساتھ اپنے تجدید شدہ کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) کی کاپی جمع کرانی ہوگی۔

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا نوٹس مطلع کیا جاتا ہے کہ آئی جی آئی لائف انشورنس لمیٹڈ (کمپنی) کا 26 واں سالانہ اجلاس عام مورخہ 28 اپریل 2021 بروز بدھ بوقت 9:30 بجے صبح بذریعہ ویڈیو کانفرنس منعقد ہوگا۔ COVID-19 کے موجودہ بڑھتے ہوئے کیسز کے پیش نظر اور اس وائرس کے پھیلاؤ کو روکنے کے لیے کمپنی اپنا اجلاس صرف بذریعہ ویڈیو لنک ہی منعقد کرے گی۔ ممبران سے گزارش کی جاتی ہے کہ وہ مندرجہ ذیل نوٹس میں ذکر کردہ طریقے کے مطابق اجلاس میں بذریعہ ویڈیو کانفرنس شرکت کریں۔

اجلاس میں درج ذیل امور زیر بحث لائے جائیں گے:

عمومی کارروائی

1. مورخہ 21 مئی 2020 کو منعقد ہونے والے گزشتہ سالانہ اجلاس کے نکات کی توثیق۔
2. مورخہ 31 دسمبر 2020 کو ختم ہونے والے گزشتہ سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں مع چیئرمین رپورٹس، آڈیٹرز اور ڈائریکٹرز کی رپورٹ کی وصولی، غور و خوض، اور منظوری۔
3. سال 2021 کے لیے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین۔ موجودہ آڈیٹرز میسر اے ایف فرگوسن اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) نے آڈیٹ کے طور پر تقرری کے لیے رضامندی ظاہر کی ہے اور بورڈ آف ڈائریکٹرز نے ان کی تقرری کی سفارش کی ہے۔
4. چیئرمین کی اجازت سے کسی بھی دیگر امور کی انجام دہی۔

6 اپریل 2021 کو

تکلم بورڈ

کمپنی سیکریٹری

26 ویں سالانہ اجلاس عام میں بذریعہ ویڈیو لنک شرکت کرنے کی تفصیلات

ممبران کی خبر و عافیت اور COVID-19 کی موجودہ صورتحال کے پیش نظر سالانہ اجلاس عام صرف بذریعہ ویڈیو لنک منعقد ہوگا۔ ویڈیو لنک کے ذریعے شرکت کرنے کے لیے ممبران اپنی کمپنیشن (Application) رسافٹ ویز (Software) اس لنک سے <https://zoom.us/download> ڈاؤن لوڈ (Download) کریں۔ اور سالانہ اجلاس عام کی کارروائی میں بذریعہ ویڈیو لنک شرکت کرنے کے لیے اس اپلیکیشن میں Login کریں۔

وہ اراکین / پراکسیز جو بذریعہ ویڈیو لنک اجلاس میں شرکت کرنا چاہتے ہیں ان سے درخواست ہے کہ وہ ”رجسٹریشن برائے آئی جی آئی لائف سالانہ اجلاس عام 2021“ کے عنوان سے اپنا نام، فونو نمبر اور شناختی کارڈ نمبر igilifeagm@igi.com.pk پر ای میل کر دیں۔ جن اراکین / پراکسیز کی طرف سے ای میل مذکورہ بالا متعلقہ تفصیلات کے ساتھ دیے گئے ای میل ایڈریس پر مورخہ 26 اپریل 2021 شام 5 بجے سے پہلے موصول ہوں گی ان کو ویڈیو لنک اور اس میں شرکت کے حوالے سے متعلقہ تفصیلات فراہم کر دی جائیں گی۔ اراکین کی جانب سے اجلاس کے ایجنڈا پر سوالات یا اظہار رائے کے لیے بھی اسی ای میل ایڈریس کو استعمال کیا جائے گا۔

سالانہ اجلاس عام کے دوران اگر حق رائے دہی استعمال کرنے کی ضرورت پیش آئے تو ممبران ویڈیو لنک کے ذریعہ فیکو پورٹل: www.famco.com.pk/evoting.html پر Login ہو کر اپنا حق رائے دہی استعمال کر سکتے ہیں۔

دیگر گزارشات:

1. کمپنی کی حصص منتقلی کی کتب (Share Transfer Book) مورخہ 21 اپریل 2021 سے 28 اپریل 2021 (دونوں دن شامل ہیں) تک بند رہیں گی۔

2. جو ممبران سالانہ اجلاس عام میں شرکت اور حق رائے دہی استعمال کرنے کے اہل ہیں ان کو اپنی جانب سے کسی اور شخص کو اپنی جگہ اجلاس میں شرکت اور حق رائے دہی استعمال کرنے کے لیے نمائندہ (پراکسی) مقرر کرنے کی اجازت ہے۔ نمائندہ (پراکسی) کے لیے کمپنی کارکن ہونا ضروری نہیں۔ اپنی طرف سے نمائندہ (پراکسی) مقرر کرنے والے رکن کی طرف سے مکمل پُر شدہ پراکسی فارم دستخط کے ساتھ کمپنی کے چیئرمین رجسٹرار، فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8 ایف، متصل ہوٹل فاران، نرسری، بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کو مقررہ اجلاس سے لازماً 48 گھنٹے قبل موصول ہو جانا ضروری ہے۔

3. وہ انفرادی (Beneficial Owner) جن کے اکاؤنٹ یا سب اکاؤنٹ سینٹرل ڈپازٹری کمپنی (CDC) میں ہوں اور وہ اجلاس میں اپنا حق رائے دہی استعمال کرنے کے مجاز ہوں وہ اپنا کمپیوٹر انڈیا اسارٹ قومی شناختی کارڈ اپنی شناخت کے لیے ضرور فراہم کریں اور نمائندہ (پراکسی) مقرر کرنے کی صورت میں اس کے کمپیوٹر انڈیا اسارٹ قومی شناختی کارڈ کی مصدقہ نقل فراہم کریں۔ کارپوریٹ ادارے کے نمائندگان (پراکسیز) کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد پاور آف اٹارنی اور یا S.E.C.P کی طرف سے اس مقصد کے لیے مورخہ 26 جنوری 2000 کو جاری کردہ اعلامیہ نمبر 1 کے مطابق مطلوب تمام ضروری دستاویزات کی مصدقہ نقل فراہم کرنا ضروری ہے۔

