IGI GENERAL INSURANCE LIMITED

ANNUAL REPORT 2021

Contents

IGI
General

DIRECTORS REPORT TO THE SHAREHOLDERS

The Directors of IGI General Insurance Limited ("the Company") take pleasure in presenting the annual report of your Company, together with the audited financial statements for the year ended December 31, 2021.

PRINCIPAL ACTIVITES OF THE COMPANY

The Company was incorporated as a public limited company on November 18, 2016 under the Companies Ordinance 1984 (now Companies Act, 2017). The objects of the Company include general insurance services in spheres of Fire, Marine, Motor, Health and Miscellaneous including engineering and travel as well as general takaful services, which the Company commenced in July 2017.

PERFORMANCE OF THE COMPANY

On conventional business side, the Company has written gross premium of Rs 7,389 million compared with Rs 5,477 million during 2020 i.e. 35% higher than last year. The net premium revenue stood at Rs 2,716 million compared to Rs 2,321 million during 2020 i.e. 17% higher than last year.

The Company incurred net claims of Rs 1,497 million during the year as compared to Rs 1,097 million during 2020. The increase is mainly attributable to increase in claims of motor and health businesses.

Net commission expense stood at Rs 59 million compared to Rs 72 million during last year.

Investment income declined by Rs 200 million during the year mainly due to decline in interest rates and dip in the equity market.

On the window takaful business side, the Company has written gross contribution of Rs 1,122 million compared to Rs 537 million in the corresponding period. The participants incurred deficit of Rs 95 million compared to surplus of Rs 14 million, the deficit is mainly attributable to high loss ratio in health business for which corrective measures have been taken.

The operator fund earned Rs 87 million from its Takaful operations compared to that of Rs 38 million in the corresponding period.

As a result, the Company generated profit before tax of Rs 603 million with profit after tax of Rs 428 million during the year compared to Rs 686 million and Rs 486 million respectively in the corresponding period.

Earnings per share (EPS) of the Company stood at Rs 2.23 per share as compared to Rs 2.54 per share in corresponding period.

IGI GENERAL INSURANCE LIMITED
Registered Office & Karachi Branch
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IGI

General

SEGMENTS AT A GLANCE

FIRE

Gross Premium written was Rs 2,401 million compared to Rs 1,967 million during 2020. Net Premium Earned and Net claims were Rs 223 million and Rs 40 million respectively compared to Rs 210 million and Rs 98 million respectively during 2020. This resulted in underwriting loss of Rs 49 million compared to that of Rs 196 million during 2020.

MARINE, AVIATION AND TRANSPORT

Marine business gross written premium was Rs 878 million in 2021 compared to Rs 668 million during 2020. Net Premium Earned and Net claims were Rs 296 million and Rs 130 respectively compared to Rs 260 million and Rs 112 million respectively during 2020. This resulted in underwriting profit of Rs 141 million compared to Rs 88 million during 2020.

MOTOR

Motor business gross Premium was Rs 1,663 million compared to Rs 1,451 million during 2020. Net Premium Earned and Net claims were Rs 1,386 million and Rs 694 million respectively. This resulted in underwriting profit of Rs 349 million compared to Rs 386 million during 2020.

HEALTH

Gross Premium was Rs 857 million compared to Rs 437 million during 2020. Net Premium Earned and Net claims were Rs 589 million and Rs 526 million respectively. This resulted in underwriting loss of Rs 61 million compared to underwriting profit of Rs 38 million in 2020.

MISCELLANEOUS

Miscellaneous segment includes Engineering and Contractor's All Risk Insurance, Trade credit, Travel, Bond and Pecuniary lines of business. During the year, this business line has written gross premium of Rs 1,589 million compared to Rs 954 million during 2020. Net premium earned and net claims amounted to Rs 159 million and Rs 46 million respectively with underwriting loss of Rs 71 million compared to that of Rs 16 million in 2020.

CLAIMS

Our focus is on swift settlement of claims. For this purpose, the Company has taken a number of initiatives to further reduce the claims settlement turnaround time.

Incurred loss ratio increased to 55% during the year compared to 47% during 2020.

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RE-INSURANCE AND RISK MANAGEMENT

The Company follows a policy of risk optimization through a carefully designed program of re-insurance. The Company believe in building partnerships with our clients to provide them a long term risk management solution by using our insurance expertise, a state of the art technology platform and a focused risk management service that helps our clients understand the hazards that may threaten their businesses and determine cost-effective loss prevention solutions.

APPROPRIATIONS

The Board of Directors has proposed final dividend for the year ended December 31, 2021 of Rs 0.26 per share (2020: Rs 0.57 per share), amounting to Rs 50 million (2020: Rs 110 million). This is in addition to accumulated interim dividend of Rs 1.3 per share (2020: Rs 1.93 per share) amounting to Rs 250 million (2020: Rs 370 million) declared and disbursed during the year.

BOARD OF DIRECTORS MEETINGS

During the year 2021, meetings of the board of directors were held on timely basis. Attendance by each director in the meetings held was as follows:

	Attendance
Syed Hyder Ali	4
Mr. Shamim Ahmad Khan	4
Syed Hasnain Ali	3
Mr. Tahir Masaud (CEO)	4
Mr. Sajjad Iftikhar	4
Ms. Arjumand Ahmed Shah	3

RELATED PARTY TRANSACTIONS

The Board of Directors approved Company's transactions made with Associated Companies / Related parties. All the transactions executed with related parties were on commercial terms and conditions.

CAPITAL MANAGEMENT AND LIQUIDITY

The Company actively manages and monitors the matching of its asset positions against its commitments, together with diversification and credit quality of its investments against established targets.

The Company's primary source of funds is cash provided by operating activities i.e. insurance business. Net operating cash flows have also been invested to generate investment income for the Company. Net cash flows of the Company are utilized for business commitments, expansions and for dividend payout to the shareholder.

INSURER'S FINANCIAL STRENGTH RATING

Pakistan Credit Rating Agency (Private) Limited (PACRA) and VIS Credit Rating Company Limited (JCR) have assigned your Company an "Insurer Financial Strength" (IFS) Rating of "AA" (Double A). IFS rating of "AA" (Double A) denotes a very strong capacity to meet policyholder and contractual obligations, modest risk factors, and the expectation that the impact of any adverse business and economic factors will be very limited.

RISK MITIGATION

The senior management team, led by the Chief Executive Officer is responsible for risk mitigation measures. The Company's proactive risk management program helps in identifying and responding to changing business and regulatory requirements on timely basis.

MATERIAL CHANGES

There have been no material changes during the year which would affect financial position of Company.

CODE OF CONDUCT

The Board has adopted a statement of ethics and business practices. The Code of Conduct is signed by all the employees undertaking that they subscribed to high ethical values. All our operational activities are carried out in a transparent manner in accordance with the code of ethics.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is aware of its corporate social responsibilities and is supporting social sector organizations in the fields of education, health and environment. The Company also offers internships all around the year to students from colleges and universities.

ISO CERTIFICATION AND ITS VALUE TO OUR CUSTOMERS

Your Company continues to focus on improving productivity and efficiency in its operations and is Quality Management Certification to ISO 9001:2015.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

- The financial statements prepared by the management of the Company present the state of its affairs, the results of its operations, cash flows and changes in equity, fairly.

- Proper books of accounts have been maintained by the Company.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

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- The financial statements have been prepared in conformity with the Companies Act 2017 and International Financial Reporting Standards, as applicable in Pakistan. Any departures therefrom have been adequately disclosed and explained;

- The system of internal control is sound in design and has been effectively implemented and monitored;

- There are no doubts on the Company's ability to continue as a going concern;

- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;

- Key operating and financial data is separately annexed with the report.

- Outstanding taxes and duties are given in the financial statements.

- The value of investments of based on audited accounts of the respective finds were as follows:

  Provident fund as at June 30, 2019 - Rs 92.0 million
  Gratuity fund as at December 31, 2019 - Rs 86.3 million

- The statement of pattern of shareholding in the Company as on December 31, 2021 is as follows:

Holding Co	
IGI Holdings Limited	191,838,394
Directors	
Syed Hyder Ali	1
Mr Tahir Masaud (Chief Executive Officer)	1
Mr Sajjad Iftikhar	1
Syed Hasnain Ali	1
Mr Shamim Ahmed Khan	1
Ms Arjumand Ahmed Shah	1
Total	**191,838,400**

The directors are holding one share each of the Company as nominee of IGI Holdings.

STATEMENT OF COMPLIANCE UNDER SECTION 46(6) OF THE INSURANCE ORDINANCE 2000

The directors hereby certify that in their opinion:

- the annual statutory accounts of the company annexed hereto have been drawn up in accordance with the Ordinance and any Rules made thereunder;

- the company has during the period complied with the provisions of the Ordinance and the Rules made thereunder relating to paid up capital, solvency and reinsurance arrangements; and
- as at the date of the statement, the company 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.

FUTURE OUTLOOK

The insurance industry will observe a modest growth which will largely be effected by challenging economic environment, inflation due to international commodity prices and exchange rates. However, any increase in interest rates may have positive effect on the investment income.

AUDITORS

The present auditors M/s A.F Ferguson & Co., Chartered Accountants have retire and offer themselves for reappointment. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guidelines on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP.

The Board of Directors have recommended their reappointment as Auditors of the Company for the year ending December 31, 2022, at a fee to be mutually agreed.

ACKNOWLEDGEMENT

We would like to thank our customers for their loyalty and trust. We also value the support and patronage extended by our business partners and all stakeholders. We appreciate the dedicated and sincere efforts of our employees.

We would also like to thank the Securities and Exchange Commission of Pakistan for their continued guidance.

For and on behalf of the Board

Shamim Ahmad Khan	Tahir Masaud
Chairman	**Chief Executive Officer**
Lahore: March 21, 2022	Lahore: March 21, 2022

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IGI GENERAL INSURANCE LIMITED
KEY OPERATIONAL AND FINANCIAL DATA
Rupees in '000

	2021	2020	2019	2018	2017	2016 *
Gross premium	7,388,824	5,476,591	5,177,105	4,417,930	2,901,560	-
Gross contribution	1,121,994	537,318	435,435	190,078	36,366	-
Total premium/contribution	8,510,818	6,013,909	5,612,540	4,608,008	2,937,926	-
BALANCE SHEET						
Paid up share capital	1,918,384	1,918,384	1,918,384	1,918,384	1,501,000	1,000
Shareholders equity	2,541,995	2,446,797	2,462,112	2,250,039	2,091,006	1,000
Surplus on revaluation of property and equipment	368,414	333,025	313,309	-	-	-
Investments	2,973,027	2,908,657	3,151,476	2,564,963	321,211	-
Fixed assets	889,082	881,032	858,910	319,313	279,820	-
Total assets	11,656,901	10,458,234	8,928,619	6,858,395	5,744,538	1,000
Underwriting provisions	5,479,219	4,751,965	3,568,308	2,959,309	2,513,410	-
Total liabilities	8,746,492	7,678,412	6,153,198	4,537,136	5,744,538	-
PROFIT AND LOSS ACCOUNT						
Underwriting result	308,649	299,684	233,123	242,000	388,999	-
Investment income	144,434	344,294	465,848	134,816	64,037	-
Profit / (loss) from Window Takaful Operations	86,756	37,573	70,818	23,677	(2,539)	-
Profit before tax	603,063	685,556	806,897	467,599	248,798	-
Taxation	(175,153)	(199,096)	(233,740)	(140,213)	(74,919)	-
Profit after tax	427,910	486,460	573,157	327,386	173,879	-
CASH FLOW SUMMARY						
Operating activities	298,031	(22,090)	452,031	263,180	473,635	-
Investing activities	(87,835)	1,165,935	(454,590)	(1,545,264)	(222,397)	-
Financing activities	(414,455)	(567,897)	(566,492)	(183,497)	2,215,504	1,000
Cash & cash equivalents	804,799	1,009,058	433,110	1,002,161	2,467,742	1,000
PROFITABILITY RATIOS						
Earnings per share (Rs.)	2.23	2.54	2.99	1.71	1.16	-
Cash dividend per share (Rs.)	2.50	2.50	2.39	1.06	0.85	-
Break up value per share (Rs.)	13.25	12.75	12.83	11.73	13.93	10.00
Return on equity (%)	16.83	19.88	23.28	14.55	8.32	-
Return on assets (%)	3.67	4.65	6.42	4.77	3.03	-
Underwriting profit to gross premium (%)	4.18	5.47	4.50	5.48	13.41	-
Profit before tax to total gross premium (%)	7.09	11.40	14.38	10.15	8.47	-
Profit after tax to total gross premium (%)	5.03	8.09	10.21	7.10	5.92	-