4. اراکین (نان سی ڈی سی) سے التماس ہے کہ اگر ان کے پتے میں کسی قسم کی تبدیلی ہو تو فوراً کمپنی کے چیئرمین رجسٹرار کو اس تبدیلی کی اطلاع کر دیں اور اگر ممکن ہو تو اپنا ای میل ایڈریس بھی فراہم کر دیں۔

5. کمپنیز ایکٹ مجریہ 2017 کی دفعہ (7) 223 کے تحت مالیاتی گوشوارے اور سالانہ رپورٹ کمپنی کی ویب سائٹ پر اپلوڈ کر دی گئی ہیں اور اس کی رسائی <http://igilife.com.pk/investor-relations/financial-reports/> کے ذریعے ممکن ہے۔

ممبران کو مزید مطلع کیا جاتا ہے کہ S.E.C.P کے ایس آر او 2014/1(787) بتاریخ 8 دسمبر 2014 و کمپنیز ایکٹ 2017 کے تحت کمپنیز کو سالانہ رپورٹ بذریعہ ای میل فراہم کرنے کی اجازت دیدی گئی ہے۔ اس حوالے سے ہم نے درخواست فارم سالانہ رپورٹ کے ساتھ منسلک کر دیا ہے اور مزید یہ کہ کمپنی کی ویب سائٹ <http://igilife.com.pk/investor-relations/agm-related-forms/#1588198218774-0a90803a-a8bd> پر بھی اپلوڈ کر دیا گیا ہے۔

جو اراکین یہ سہولت حاصل کرنا چاہتے ہیں وہ اپنا مکمل شدہ فارم شیئرز رجسٹر اراکوں کو جمع کروادیں۔

6. مزید یہ کہ 31 مئی 2016 کے ایس آر او 2016/1(470) کے تحت S.E.C.P نے کمپنیز کو اپنے ممبران شیئرز ہولڈرز کی رضامندی کی فراہمی اور کچھ دیگر شرائط کی تعمیل کے عوض اپنے رجسٹرڈ شدہ پتوں پر ہارڈ کاپیاں ترسیل کرنے کے بجائے CD/DVD/USB کے ذریعے سالانہ آڈٹ شدہ اکاؤنٹس کی فراہمی کی اجازت دی ہے۔

7. کمپنیز ایکٹ مجریہ 2017 کی دفعہ 242 کے تحت لیکچر کے لیے ضروری ہے کہ وہ نقد منافع منقسمہ براہ راست اپنے اہل حصص یافتگان کے مقررہ بینک اکاؤنٹس میں صرف بذریعہ برقی طریقہ کار منتقل کریں۔ اپنے منافع منقسمہ براہ راست اپنے بینک اکاؤنٹ میں بذریعہ برقی طریقہ کار وصول کرنے کے لیے ازراہ کرم منافع منقسمہ کا برقی کریڈٹ مینڈیٹ فارم پُر کریں۔ یہ فارم سالانہ رپورٹ کے ساتھ منسلک ہے اور ہماری ویب سائٹ www.igilife.com.pk پر بھی موجود ہے۔ اگر حصص CDC میں موجود ہیں تو مذکورہ بالا معلومات سے کمپنی کو باخبر رکھنے اور منتقل کرنے کے لیے براہ راست CDS کے شراکت داروں کو جمع کروائیں۔ اراکین کے اکاؤنٹ یا IBAN نمبر کی تفصیل غلط ہونے کی صورت میں کمپنی منافع منقسمہ کی رقم کو مذکورہ بالا معلومات فراہم ہونے تک اپنے پاس روکے رکھے گی۔

8. وہ حصص یافتگان جو کسی بھی وجہ سے اپنا منافع منقسمہ ریفریبل ربنس شیئرز حاصل نہیں کر سکتے ان سے گزارش کی جاتی ہے کہ اوپر ذکر کردہ شیئرز رجسٹرار سے فوری رابطہ کریں۔

9. کمپنیز (پوسٹل بیلت) ریگولیشنز 2018 کی تعمیل کے تحت کسی بھی ایجنڈا آئٹم کے لیے کمپنیز ایکٹ مجریہ 2017 کی دفعہ 143 اور 144 کی ضرورت سے مشروط حصص یافتگان کو مذکورہ ضوابط میں شامل شرائط و ضوابط کے مطابق پوسٹل بیلت یعنی پوسٹ یا ای ووٹنگ (e-voting) کے ذریعے اپنا حق استعمال کرنے کی اجازت ہوگی۔

| منعقدہ کمیٹی مینٹلز کی تعداد | اراکین کے نام |
|------------------------------|---------------------------|
| 4 | شرکت کردہ مینٹلز کی تعداد |
| 4 | سید حیدر علی |
| 4 | سید یاور علی |
| 3 | محمد کمال سید |
| 4 | خرم رضا بختیاری |
| 1 | حسن عسکری* |

بورڈ کے تجزیہ کا طریقہ کار

کوڈ آف کارپوریٹ گورننس ریگولیشنز کی شرائط کو ملحوظ رکھتے ہوئے، کمپنی کے بورڈ آف ڈائریکٹرز کے پاس بورڈ اور اس کی کمیٹیوں کی کارکردگی کے سالانہ تجزیہ کا ایک منظور شدہ طریقہ کار ہے، بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیاں سالانہ بنیادوں پر اس تجزیہ کا عمل کرتے رہتے ہیں۔

ڈائریکٹرز کا مشاہرہ

ڈائریکٹرز کا مشاہرہ کمپنی کے آرٹیکل آف ایسوسی ایشن کے زیر انتظام ہے جس کی رو سے کمپنی کے ڈائریکٹرز کو وقتاً فوقتاً ڈائریکٹرز کے مشاہرے کی تعین کے مجاز ہیں۔

ماحول پر اثر

آئی جی آئی لائف صحت کو بہتر بنانے، تحفظ، اور اپنے ملازمین اور ارد گرد کے معاشرہ کے لیے بہترین ورک پلیس بنانے کے اقدامات کے نفاذ کے لیے خوب جدوجہد کرتی ہے اور اس کو مزید مضبوط کرنے کے لیے COVID-19 کی احتیاطی تدابیر کو بھی نافذ کیا گیا ہے۔

ڈائریکٹرز، ایگزیکٹو اور ان کے شریک حیات اور بچوں کی جانب سے حصص کی تجارت

کمپنی کے ڈائریکٹرز اور ان کے شریک حیات کی طرف سے حصص میں کی گئی تجارت درج ذیل ہے:

- سید حیدر علی نے 166,000 حصص خریدے۔

چیف فنانس آفیسر، کمپنی سیکرٹری اور دیگر ایگزیکٹو نے دوران سال حصص کی تجارت نہیں کی۔