** IGI General Insurance Limited was incorporated on November 18, 2016 and the insurance business of IGI Insurance Limited (now IGI Holdings Limited) was transferred to the Company w.e.f. January 31, 2017 through the Court sanctioned Scheme of Arrangement.*

IGI GENERAL INSURANCE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the members of IGI General Insurance Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **IGI General Insurance Limited** (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2021, and the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2021 and of the total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Unconsolidated and Consolidated 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 unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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.

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Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

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

In preparing the unconsolidated 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 Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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

b) the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and;

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

Afferguson&Co.

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: April 2, 2022

UDIN: AR202110068p8Mr35e1J

IGI GENERAL INSURANCE LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	2021	2020
		-------------(Rupees in '000)-------------	
Assets			
Property and equipment	5	874,386	864,290
Intangible assets	6	14,696	16,742
Investment properties	7	399,575	377,797
Investment in subsidiary	8	5,000	5,000
Investments			
- Equity securities	9	952,722	497,236
- Government securities	10	1,865,305	2,256,421
- Debt securities	11	150,000	150,000
Loans and other receivables	12	473,870	392,697
Insurance / reinsurance receivables	13	2,548,993	1,873,832
Reinsurance recoveries against outstanding claims	25	1,914,772	2,165,642
Salvage recoveries accrued		97,084	108,104
Deferred commission expense	26	264,221	186,464
Tax recoverable		87,920	97,636
Prepayments	15	1,364,456	1,031,863
Cash and bank	16	203,743	231,606
		11,216,743	10,255,330
Total assets of Window Takaful Operations - operator's fund		440,158	202,904
Total assets		11,656,901	10,458,234
Equity and liabilities			
Capital and reserves attributable to Company's equity holders			
Authorised capital			
250,000,000 (2020: 250,000,000) ordinary shares of Rs 10 each		2,500,000	2,500,000
Issued, subscribed and paid-up share capital			
191,838,400 (2020: 191,838,400) ordinary shares of Rs 10 each	17	1,918,384	1,918,384
Unappropriated profit		623,611	528,413
Total equity		2,541,995	2,446,797
Surplus on revaluation of property and equipment - net of tax	18	368,414	333,025
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	25	2,584,937	2,626,867
Unearned premium reserves	24	2,674,247	1,913,043
Premium deficiency reserve	25.2	1,345	-
Unearned reinsurance commission	26	218,690	212,055
Retirement benefit obligations	14	6,577	17,677
Borrowings	19	147,775	162,290
Premium received in advance		1,918	1,118
Insurance / reinsurance payables	20	1,593,114	1,603,918
Deferred taxation	21	168,929	181,700
Other creditors and accruals	22	1,020,399	833,517
		8,417,931	7,552,185
Total liabilities of Window Takaful Operations - operator's fund		328,561	126,227
Total liabilities		8,746,492	7,678,412
Total equity and liabilities		11,656,901	10,458,234
Contingencies and commitments	23		

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI GENERAL INSURANCE LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		---------(Rupees in '000)---------	
Net insurance premium	24	2,715,962	2,320,744
Net insurance claims	25	(1,497,392)	(1,096,802)
(Charge) / reversal for premium deficiency reserve	25.2	(1,345)	21,111
Net commission expense	26	(58,718)	(71,598)
Insurance claims and acquisition expenses		(1,557,455)	(1,147,289)
Management expenses	27	(849,858)	(873,771)
Underwriting results		308,649	299,684
Investment income	28	144,434	344,294
Rental income		30,810	29,918
Other income	29	89,165	40,126
Other expenses	30	(44,037)	(49,897)
Result of operating activities		529,021	664,125
Finance costs against right-of-use assets		(12,714)	(16,142)
Profit from window takaful operations		86,756	37,573
Profit before tax		603,063	685,556
Income tax expense	31	(175,153)	(199,096)
Profit after tax		427,910	486,460
Other comprehensive income			
Items that will not be subsequently reclassified to the unconsolidated statement of profit or loss			
-Remeasurement gain on defined benefit obligations	14.1.4	12,885	3,605
-Related deferred tax		(3,737)	(1,045)
		9,148	2,560
Total comprehensive income		437,058	489,020
Earnings per share - Rupees	32	2.23	2.54

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI GENERAL INSURANCE LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Issued, subscribed and paid-up share capital	Unappropriated profit	Total
	----------	(Rupees in '000)	----------
Balance as at January 1, 2020	1,918,384	543,728	2,462,112
Profit after taxation for the year ended December 31, 2020	-	486,460	486,460
Other comprehensive income for the year - net of tax	-	2,560	2,560
Total comprehensive income for the year ended December 31, 2020	-	489,020	489,020
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax (note 18)	-	15,665	15,665
Transactions with owners - directly recognised in equity			
Final dividend at rate of Re. 0.78 per share for year ended December 31, 2019 approved on April 14, 2020	-	(150,000)	(150,000)
Interim dividend at rate of Re. 0.99 per share for year ending December 31, 2020 declared on August 18, 2020	-	(190,000)	(190,000)
Interim dividend at rate of Re. 0.94 per share for year ending December 31, 2020 declared on October 26, 2020	-	(180,000)	(180,000)
	-	(520,000)	(520,000)
Balance as at December 31, 2020	1,918,384	528,413	2,446,797
Profit after taxation for the year ended December 31, 2021	-	427,910	427,910
Other comprehensive income for the year - net of tax	-	9,148	9,148
Total comprehensive income for the year ended December 31, 2021	-	437,058	437,058
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax (note 18)	-	18,140	18,140
Transactions with owners - directly recognised in equity			
Final dividend at rate of Re. 0.57 per share for year ended December 31, 2020 approved on April 22, 2021	-	(110,000)	(110,000)
Interim dividend at rate of Re. 0.78 per share for year ending December 31, 2021 declared on August 23, 2021	-	(150,000)	(150,000)
Interim dividend at rate of Re. 0.52 per share for year ending December 31, 2021 declared on October 25, 2021	-	(100,000)	(100,000)
	-	(360,000)	(360,000)
Balance as at December 31, 2021	1,918,384	623,611	2,541,995

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI GENERAL INSURANCE LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		(Rupees in '000)	
OPERATING CASH FLOWS			
Underwriting activities			
Premiums received		7,163,264	5,299,206
Reinsurance premiums paid		(4,697,192)	(3,114,163)
Claims paid		(3,676,785)	(2,181,572)
Reinsurance and other recoveries received		2,388,333	1,046,752
Commissions paid		(724,599)	(541,987)
Commissions received		652,528	505,482
Net cash inflow from underwriting activities		1,105,549	1,013,718
Other operating activities			
Income tax paid		(172,945)	(216,612)
Operating receipts - net		139,295	61,401
General management expenses paid		(773,868)	(880,597)
Net cash outflow on operating activities		(807,518)	(1,035,808)
Total cash inflow from / (outflow on) all operating activities		298,031	(22,090)
INVESTMENT ACTIVITIES			
Profit received		189,912	377,948
(Payments) / proceeds against investments		(315,381)	751,109
Amount received from Window Takaful Operations		26,677	71,418
Fixed capital expenditure - owned		(28,664)	(59,775)
Proceeds from disposal of fixed assets - owned		39,621	25,235
Total cash (outflow on) / inflow from investing activities		(87,835)	1,165,935
FINANCING ACTIVITIES			
Dividend paid		(360,000)	(520,000)
Financial charges paid		(12,714)	(16,142)
Repayment of liability against right-of-use assets		(41,741)	(31,755)
Total cash outflow on financing activities		(414,455)	(567,897)
Net cash (outflow on) / inflow from all activities		(204,259)	575,948
Cash and cash equivalents at beginning of the year		1,009,058	433,110
Cash and cash equivalents at end of the year	16.2	804,799	1,009,058

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI GENERAL INSURANCE LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	---- (Rupees in '000) ----	
Reconciliation to unconsolidated statement of comprehensive income		
Operating cash flows	298,031	(22,090)
Depreciation and amortisation expense	(83,577)	(70,426)
Depreciation on right-of-use assets	(37,876)	(37,642)
Financial charges	(12,714)	(16,142)
Gain on disposal of fixed assets	29,680	13,149
Unrealised fair value gain on investment properties	21,778	802
Increase in assets other than cash	886,818	1,788,195
Increase in liabilities other than borrowings	(880,261)	(1,540,357)
Return on term deposits	4,099	24,353
Other investment income	140,335	319,941
Profit from window takaful operations - net of tax	61,597	26,677
Profit after tax	427,910	486,460

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 IGI General Insurance Limited ("the Company"), a Packages Group Company, was incorporated as a public limited company on November 18, 2016 under the Companies Ordinance, 1984 (now Companies Act 2017). 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 objectives of the Company include providing general insurance services (mainly in the sphere of Fire, Marine, Motor, Health and Miscellaneous) and general takaful services (mainly in the sphere of Fire, Marine, Motor, Health and Miscellaneous).

1.2 The Company is a wholly owned subsidiary of IGI Holdings Limited ("Holding Company") and had been formed to facilitate the transfer of general insurance segment of IGI Insurance Limited to the Company under the Scheme of Arrangement filed with the Honourable High Court of Sindh (SHC). The transfer of general insurance business and related assets and liabilities from IGI Insurance Limited to the Company had been made effective from January 31, 2017, which had been sanctioned by SHC vide Order dated December 16, 2017. The insurance license was transferred to the Company from IGI Insurance Limited with effect from January 16, 2018.

1.3 The Company commenced its Window Takaful Operations with effect from July 1, 2017 after getting the approval from the SECP.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of Compliance

These unconsolidated 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, the Insurance Ordinance, 2000, the Insurance Rules 2017, the Insurance Accounting Regulations, 2017, the General Takaful Accounting Regulations, 2019 and the 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, the General Takaful Accounting Regulations, 2019 and the Takaful Rules, 2012 shall prevail.

2.1.1 In terms of the requirements of the Takaful Rules, 2012, read with the SECP Circular 25 of 2015 dated July 9, 2015, the assets, liabilities and profit and loss of the Operator Fund of the Window Takaful Operations of the Company have been presented as a single line item in the unconsolidated statement of financial position and unconsolidated statement of comprehensive income of the Company respectively.

2.1.2 A separate set of financial statements of the Window Takaful Operations has been annexed to these unconsolidated financial statements as per the requirements of the Takaful Rules, 2012.

2.1.3 These financial statements are the separate unconsolidated financial statements of IGI General Insurance Limited In addition to these unconsolidated financial statements, consolidated financial statements of IGI General Insurance Limited and its subsidiary company, IGI FSI (Pvt.) Limited (the Group) have also been prepared.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for certain staff retirement benefits which are carried at present value of the defined benefit obligation less fair value of plan assets, property and equipment and investment properties which are carried at fair value and certain investments which are carried at market value.

2.3 Functional and presentation currency

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

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

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

2.5 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not effective in the current year:

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

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

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

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

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

Temporary exemption from application of IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below.