پیٹرن آف شیئر ہولڈنگ

کمپنیز ایکٹ مجریہ 2017 کے سیکشن 227 کے تحت 31 دسمبر 2020 تک کا پیٹرن آف شیئر ہولڈنگ سالانہ رپورٹ میں شامل ہے۔

ضابطہ اخلاق

آپ کی کمپنی اپنے کسٹمرز کے مستقبل کے مالی تحفظ کے لیے روایتی لائف انشورنس، یونیورسل انشورنس اور یونٹ لنکڈ پلان پیش کرتی ہے۔ ہم SECP کی طرف سے بیان کردہ مارکیٹ کے ضابطہ اخلاق کی مکمل پاسداری کرتے ہیں اور اپنی پراڈکٹ کے حوالے سے تمام ضروری درکار حقائق اپنے کلائنٹ کے سامنے بیان کرتے ہیں۔ کمپنی نے ملازمین کے حوالے سے ضابطہ اخلاق بھی متعارف کروایا ہے جس پر انہیں ہر سال دستخط کرنے ہوتے ہیں۔

Syed Haidar Ali

سید حیدر علی

چیف ایگزیکٹو آفیسر

تاریخ: 12 مارچ 2021

Saim Khan

شیم احمد خان

چیرمین

تاریخ: 12 مارچ 2021

* دوران سال محترم حسن عسکری صاحب اور محترمہ ناز خان صاحبہ نے بورڈ سے استعفیٰ دیا ہے۔

| منعقدہ کمیٹی مینٹلز کی تعداد | اراکین کے نام |
|------------------------------|---------------------------|
| 4 | شرکت کردہ مینٹلز کی تعداد |
| 4 | شیم احمد خان |
| 4 | سید یاور علی |
| 2 | فریہ احسن |

انڈر رائٹنگ اور ری انشورنس کمیٹی

یہ کمیٹی اس بات کو یقینی بناتی ہے کہ ری انشورنس سے متعلق تمام انتظامات بالکل موزوں ہیں۔ یہ کمیٹی اجراء سے پہلے مجوزہ ری انشورنس معاہدات کا جائزہ لیتی ہے، وقتاً فوقتاً ری انشورنس معاہدات پر نظر ثانی کرتی ہے اور شریک ری انشورنس کی اجازت سے جیسے اور جب ضرورت پڑے کی بنیاد پر مناسب ایڈجسٹمنٹ بھی کرتی ہے۔ یہ کمیٹی مستقبل میں ری انشورنس پروگرام کے موثر ہونے کا تجزیہ بھی کرتی ہے۔

یہ کمیٹی کمپنی کی انڈر رائٹنگ پالیسیز بھی ترتیب دیتی ہے۔ یہ کمیٹی انشورنس سے متعلق مختلف قسم کے رسک کے تجزیہ کا معیار بھی مقرر کرتی ہے اور مارکیٹ کی ترقی اور اپنے بزنس پورٹ فولیو کے لحاظ سے وقتاً فوقتاً انڈر رائٹنگ پالیسیز پر نظر ثانی کرتی رہتی ہے۔

| منعقدہ کمیٹی مینٹلز کی تعداد | اراکین کے نام |
|------------------------------|---------------------------|
| 4 | شرکت کردہ مینٹلز کی تعداد |
| 4 | محمد کمال سید |
| 4 | سید یاور علی |
| 2 | زہرہ نقوی |
| 1 | حسن عسکری* |

اخلاقیات، ہیومن ریسورس، مشاہرے اور نامزدگیوں کی کمیٹی

اخلاقیات، ہیومن ریسورس، مشاہرے اور نامزدگیوں کی کمیٹی کمپنی کی ہیومن ریسورس پالیسیز کی تشکیل اور ان پر نظر ثانی کی ذمہ دار ہے۔ یہ کمیٹی سینئر آفیسرز بشمول چیف ایگزیکٹو آفیسر، ڈپٹی چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانس آفیسر، کمپنی سیکرٹری اور ہیڈ آف انٹرنل آڈٹ کے مشاہرے، تجزیے اور انتخاب سے متعلق امور کے حوالے سے بورڈ کی معاون ہوتی ہے۔ یہ کمیٹی ان آفیسرز کی سکسیشن پلاننگ کے حوالے سے تجاویز بھی دیتی ہے۔

| منعقدہ کمیٹی مینٹلز کی تعداد | اراکین کے نام |
|------------------------------|---------------------------|
| 4 | شرکت کردہ مینٹلز کی تعداد |
| 1 | سید حیدر علی |
| 1 | خرم رضا بختیاری |
| 1 | سید یاور علی |
| 1 | ناز خان* |
| - | فریہ احسن |

انویسٹمنٹ کمیٹی

انویسٹمنٹ کمیٹی مستحکم فوائد کے حصول اور پالیسی ہولڈرز فنڈ کو محفوظ رکھنے کے لیے سرمایہ کاری سے متعلق فنکشن کے امور کی ذمہ دار ہے۔ یہ کمیٹی کمپنی کے زیر انتظام مختلف فنڈز کے حوالے سے سرمایہ کاری کو منظور اور نظر ثانی کرتی ہے۔

کوڈ آف کارپوریٹ گورننس برائے انشورر 2016، لسٹڈ کمپنیز ریگولیشنز 2019 (کوڈ آف کارپوریٹ گورننس) اور پاکستان اسٹاک ایکسچینج کے رولز بک کی تعمیل آپ کی کمپنی کے ڈائریکٹرز کے لیے:

الف۔ کمپنی کی بیجمنٹ کی طرف سے تیار کیے گئے مالیاتی گوشوارے کمپنی کے معاملات، اسکے آپریشنز کے نتائج، کیش فلوا اور ایکویٹی میں تبدیلی کو درست طریقے سے پیش کرتے ہے۔

ب۔ کمپنی کی جانب سے اکاؤنٹس کی کتب کو مناسب طریقے سے مرتب کیا گیا ہے۔

ج۔ مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیز کو استعمال کیا گیا اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلوں پر مبنی ہیں۔

د۔ مالیاتی گوشواروں کو بین الاقوامی فائنانشل رپورٹنگ اسٹینڈرڈ اور پاکستان میں رائج دیگر ریگولیشنز اور قوانین (بشمول نہ کہ منحصر شریعہ گائیڈ لائنز اور اصول) ، انشورنس آرڈیننس 2000، انشورنس اکاؤنٹنگ ریگولیشنز 2017، انشورنس رولز 2017 کمپنیز ایکٹ 2017 کے تحت جاری کردہ ہدایات اور نفاذ رولز 2012 کے مطابق تیار کیا گیا ہے اور کسی بھی قسم کی خلاف ورزی کو مناسب طریقے واضح کیا گیا ہے۔

ہ۔ انٹرنل آڈٹ سسٹم ڈیزائن کے لحاظ سے بہترین ہے اور اس کا مؤثر طریقے سے نفاذ اور نگرانی کی گئی ہے۔

و۔ اس بات میں کوئی شک نہیں کہ کمپنی اس کاروبار کو مسلسل جاری رکھنے کی مکمل صلاحیت رکھتی ہے۔

ز۔ لسٹڈ کمپنیز ریگولیشنز (کوڈ آف کارپوریٹ گورننس) 2019، کوڈ آف کارپوریٹ گورننس برائے انشورر 2016 اور پاکستان اسٹاک ایکسچینج کی رول بک کی ریگولیشنز میں بیان کردہ کارپوریٹ گورننس کی میٹ پریکٹسز سے کسی قسم کا خاطر خواہ انحراف نہیں پایا گیا۔

ح۔ 31 دسمبر 2020 تک ٹیکسز، ڈیوٹیز، لیویز اور چارجز کی مد میں کسی قسم کی قانونی ادائیگی واجب الادا نہیں ہے، سوائے ان ادائیگیوں کے جن کو مالیاتی گوشوارے میں بیان کیا گیا ہے۔

ط۔ اسٹاف کے ریٹائرمنٹ فنڈ کے تحت کی جانے والی سرمایہ کاری کی مالیت 31 دسمبر 2020 تک غیر آڈٹ شدہ مالیاتی گوشواروں کے مطابق درج ذیل ہے:

| | |
|-------------------------|-------------|
| ملازمین کا پراویڈنٹ فنڈ | 59,361 ملین |
| ملازمین کا گریجویٹ فنڈ | 35,100 ملین |

ی۔ فی الحال لسٹڈ کمپنیز ریگولیشنز (کوڈ آف کارپوریٹ گورننس) 2019 میں بیان کردہ ڈائریکٹرز بینگ پروگرام سے آپ کے ڈائریکٹرز مکمل طور پر ہم آہنگ ہیں۔

ک۔ گذشتہ چھ سالوں کا اہم آپرینٹنگ اور مالیاتی ڈیٹا مالیاتی گوشوارے کے ساتھ منسلک ہے۔

انشورنس آرڈیننس 2000 کی تعمیل میں ڈائریکٹرز اس بات کی تصدیق کرتے ہیں کہ:

- ان کی رائے اور یقین کے اعتبار سے کمپنی کے سالانہ قانونی اکاؤنٹس جو ان گوشواروں کے ساتھ منسلک ہیں انشورنس آرڈیننس 2000 اور دیگر قوانین کے مطابق ہیں۔
- آپ کی کمپنی نے پورے سال پیڈ اپ کیٹیبل، سالوینسی اور مجموعی ری انشورنس کے معاہدات کے حوالے سے قابل اطلاق آرڈیننس اور دیگر قوانین کی مکمل طور پر پابندی کی ہے اور ان گوشواروں کی تاریخ تک آپ کی کمپنی مکمل طور ان آرڈیننس اور دیگر قوانین کی پابند رہی ہے۔

بورڈ آف ڈائریکٹرز

کمپنی کا بورڈ آف ڈائریکٹرز سات (5 مرد، 2 خواتین) ڈائریکٹرز پر مشتمل ہے جو مندرجہ ذیل ہیں:

| | |
|------------------|------------------------|
| محمد کمال سید | آزاد ڈائریکٹرز |
| محترمہ فریدہ حسن | |
| محترمہ زہرہ نقوی | |
| سید حیدر علی | ایگزیکٹو ڈائریکٹرز |
| شہیم احمد خان | |
| سید یاد علی | نان ایگزیکٹو ڈائریکٹرز |
| خرم رضا بختیاری | |

ڈائریکٹرشپ میں تبدیلی

دوران سال بورڈ میں دو دعویٰ نشست خالی ہوئیں جن کو قابل اطلاق قوانین کے تحت بیان کردہ مدت کے دوران پُر کر دیا گیا ہے۔ *

بورڈ اور کمیٹی میٹنگز

بورڈ آف ڈائریکٹرز، آڈٹ، انڈر رائٹنگ، ری انشورنس، گلیمز، انویسٹمنٹ، اور ہیومن ریسورس اور مشاہرے کی میٹنگز شیڈول کے مطابق ہوئیں۔ منعقدہ میٹنگز اور بورڈ اور اس کی ذیلی کمیٹی میں ہر ڈائریکٹر کی حاضری کی تفصیل درج ذیل ہے:

| منعقدہ بورڈ میٹنگز کی تعداد | ڈائریکٹرز کے نام |
|-----------------------------|------------------|
| 5 | شہیم احمد خان |
| 4 | سید حیدر علی |
| 5 | سید یاد علی |
| 5 | خرم رضا بختیاری |
| 3 | محمد کمال سید |
| 2 | زہرہ نقوی |
| 2 | فریدہ حسن |
| 2 | ناز خان * |
| 2 | حسن عسکری * |

آڈٹ کمیٹی

آڈٹ کمیٹی چار (4) نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے، آڈٹ کمیٹی کی تشکیل لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز کے مطابق ہے۔ یہ کمیٹی سہ ماہی میں کم از کم ایک بار میٹنگ کرتی ہے۔

| منعقدہ کمیٹی میٹنگز کی تعداد | اراکین کے نام |
|------------------------------|-----------------|
| 4 | محمد کمال سید |
| 3 | سید یاد علی |
| 4 | خرم رضا بختیاری |
| 2 | زہرہ نقوی |
| 1 | حسن عسکری * |

گلیمز سیٹلمینٹ کمیٹی

یہ کمیٹی کمپنی کے گلیمز کے تصفیہ سے متعلق پالیسی کی منظوری دیتی ہے۔ یہ کمیٹی کمپنی کی گلیمز پوزیشن کی نگرانی کرتی ہے اور اس بات کو یقینی بناتی ہے کہ گلیمز سے متعلق مناسب ریزرو برقرار ہیں۔ اس کمیٹی کی خصوصی توجہ غیر معمولی گلیمز پر ہوتی ہے۔ یہ کمیٹی گلیمز کے فوری تصفیہ اور ادائیگی کو یقینی بناتی ہے۔ یہ کمیٹی عدالت، انشورنس محتسب اور ٹریبونل کے سامنے پیش ہونے والے کیسز کے ساتھ ساتھ دیگر آڈٹ اسٹینڈنگ کیسز کا جائزہ بھی لیتی ہے۔ یہ کمیٹی دھوکہ دہی پر مبنی کلیم کیسز کا جائزہ بھی لیتی ہے۔