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

	2021	2020
	--- (Rupees in '000) ---	
Financial assets with contractual cash flows that meet the SPPI criteria, excluding those held for trading		
Pakistan Investment Bonds - Held to maturity (note 10)		
Opening fair value	-	320,925
Additions / (disposals) during the year	-	(2,930)
Increase in fair value	-	(317,995)
Closing fair value	-	-
Financial assets that do not meet SPPI criteria		
- Equity securities-(note 9)		
Opening fair value	497,236	497,577
Additions / (disposals) during the year	522,512	(6,946)
(Decrease)/Increase in fair value	(67,026)	6,605
Closing fair value	952,722	497,236

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these unconsolidated financial statements are set out below. Accounting policies relating to Window Takaful Operations are disclosed in a separate financial statements of Window Takaful Operations which have been annexed to these unconsolidated financial statements. The accounting policies have been consistently applied for all the years presented.

3.1 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

The Company enters into fire and property damage, marine, motor, health, burglary, loss of cash in transit, travel, personal accident, engineering losses and other insurance contracts with corporate clients and individuals residing or located in Pakistan.

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

The Company neither issues investment contracts nor does it issue insurance contracts with Discretionary Participation Features (DPF).

3.2 Premium

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

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policyholders in respect of policies issued, at the rate of 5% (2020: 5%) of the premium written restricted to a maximum of Rs. 6,250 per policy.

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 an objective evidence that the receivables are impaired, the Company reduces the carrying amount of the receivables and recognises that impairment loss in the unconsolidated statement of comprehensive income.

3.3 Reinsurance ceded

Insurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued, are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts.

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts 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.

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

The Company assesses its reinsurance assets for impairment on the reporting date. If there is an objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the unconsolidated statement of comprehensive income.

3.4 Claims expense

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

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

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

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

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

3.5 Reinsurance recoveries against claims

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

3.6 Commission and other acquisition costs

Commission expense and other acquisition costs incurred in obtaining and recording policies is deferred and brought to unconsolidated statement of comprehensive income as an expense in accordance with the pattern of recognition of the gross premium to which it relates. Commission expense is arrived at after taking the impact of opening and closing deferred commission.

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

3.7 Premium deficiency reserve

The Company is required as per Insurance Accounting Regulations, 2017 to maintain a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense / income in the unconsolidated statement of comprehensive income for the year.

At each reporting date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned premium liability for that class. It Is performed by comparing the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after reporting date in respect of policies in force at reporting date with the carrying amount of unearned premium liability. Any deficiency is recognised by establishing a provision (premium deficiency reserve) to meet the deficit. The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable. The expected ultimate net claim ratios for the unexpired periods of policies in force at reporting date for each class of business is as follows:

	2021	2020
Fire and property damage	18%	47%
Marine, aviation and transport	44%	43%
Motor	50%	42%
Health	89%	75%
Miscellaneous	48%	29%

The Company has recorded premium deficiency reserve on the recommendation of actuary for health business.

3.8 Creditors, accruals and provisions

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

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

3.9 Taxation

Current

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

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 to the unconsolidated statement of comprehensive income.

3.10 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purposes of unconsolidated statement of cash flows, cash and cash equivalents comprise cash in hand, deposits with banks, stamps in hand, term deposits with maturity of less than three months and short term finances.

3.11 Investments

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

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

3.11.1.1 Investments at fair value through profit or loss

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking.

Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the period in which it arises.

Unrealised gains / (losses) arising on remeasurement of investments classified as financial assets at 'fair value through profit or loss' are recorded in statement of comprehensive income in the period in which these arise.

3.11.1.2 Held to maturity

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

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortised over the term of the investment using the effective yield method and taken to the unconsolidated statement of comprehensive income.

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

3.11.1.3 Available for sale

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

Subsequent to initial recognition, these are stated at market value.

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

Gains / (losses) on sale of available for sale investments are recognised in the unconsolidated statement of comprehensive income.

Unrealised gains / (losses) arising on remeasurement of investments classified as financial assets at 'available for sale' are recorded in statement of comprehensive income in the period in which these arise.

3.11.1.4 Loans and other receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition these are measured at amortised cost.

3.11.1.5 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

3.12 Investment properties

Investment properties are held for earning rentals and capital appreciation. Investment properties are accounted for under the fair value model in accordance with International Accounting Standards (IAS) 40, "Investment property".

Investment properties, principally office buildings, are held for long-term rental yields. These are carried at fair value The changes in fair values are presented in the unconsolidated statement of comprehensive income as part of other income.

3.13 Operating assets

Tangible

These are stated at cost less accumulated depreciation and accumulated impairment losses other than buildings and leasehold improvements. Buildings and leasehold improvements are stated at revalued amounts less accumulated depreciation and accumulated impairment losses (if any).

Depreciation on all operating assets is charged to the unconsolidated statement of comprehensive income using the straight line method so as to write-off depreciable amount of an asset over its useful life. Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed of.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted, if appropriate. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to unconsolidated statement of comprehensive income in the period in which they are incurred

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

An increase arising on revaluation is credited to the surplus on revaluation of property and equipment. A decrease arising on revaluation of fixed assets is adjusted against the surplus of that asset or, if no surplus exists, is charged to the unconsolidated statement of comprehensive income as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the unconsolidated statement of comprehensive income up to the extent of the would have been carrying amount of the asset. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the unconsolidated statement of comprehensive income and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property and equipment to unappropriated profit.

Intangible

Intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any. Software development cost are only capitalised to the extent that future economic benefits are expected to flow to the entity.

Amortisation is charged to unconsolidated statement of comprehensive income using the straight line method.

3.14 Staff retirement benefits

3.14.1 Defined contribution plan

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

3.14.2 Defined benefit plan

All permanent employees of the Company participate in an approved funded defined gratuity plan. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at December 31, 2021 using the Projected Unit Credit Method. Amounts arising as a result of 'Remeasurements', representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the unconsolidated statement of financial position, with a charge or credit to 'Other Comprehensive Income' in the periods in which they occur. Current service cost, past service cost and net interest income / expense are recognised in the profit and loss.

3.14.3 Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to unconsolidated statement of comprehensive income.

3.15 Impairment of assets

The management assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

3.16 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and are derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the unconsolidated statement of comprehensive income in the period in which financial instrument is derecognised.

3.17 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated 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.

3.18 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting provided to Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

The Company has five primary business segments for reporting purposes namely fire, marine, motor, health and miscellaneous.

The perils covered under fire insurance include damages caused by fire, riot and strike. explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

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

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

Health insurance provides coverage against expenses incurred during the hospitalisation due to sickness, emergency and accidents.

Miscellaneous Insurance provides cover against burglary, loss of cash in safe and cash in transit, travel, personal accident, money, engineering losses, live stocks, crops and other covers.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.19 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.

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

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 lives 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.

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.

Lease payments reduce the lease liability against right-of-use assets. Finance cost is charged to the unconsolidated 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.

3.21 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.

3.22 Expenses of management

Expenses of management allocated to the underwriting business represent directly attributable expenses and Indirect expenses allocated to the various classes of business on the basis of gross premium revenue. Expenses not allocable to the underwriting business are charged as administrative expenses.

Basis for allocation of management expenses between the Company and Window Takaful Operations and its allocation amongst the various classes of business is reviewed on regular basis and the revised basis is followed consistently in future periods.

3.23 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recorded in the period in which these are approved.

3.24 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 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these unconsolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- Provision for outstanding claims including IBNR (notes 3.4 and 25);

- Provision for taxation and deferred tax (notes 3.9, 21 and 31);
- Defined benefit plan (notes 3.14.2 and 14);
- Fair valuation of buildings and leasehold improvements (notes 3.13, and 5);
- Fair valuation of investment properties (notes 3.12 and 7)
- Useful lives, residual value and depreciation method of property and equipment and intangible assets (notes 3.13, 5 and 6);
- Premium deficiency reserve (note 3.7);
- Classification of investments and its impairment (notes 3.11, 9, 10 and 11);
- Provision against reinsurance recoveries against outstanding claims (notes 3.5 and 25) ;
- Provision against premium due but unpaid and amount due from other insurers / reinsurers (notes 3.2, 13.3 and 13.4); and
- Allocation of management expenses (note 3.23).

	Note	2021	2020
		---- (Rupees in '000) ----	
5 PROPERTY AND EQUIPMENT			
Operating assets	5.1	865,508	841,343
Capital work-in-progress	5.4	8,878	22,947
		874,386	864,290

5.1 Operating assets

	2021													
	Cost / revalued amounts						Accumulated depreciation					Written down value as at December 31	Deprecia-tion rate (% per annum)
	As at January 1	Additions	Transfers	Disposals / writeoff (note 5.2)	Revalua-tion	As at December 31	As at January 1	Charge for the year	Transfers	Disposals / writeoff (note 5.2)	As at December 31		
	(Rupees in '000)												
Tracker equipment	41,062	21,013	-	-	-	62,075	7,576	17,210	-	-	24,786	37,289	33.33%
Furniture and fixtures	35,170	146	-	(703)	-	34,613	10,441	3,878	-	(350)	13,969	20,644	10%
Office equipment	31,565	6,778	-	(2,272)	-	36,071	17,659	7,793	-	(1,977)	23,480	12,591	16.67%
Computer equipment	43,773	4,809	-	(2,792)	-	45,790	25,792	6,603	-	(2,738)	29,657	16,133	33.33%
Buildings / leasehold improvements (note 5.1.1)	659,809	-	-	(1,307)	75,393	733,895	95,496	39,552	-	(1,292)	133,756	600,139	5%-33%
Motor vehicles - owned	38,924	5,811	35,832	(12,526)	-	68,041	12,481	6,867	27,152	(12,438)	34,062	33,979	20%
Right-of-use assets - vehicle	207,844	39,940	(35,832)	(16,816)	-	195,136	72,415	31,801	(27,152)	(7,680)	69,384	125,752	20%
Right-of-use asset - rented premises	33,073	-	-	-	-	33,073	8,017	6,075	-	-	14,092	18,981	16.67%
	1,091,220	78,497	-	(36,416)	75,393	1,208,694	249,877	119,784	-	(26,475)	343,186	865,508	

	2020												
	Cost / revalued amounts						Accumulated depreciation					Written down value as at December 31	Deprecia-tion rate (% per annum)
	As at January 1	Additions	Transfers	Disposals / writeoff (note 5.2)	Revalua-tion	As at December 31	As at January 1	Charge for the year	Transfers	Disposals / writeoff (note 5.2)	As at December 31		
	(Rupees in '000)												
Tracker equipment	7,991	33,071	-	-	-	41,062	962	6,614	-	-	7,576	33,486	33.33%
Furniture and fixtures	34,848	2,085	-	(1,763)	-	35,170	7,708	3,905	-	(1,172)	10,441	24,729	10%
Office equipment	30,504	2,101	-	(1,040)	-	31,565	12,882	5,528	-	(751)	17,659	13,906	16.67%
Computer equipment	28,669	16,360	-	(1,256)	-	43,773	18,008	8,997	-	(1,213)	25,792	17,981	33.33%
Buildings / leasehold improvements (note 5.1.1)	610,830	1,701	-	(2,555)	49,833	659,809	58,355	39,286	-	(2,145)	95,496	564,313	5%-33%
Motor vehicles - owned	30,333	11,269	4,100	(6,783)	-	38,924	12,303	6,838	-	(6,658)	12,481	26,443	20%
Right-of-use assets - vehicle	205,493	29,294	(6,477)	(20,471)	-	207,844	51,711	32,924	(2,377)	(9,843)	72,415	135,429	20%
Right-of-use asset - rented premises	29,693	3,374	-	-	-	33,073	3,299	4,718	-	-	8,017	25,056	16.67%
	978,377	99,255	(2,377)	(33,868)	49,833	1,091,220	165,228	108,808	(2,377)	(21,782)	249,877	841,343	