آپ کی کمپنی ری انشورنس پر احتیاط کے ساتھ ڈیزائن کردہ پروگرام کے ذریعے، لاحق رسک پر تیز اور بروقت ردعمل کی پالیسی پر کاربند ہے۔ کمپنی نے قابل اعتماد انٹرنیشنل اداروں کے ساتھ ری انشورنس معاہدات کیے ہوئے ہیں۔

کمپیٹل مینجمنٹ اور لیکویڈیٹی

کمپنی اپنی موجودہ اور مستقبل کی کاروباری سرگرمیوں کو چلانے کے لیے ایک خاص مقدار میں سرمایہ برقرار رکھتی ہے۔ کمپنی کا پیڈ اپ کمپیٹل اور حاصل کردہ آمدن بالترتیب 1,705 ملین اور 431 ملین ہے۔ کمپنی کا ایک طے شدہ فریم ورک ہے، جس کے ذریعے کلیم کی ادائیگیوں اور انتظامی اخراجات کو پورا کرنے کے لیے مناسب لیکویڈٹی برقرار رہتی ہے۔ کمپنی کے پاس 31 دسمبر 2020 تک کیش اور کیش کے مساوی 1.23 ارب (2019 میں 1.64 ارب) روپے موجود رہے ہیں۔

انفارمیشن ٹیکنالوجی اور آپریٹنگ مہارت

آپ کی کمپنی اپنے پالیسی ہولڈرز، شرکاء داروں اور دیگر اسٹیک ہولڈرز کو بہترین خدمات کی فراہمی کے لیے ہر دم سرگرم عمل ہے۔

آپ کی کمپنی نے ایک معروف بین الاقوامی فرم سے حاصل کردہ جدید IT سسٹم کے ذریعے اپنی نئی براڈ کٹ ”IGI LIFE Vitality“ کو متعارف کروایا ہے۔ نیا سسٹم عملی طور پر آپریٹنگ صلاحیتوں اور کسٹمر سروس کو بہترین بنانے مدد کر رہا ہے۔ اس کے ساتھ ساتھ اپنے کسٹمر کی خدمت کے لیے مختلف پورٹل اور موبائل ایپلیکیشن بھی متعارف کروائی گئی ہیں، جس نے گھر بیٹھے صارفین تک رسائی ممکن بنائی ہے۔ مزید برآں، کمپنی کسٹمر سروس کی فراہمی کو بہتر کرنے کے لیے خصوصاً COVID-19 کے باعث ہونے والے لاک ڈاؤن کے دوران اپنے کال سنٹر کو اپ گریڈ کیا ہے۔

متعلقہ پارٹی لین دین

ہر بورڈ مینٹگ میں بورڈ آف ڈائریکٹرز آڈٹ کمیٹی کی سفارشات کی بنیاد پر متعلقہ کمپنیوں اور پارٹیوں کے ساتھ ہونے والی ٹرانزیکشنز کی منظوری دیتے ہیں۔ ایسی تمام ٹرانزیکشن ”Arms Length“ پر انجام دی جاتی ہیں۔ اس طریقہ کار کو موازنے کے قابل لائق اشتراک کے انتظامات کی بنیاد پر طے کیا جاتا ہے۔

افراد کی قوت کا انتظام

موجودہ سال کمپنی نے ہیلز اور مارکیٹنگ، انڈر رائٹنگ، کلیم، فننس، ایچ آر، ہیومن ریسورس اور کسٹمر سروس سمیت بہت سے شعبوں میں ماہر اور باصلاحیت بھرتیاں کر کے اپنی افرادی قوت کو مضبوط کیا ہے۔ سال 2020 کے دوران کمپنی نے اپنے اسٹاف اور ہیلز فورس کے لیے متعدد ٹریننگ اور تربیتی کورسز کا انعقاد کیا۔

انٹرنل آڈٹ

آپ کی کمپنی کا اپنا ایک انٹرنل آڈٹ کا شعبہ ہے جس کی نگرانی ایک آڈٹ کمیٹی کرتی ہے۔ انٹرنل آڈٹ فنکشن ریگولیٹری ذمہ داریوں پر عمل کرنے کی یقین دہانی کرتا ہے۔

آڈیٹرز

آڈٹ کمیٹی کی سفارش پر کمپنی کے بورڈ آف ڈائریکٹرز نے کمپنی کے بیرونی آڈیٹرز کے طور پر A.F. Ferguson and Co. Chartered Accountants کی تقرری کی منظوری دی ہے۔

ہولڈنگ کمپنی

کمپنی آئی جی آئی ہولڈنگز لمیٹڈ (سابقہ آئی جی آئی انشورنس) کی ذیلی کمپنی ہے جو کمپنی کے 82.69% شیئرز (2019 میں 82.69%) کی مالک ہے۔

انشورر کی مالیاتی قوت کی ریٹنگ

موجودہ سال کے دوران کمپنی نے PACRA سے اپنی IFS ریٹنگ کو برقرار رکھا۔ کمپنی کو A+IFS ریٹنگ کے ساتھ مستحکم آؤٹ لک سے نوازا گیا۔

کارپوریٹ سماجی ذمہ داریوں (CSR) کی سرگرمیاں

کارپوریٹ سماجی ذمہ داری، IGI کی اولین ترجیحات میں سے ایک ہے۔ اس سلسلے میں ہم نے ZABIST Sport Society کے تعاون سے Special Olympics Pakistan سے اشتراک کیا، تاکہ اسپتال کھلاڑیوں کی خود اعتمادی کو بڑھا دیا جاسکے۔ COVID-19 کی وبا کے دوران احتیاطی تدبیر سے متعلق آگاہی کے لیے مختلف سوشل میڈیا پوسٹ، ای میلز، اور آن لائن ٹوشنگیشن کے ذریعے صارفین اور ملازمین کے لیے پیغام رسانی انجام دی گئی۔ COVID-19 کے لیے ایک انیمیشن (Animation) تیار کی گئی جو کمپنی کی وبا کے خلاف تیاری کی بھرپور عکاسی کرتی ہے۔ کمپنی کے اندر Breast Cancer کی آگاہی کے لیے خواتین ملازمین کے لیے سیشن منعقد کیے گئے، جس میں وائٹنلٹی کی طرف سے Breast Cancer آگاہی کے لیے Mugs بھی دیے گئے۔