5.1.1 Movement in written down value of buildings / leasehold improvements:

	2021	2020
	--- (Rupees in '000) ---	
Cost	659,809	610,830
Accumulated depreciation	(95,496)	(58,355)
Written down value	564,313	552,475
Additions during the year	-	1,701
Disposals during the year		
Cost	(1,307)	(2,555)
Accumulated depreciation	1,292	2,145
	(15)	(410)
Depreciation charge during the year	(39,552)	(39,286)
Revaluation during the year	75,393	49,833
Written down value - closing	600,139	564,313
Cost	733,895	659,809
Accumulated depreciation	(133,756)	(95,496)
Written down value	600,139	564,313

5.1.2 The forced sale value of buildings and leasehold improvements as at December 31, 2021 amounted to Rs. 510.118 million (2020: 465.878 million).

5.1.3 Buildings and leasehold improvements are carried at revalued amount. The latest revaluation was carried out on December 31, 2021 by Hamid Mukhtar & Co. (Pvt) limited which resulted in a surplus of Rs. 75,393 million (2020: 49.833 million). The revaluation was carried out based on the market value assessment being the fair value of the buildings and leasehold improvements. Had there been no revaluation, the carrying value of the revalued assets would have been as follows:

	2021	2020
	------ (Rupees In '000) ------	
Buildings and leasehold improvements	72,862	80,036

5.2 Disposal of operating assets

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Net gain / (loss)	Mode of disposal	Particulars of purchaser
	--(Rupees in '000)--						
Disposals having book value exceeding Rs. 50,000 individually							
Furniture and fixtures							
Various	110	(57)	53	1	(52)	Negotiation	Agha Shabaz*
Office equipment							
Mobile phones	80	(24)	56	43	(13)	Insurance claim	Alfalah Insurance
Right-of-use assets - vehicle							
Honda Civic	3,095	(2,344)	751	3,025	2,274	Negotiation	Haris Malik
Toyota Passo	1,433	(704)	729	1,050	321	Company Policy	Sadia Kamran*
Honda City	1,857	(657)	1,200	1,472	272	Company Policy	Muhammad Iqbal*
Honda Civic	3,052	(1,354)	1,698	3,150	1,452	Negotiation	Muhammad Kamran
Toyota Fortuner	7,379	(2,621)	4,758	7,656	2,898	Negotiation	Irfan Javed
	16,816	(7,680)	9,136	16,353	7,217		
Motor vehicles - owned							
Honda CD 70	79	(21)	58	79	21	Insurance claim	Alfalah Insurance
Disposals having book value not exceeding Rs. 50,000 individually							
Furniture and fixtures	593	(293)	300	57	(243)	Negotiation	Various customers
Office equipment	2,192	(1,953)	239	703	464	Negotiation	Various customers
Computer equipment	2,792	(2,738)	54	659	605	Negotiation	Various customers
Buildings / leasehold improvements	1,307	(1,292)	15	44	29	Negotiation	Various customers
Motor vehicles - owned	12,447	(12,417)	30	21,682	21,652	Negotiation	Various customers
	19,331	(18,693)	638	23,145	22,507		
Total - December 31, 2021	36,416	(26,475)	9,941	39,621	29,680		
Total - December 31, 2020	33,868	(21,782)	12,086	25,235	13,149		

* These represent persons in the employment of the Company.

5.3 The cost and accumulated depreciation of fully depreciated property and equipment still in use amounts to Rs.110.699 million (2020: Rs. 85.378 million).

5.4 Capital work-in-progress	2021	2020
	------ (Rupees in '000) ------	
Advances to suppliers*	-	701
Trackers	8,550	20,595
Others	328	1,651
	8,878	22,947

* These represents advances related to purchase of vehicles.

6 INTANGIBLE ASSETS

	2021									
	Cost				Accumulated amortisation					
	As at January 1	Additions	Disposals	As at December 31	As at January 1	Charge for the year	Disposals	As at December 31	Written down value as at December 31	Amortisation rate (% per annum)
	(Rupees in '000)									
Computer software	29,931	4,176	-	34,107	13,189	6,222	-	19,411	14,696	20%

	2020									
	Cost				Accumulated amortisation					
	As at January 1	Additions	Disposals	As at December 31	As at January 1	Charge for the year	Disposals	As at December 31	Written down value as at December 31	Amortisation rate (% per annum)
	(Rupees in '000)									
Computer software	25,610	4,321	-	29,931	7,447	5,742	-	13,189	16,742	20%

6.1 The cost and accumulated amortisation of fully amortised intangibles still in use amounts to Rs. 15.130 million (2020: Rs. 3.197 million).

7 INVESTMENT PROPERTIES	Note	2021	2020
		------ (Rupees in '000) ------	
Opening net book value		377,797	376,995
Unrealised fair value gain during the year		21,778	802
Closing net book value	7.1	399,575	377,797

7.1 The market value and forced sale value of investment properties is Rs 399.575 million (2020: Rs 377.797 million) and Rs 339.639 million (2020: Rs 321.127 million), respectively as per the valuation carried out by the independent professional valuer as at December 31, 2021.

8 INVESTMENTS IN SUBSIDIARY

The Company's interests in its subsidiary were as follows:

Name	Country of Incorporation	Number of shares held	Cost	Assets	Liabilities	Revenues	Profit / (loss)	Interest held
			(Rupees in '000)					(%)
IGI FSI (Pvt.) Limited - note 8.1	Pakistan	500,000	5,000	6,458	1,659	14,609	193	100%
Total			5,000	6,458	1,659	14,609	193	100%

8.1 The Company incorporated a wholly owned subsidiary namely IGI FSI (Pvt.) Limited on July 6, 2020 under the Companies Act, 2017. The registered office of the subsidiary is situated at First Floor, Ali institute Ferozepur Rd, Lahore. The Subsidiary Company is engaged in providing technology led business solutions including training services in the market. The breakup value of these shares on the basis of latest available audited financial statements for the year ended December 31, 2021 was Rs. 9.59 (2020: Rs. 9.21) per share.