آؤٹ لک

نئی منفرد پروڈکٹس کو متعارف کروانے، اپنے مینیجڈ کیئر کال سنٹر، کسٹمر سروس اور آئی ٹی سسٹم کی تجدید کاری کر کے اور اپنے وسیع ڈسٹری بیوشن پلیٹ فارم اور مضبوط رسک مینجمنٹ فریم ورک کے ساتھ آپ کی کمپنی بڑھتی ہوئی انشورنس مارکیٹ میں نئے مواقع سے فائدہ اٹھانے کے لیے تیار ہیں۔

کلمات تشکر

ہم اس موقع پر SECP کے گراں قدر تعاون، حمایت اور رہنمائی پر ممنون ہیں۔ بورڈ آف ڈائریکٹرز اپنے ملازمین کی طرف سے پیش کردہ خدمات پر ان کا شکریہ اور قدر دانی کرتا ہے۔ آخر میں، ہمارے

پالیسی ہولڈرز اور شیئرز ہولڈرز کا شکریہ جن کا مسلسل اعتماد کمپنی کی حوصلہ افزائی کا ذریعہ بنا رہا۔

محمد امجد علی

سید حیدر علی

چیف ایگزیکٹو آفیسر

تاریخ: 12 مارچ 2021

Sankhan

شمیم احمد خان

چیئر مین

تاریخ: 12 مارچ 2021

ڈائریکٹرز رپورٹ برائے ممبران

کمپنی کے ڈائریکٹرز 31 دسمبر 2020 کو ختم ہونے والے سال کی سالانہ رپورٹ، آڈٹ شدہ مالیاتی گواہیوں کے ساتھ پیش کرتے ہوئے نہایت مسرت محسوس کر رہے ہیں۔

گذشتہ سال COVID-19 کی وبا کی وجہ سے نہایت دشوار باجس کی وجہ سے ہر قسم کے کاروبار شدید باؤ میں رہے۔ لاک ڈاؤن اور محدود نقل و حرکت کے زمانے میں ہم نے آئی جی آئی لائف میں اپنے کسٹمرز کو بلا تعلق معیاری خدمات کی فراہمی کو یقینی بنانے کے لیے اور ان کی ضروریات کو پورا کرنے کے لیے جدید ٹیکنالوجی اور وسائل کے بہتر استعمال کے لیے سخت محنت کی ہے۔ ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ آپ کی کمپنی نے ”نیونارل“ کو کامیابی سے اپنایا ہے جس کے لیے کمپنی نے اپنے مینیجڈ کیئر کال سینٹر اور COVID-19 ہیلپ لائن کا شعبہ قائم کیا ہے جو 24 گھنٹے میڈیکل اور ایمرجنسی صورتحال میں مشاورت فراہم کر رہا ہے اور ہماری آپریشنل ٹیمیں (کلیم اور انڈر رائٹنگ) ہمارے معزز کسٹمرز کو خدمات کی فراہمی کے لیے مسلسل کوشاں ہیں۔

آپ کی کمپنی نے موجودہ مشکل معاشرتی اور اقتصادی حالات کے باوجود فرسٹ ایئر پرییم کی مد میں 115 فیصد کا حیرت انگیز اضافہ ریکارڈ کیا ہے۔

وائٹیلٹی (Vitality) ہماری پروڈکٹ پورٹ فولیو میں ایک نیا اضافہ ہے جسے 2019 میں شروع کیا گیا اور نمایاں کارکردگی ظاہر کی۔ ہمارے بینکاری کے شراکت داروں اور کسٹمرز دونوں نے لائف انشورنس کے حوالے سے اس جدید نقطہ نظر کو سراہتے ہوئے مثبت ردعمل کا اظہار کیا ہے۔ روایتی لائف انشورنس کے برعکس جو صرف تحفظ اور بچت فراہم کرتی ہے، وائٹیلٹی صحت مندانہ طرز زندگی اپنانے پر انعامات کے ذریعے حوصلہ افزائی بھی کرتا ہے۔ وائٹیلٹی ممبران کو مخصوص سرگرمیوں سے متعلق اہداف کے حصول پر ہفتہ وار، ماہانہ اور سالانہ بنیادوں پر انعامات دیے جاتے ہیں جو ہمارے کسٹمرز کو صحت مندانہ طرز زندگی اپنانے میں معاون ثابت ہوتے ہیں۔

آج وائٹیلٹی ہمارے نئے کاروباری پورٹ فولیو کا تقریباً 20 فیصد ہے اور ہمیں یقین ہے کہ اس میں کی جانے والی سرمایہ کاری آئندہ سالوں میں ہمارے پرییم کی شرح میں قابل قدر اضافے کے ساتھ ساتھ کمپنی کے مجموعی نفع میں اضافہ کی وجہ بھی بنے گی۔

کمپنی اس بات پر یقین رکھتی ہے کہ یہ پروڈکٹ اس کے پالیسی اور شیئر ہولڈرز کی قدر میں اضافے کے لیے نہایت سازگار ہے۔ ہم امید اور دعا کرتے ہیں کہ 2021 کا سال ہمارے لیے خوشحالی، ترقی اور خوشیوں سے بھرپور سال ثابت ہو۔

کمپنی کی کارکردگی کا جائزہ 2020

مجموعی پرییم

کمپنی کا تخریر کردہ مجموعی پرییم (بشمول نکافل زرتعاون) 2019 کے 4.81 ارب کے مقابلے میں اس سال 6.16 ارب رہا۔

انفرادی لائف ریگولر پرییم (بشمول نکافل زرتعاون) 34 فیصد کی شرح نمو کے ساتھ گذشتہ سال کے 2.40 ارب کی نسبت اس سال 3.22 ارب رہا۔ تجدید شدہ پرییم (گذشتہ سال 2019 کے 1.72 ارب سے بڑھ کر) 2 فیصد اضافے کے ساتھ اس سال 1.75 ارب ہو گیا۔

گروپ لائف اور گروپ ہیلتھ پرییم (بشمول نکافل گروپ فیملی اور ہیلتھ) میں اس سال 11 فیصد کی کمی ریکارڈ کی گئی اور یہ (2019 کے 1.97 ارب کے مقابلے میں) 1.75 ارب رہا۔

سنگل پرییم زرتعاون والی انفرادی پالیسیاں 443 ملین سے بڑھ کر 1.19 ارب تک پہنچ گئیں اور یوں ان میں اس سال 175 فیصد کی بہترین شرح نمو دیکھی گئی۔

سرمایہ کاری

آپ کی کمپنی نے پچھلے سال اسی دورانیے میں 1.547 ارب کے مقابلے میں اس سال 1.862 ارب سرمایہ کاری آمدنی حاصل کی۔ اسٹیٹ بینک آف پاکستان (SBP) نے دوران سال COVID-19 کی وجہ سے مقامی معیشت کو متحرک نمودینے کے لیے ڈسکاؤنٹ ریٹ کو 13.25 فیصد سے گھٹا کر 7 فیصد کر دیا۔ اس کے نتیجے میں ہماری سرمایہ کاری ٹیم نے بورڈ آف گورنرس کی ہدایات اور سرمایہ کاری حکمت عملی کو اپناتے ہوئے ان غیر یقینی حالات میں بھی پالیسی ہولڈرز کے لیے مستحکم آمدنی کمائی۔ ہم آئندہ بھی اپنے شیئر ہولڈرز اور پالیسی ہولڈرز کو مناسب منافع کی فراہمی کے لیے مارکیٹ کی صورتحال دیکھتے ہوئے اپنی سرمایہ کاری کی حکمت عملیوں کو بروئے کار لاتے رہیں گے۔

آپ کی کمپنی کے پاس اس سال 19.02 ارب کا سرمایہ کاری پورٹ فولیو ہے (2019 میں 17.35 ارب) جو کہ کمپنی کے مجموعی اثاثوں کا 88% ہے (2019: 86%)۔ کمپنی اپنے پالیسی ہولڈرز کے منافع میں استحکام اور تسلسل کو یقینی بنانے کے لیے نہایت محتاط سرمایہ کاری کی پالیسی پر عمل پیرا ہے۔

کمپنی روایتی انشورنس برنس میں 13 اور انفرادی فیملی نکافل میں 3 پونٹ لکڈ فنڈز پیش کرتی ہے۔ ہر فنڈ پر فنڈ کارسک مختلف ہے اور اس کا انحصار صارف پر ہوتا ہے کہ وہ اپنے فنڈز کے لیے کس حد تک منافع اور رسک کا سامنا کرنے کو تیار ہے۔

کنوشنل جارحانہ متوازن، محفوظ اور محتاط نے دوران سال بالترتیب -0.3%، 4.0%، 11.4% اور 9.0% کا مجموعی منافع حاصل کیا ہے۔

کمپنی نے سال 2015 میں اپنے ونڈو نکافل آپریشنز کا آغاز کیا جو کہ چار سال کے دورانیے میں 2.8 ارب کی منیجمنٹ کر کے فنڈز پیدا کر چکی ہے۔ نکافل جارحانہ، متوازن اور محتاط فنڈز نے سال 2020 کے دوران بالترتیب 3.6%، 5.7% اور 8.0% کا منافع حاصل کیا ہے۔

منافع

نفع اور خسارہ کا ایک مختصر جائزہ درج ذیل ہے:

| 2020 | 2019 |
|---------|-----------|
| 135,987 | (245,797) |
| 40,262 | (69,079) |
| 95,725 | (176,718) |
| (8,260) | 63,577 |
| (0.56) | (1.29) |
| 12.53 | 13.14 |

نفع رخسارہ

قبل از ٹیکس خاص خسارہ

ٹیکس

بعد از ٹیکس الص خسارہ

دیگر خالص مجموعی آمدن (خسارہ) - صافی

فی شیئر خسارہ

فی شیئر بریک اپ ویلیو (اس میں وہ رقم بھی شامل ہے جو انشورنس

آرڈیننس کی ضروریات کو پوری کرنے کے لیے انسٹیچوری فنڈ میں

موجود رہتی ہے)

کمپنی کو 2019 کے بعد از ٹیکس 176.72 ملین نقصان کے مقابلے میں 2020 میں 95.72 ملین نقصان ہوا ہے (بشمول انسٹیچوری فنڈ کا نفع / نقصان)۔

اس خسارے کی ایک اہم وجہ COVID-19 اور ڈسٹری بیوشن چینلز کو بڑھانے کی لاگت میں اضافہ ہونا ہے۔

ہنگامی مالی ذمہ داری

جیسا کہ نوٹ 25.1 میں ذکر کیا گیا ہے، کمپنی کا موقف ہے کہ انشورنس کے کاروبار پر موجودہ سبزی ٹیکس کا بغور جائزہ لینے کی ضرورت ہے، تاکہ پاکستان میں لائف انشورنس کے کاروبار میں پائیدار اور مستحکم ترقی ممکن ہو سکے۔ انشورنس ایسوسی ایشن پاکستان نے استثناء کی تجدید سے متعلق معاملے کو بیلز ٹیکس اتھارٹی کے سامنے اٹھایا ہے۔ علاوہ ازیں، قانونی مشورے کی بنیاد پر، دیگر انشورنس کمپنیوں کے ساتھ مل کر ہماری کمپنی نے معاملے کو سندھ اور پنجاب ہائیکورٹ میں چیلنج کیا ہے، جس کا فیصلہ زیر التوا ہے۔ آڈیٹرز نے بھی اس معاملے کو آڈیٹرز رپورٹ کے ”Emphasis of Matter“ پیراگراف میں شامل کیا ہے۔

تصرفات اور سالیٹنسی

مقرر کردہ ایکچوری کی تجویز اور بورڈ کی منظوری کے بعد کمپنی نے انسٹیچوری فنڈز سے 456.121 ملین کی سرپلس کی رقم شیئر ہولڈرز کے فنڈز میں منتقل کر چکی ہے۔

لائف پارٹنیشننگ فنڈز

لائف پارٹنیشننگ فنڈز کے تحت بیچی گئی پالیسیاں SECP کی بیان کردہ حد تک اس کے پالیسی ہولڈرز کو اس مدت کے دوران ہونے والے سرپلس کا حق دار بناتی ہیں۔ یہ رقم بولنس کی شکل میں پالیسی ہولڈرز کو دی جاتی ہے۔ یہ بولنس مقرر کردہ ایکچوری کی تجویز اور بورڈ کی منظوری سے تقسیم کیا جاتا ہے۔ دوران سال 145 ملین (2019 میں 144 ملین) کا بولنس پالیسی ہولڈرز کے درمیان تقسیم کیا گیا۔

کلیمز

کلیمز پر فوری اور موثر کارروائی ہمیشہ سے کمپنی کی پہلی ترجیح رہی ہے۔ سالہا سال سے کمپنی کی کوشش رہی ہے کہ اپنے کلیم اسٹیبلشمنٹ کے پراسس کو بہتر سے بہتر بنایا جائے تاکہ کلیم پراسس کے دورانیے کو کم سے کم کیا جاسکے۔

دوران سال کمپنی کلیم کی مد میں 1.61 ارب (2019 میں 1.69 ارب) روپے کی ادائیگی کر چکی ہے۔

پروڈکٹس اور ڈسٹری بیوشن چینلز

کمپنی اپنی منفرد مصنوعات کے فروغ کو جاری رکھے ہوئے ہے۔ نکافل مصنوعات کو بینکار انشورنس اور ایجنسی کے ڈسٹری بیوشن چینلز میں متعارف کروادیا گیا ہے۔ کمپنی نے ڈیجیٹلائزیشن کی جانب قدم بڑھاتے ہوئے اپنی پروڈکٹس کی ڈیجیٹل پلٹ فارمز پر دستیابی کے لیے مختلف اداروں کے ساتھ شراکت داری بھی کی ہے۔

بورڈ کی تشکیل اور اس کا معاوضہ

بورڈ کی تشکیل اور اس کی ذیلی کمیٹیوں کے ممبران کے نام صفحہ نمبر 16 اور 17 پر دیکھے جاسکتے ہیں کمپنی ایکٹ 2017 اور لگائیڈ ریگولیشنز (کوڈ آف کارپوریٹ گورننس) 2019 کے مطابق آپ کی کمپنی نے اپنے ڈائریکٹرز کے معاوضے کے حوالے سے ایک شفاف فریم ورک تیار کیا ہے۔

انڈر رائٹنگ، ری انشورنس اور رسک منیجمنٹ

آپ کی کمپنی انڈر رائٹنگ کے محتاط طریقوں پر عملداری کی پیروی کرتی ہے۔ کمپنی انڈر رائٹنگ کے طریقہ کار کو تعاون فراہم کرنے کے لیے اپنی افرادی قوت، ٹیکنالوجی اور انفراسٹرکچر میں مسلسل سرمایہ کاری کو جاری رکھے ہوئے ہے۔

پراکسی فارم

شیتزر ہولڈرز کا فولیو نمبر

موجودہ شیتزرز کی تعداد

میں / ہم

(مکمل پتہ)

آئی جی آئی لائف انشورنس لمیٹڈ (کمپنی) کے ممبر ہونے کی حیثیت سے محترم محترمہ

(مکمل پتہ)

اور ان کی غیر موجودگی کی صورت میں محترم محترمہ

(مکمل پتہ)

کو 28 اپریل 2021 بروز بدھ صبح 9:30 بجے بذریعہ ویڈیو لنک منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں یا کسی بھی التواء کی صورت میں میری / ہماری غیر موجودگی میں اپنا / ہمارا حق رائے دہی استعمال کرنے کے لیے اپنا / ہمارا نائب (پراکسی) مقرر کرتا ہوں / کرتی ہوں / کرتے ہیں۔

بتاریخ _____ بمابہ _____ 2021 کو اس پر دستخط کیے گئے۔

اراکین کی جانب سے ان گواہان کی موجودگی میں دستخط کیے گئے؛

گواہ

پتہ

کمپیوٹرائزڈ / اسمارٹ قومی شناختی کارڈ نمبر

گواہ

پتہ

کمپیوٹرائزڈ / اسمارٹ قومی شناختی کارڈ نمبر

نوٹس:

جزل:

1. جو اراکین اجلاس عام میں شرکت اور حق رائے دہی استعمال کرنے کے مجاز ہیں وہ اپنی جگہ کسی اور کو شرکت یا حق رائے دہی استعمال کرنے کے لیے نمائندہ (پراکسی) مقرر کر سکتے ہیں۔
2. نمائندہ (پراکسی) مقرر کرنے والی دستاویز کا نمائندہ مقرر کرنے والے یا اس کی طرف سے تحریری طور پر نامزد انارنی کے دستخط کا ہونا ضروری ہے، اگر نمائندہ مقرر کرنے والا کوئی کارپوریٹ ادارہ ہے تو اس صورت میں اس کی یا اس کی طرف سے تحریری طور پر نامزد انارنی کے دستخط یا ممبر کا ہونا ضروری ہے۔
3. مکمل شدہ پراکسی فارم بیج پور آف انارنی یا نوٹری سے مصدقہ کاپی کمپنی کے شیتزر رجسٹرار، فیکلو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8 ایف، متصل ہوٹل فاران، نرسری، بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کو مقررہ اجلاس سے لازماً 48 گھنٹے قبل موصول ہو جانا ضروری ہے۔
4. اگر رکن ایک سے زائد نائب (پراکسی) مقرر کرتا ہے یا رکن کی جانب سے ایک سے زائد پراکسی فارم جمع کروائے جائیں تو تمام پراکسی فارم باطل شمار کیے جائیں گے۔
5. جس جگہ فارم پُر کیا جا رہا ہے اس مقام کے اعتبار سے قابل اطلاق اسٹامپ ڈیوٹی پراکسی فارم پر چسپاں کی جائے گی۔

سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ ادارے

1. اوپر ذکر کردہ مطلوب دستاویز معلومات کے ساتھ ساتھ سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ اداروں کے لیے درج ذیل معلومات کو مکمل کرنا بھی ضروری ہے۔ پراکسی فارم پر دو گواہوں کے نام، پتے، کمپیوٹرائزڈ / اسمارٹ قومی شناختی کارڈ یا پاسپورٹ نمبر ہونا بھی ضروری ہے۔
2. پراکسی فارم کے ساتھ اوپر ذکر کردہ پتے پر مستفید مالک یا نائب کے کمپیوٹرائزڈ / اسمارٹ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپی فراہم کرنا بھی ضروری ہے۔
3. اجلاس کے وقت نائب اپنا اصل کمپیوٹرائزڈ / اسمارٹ قومی شناختی کارڈ یا پاسپورٹ پیش کرنے کا پابند ہے۔
4. کارپوریٹ ادارے کی صورت میں پراکسی فارم بورڈ آف ڈائریکٹرز کی قرارداد اور پور آف انارنی دستخط کے نمونوں کے ساتھ (اگر پہلے فراہم نہیں کیے گئے ہوں) کمپنی کو جمع کروانا ضروری ہے۔

برائے مہربانی 5 روپے کی
ریونیوسٹامپ چسپاں کریں
ممبر کے دستخط



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