9 INVESTMENT IN EQUITY SECURITIES - MUTUAL FUNDS

	2021					2020				
	Number of units	Carrying value	(Impairment / provision)	Unrealised gain / (loss)	Market value	Number of units	Carrying value	(Impairment / provision)	Unrealised gain / (loss)	Market value
		---(Rupees in '000)---					---(Rupees in '000)---			
Fair value through profit or loss										
Alfalah GHP Stock Fund	1,487,599	176,421	-	(19,657)	156,764	918,254	111,661	-	(461)	111,200
HBL Stock Fund	-	-	-	-	-	-	-	-	-	-
MCB Pakistan Stock Market Fund	2,562,957	273,035	-	(19,162)	253,873	1,693,688	160,000	-	6,000	166,000
NBP Stock Fund	15,150,794	241,471	-	(4,441)	237,030	-	-	-	-	-
UBL Stock Advantage Fund	2,291,504	181,586	-	(3,812)	177,774	-	-	-	-	-
MCB Pakistan Sovereign Fund	-	-	-	-	-	293,068	15,855	-	161	16,016
Faysal Money Market Fund	53	5	-	-	5	50	5	-	-	5
HBL Equity Fund	458,371	63,798	-	(13,790)	50,008	-	-	-	-	-
NBP Islamic Stock Fund	5,916,484	78,132	-	(6,168)	71,964	-	-	-	-	-
NBP Financial Sector Income Fund	502,465	5,300	-	4	5,304	11,823,577	124,481	-	235	124,716
UBL Income Opportunity Fund	-	-	-	-	-	899,780	78,745	-	554	79,299
	28,370,227	1,019,748	-	(67,026)	952,722	15,428,417	490,747	-	6,489	497,236

10 INVESTMENTS IN GOVERNMENT SECURITIES

Particulars	Year of maturity	Effective yield % per annum	Profit payment	2021	2020
				---(Rupees in '000)---	
At fair value through profit or loss					
Market Treasury Bills	2021	13.12%	On maturity	-	75,592
Market Treasury Bills	2021	13.29%	On maturity	-	40,914
Market Treasury Bills	2021	9.57%	On maturity	-	342,949
Market Treasury Bills	2021	10.36%	On maturity	-	62,310
Market Treasury Bills	2021	7.14%	On maturity	-	5,735
Market Treasury Bills	2021	6.45%	On maturity	-	110,603
Market Treasury Bills	2021	7.15%	On maturity	-	123,993
Market Treasury Bills	2021	7.14%	On maturity	-	247,987
Market Treasury Bills	2021	7.11%	On maturity	-	10,415
Market Treasury Bills	2021	7.11%	On maturity	-	408,447
Market Treasury Bills	2022	10.06%	On maturity	77,747	-
Market Treasury Bills	2022	10.28%	On maturity	523,309	-
Pakistan Investment Bonds	2023	11.36%	Semi-annual	93,623	-
Pakistan Investment Bonds	2023	11.36%	Semi-annual	187,246	-
Pakistan Investment Bonds	2025	11.42%	Semi-annual	154,325	-
Pakistan Investment Bonds (floaters)	2028	8.20%	Semi-annual	579,362	578,623
Pakistan Investment Bonds (floaters)	2028	8.20%	Semi-annual	123,972	123,628
Pakistan Investment Bonds (floaters)	2029	8.22%	Semi-annual	125,721	125,225
				1,865,305	2,256,421
Total market value				1,865,305	2,256,421
Total carrying value				1,882,955	2,090,263

10.1 These include Pakistan Investment Bonds which are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of the Insurance Ordinance, 2000, having market value of Rs 224.756 million (2020: Rs 224.470 million).

11 INVESTMENTS IN DEBT SECURITIES

	2021					2020				
	Number of certificates	Maturity year	Coupon rate	Profit payment	Carrying amount	Number of certificates	Maturity year	Coupon rate	Profit payment	Carrying amount
					(Rupees in '000)					(Rupees in '000)
Fair value through profit or loss										
Term finance certificate										
Habib Bank Limited	500,000	Perpetual	3 months Kibor plus 1.6%	Quarterly	50,000	500,000	Perpetual	3 months Kibor plus 1.6%	Quarterly	50,000
Bank Alfalah Limited	1,000,000	Perpetual	Higher of 3 year PKRV plus 0.75% or 9%	Quarterly	100,000	1,000,000	Perpetual	Higher of 3 year PKRV plus 0.75% or 9%	Quarterly	100,000
	1,500,000				150,000	1,500,000				150,000

11.1 The effective yield term finance certificates is 8.90% to 11.97% (2020 : 8.90% to 9.03%) per annum.

12 LOANS AND OTHER RECEIVABLES

	Note	2021	2020
		(Rupees in '000)	
Receivable from related parties	12.1	149,784	126,251
Advances - considered good		12,060	10,968
Security deposits		93,166	88,420
Sales tax recoverable		113,317	77,733
Accrued income on investments and deposits		38,856	23,585
Loans and advances to employees	12.2	3,683	9,873
Others	12.3	63,004	55,867
		473,870	392,697

12.1 This includes receivables amounting to Rs. 0.161 million, Rs. 51.479 million, Rs. 9.176 million, Rs.3.784 million and Rs. 2.294 million (2020: Rs. 1.942 million, Rs. 27.331 million, Rs. 7 268 million, Rs. 4.597 million and Rs. 1.527 million) charged to IGI Investments (Pvt.) Limited, IGI Life Insurance Limited, IGI Finex Securities Limited, IGI Holdings Limited and Packages Limited, respectively, under group shared services.

12.2 This includes personal loan equivalent to 2 months gross salary disbursed to the Chief Executive Officer with mark-up equal to rate of 12 months market treasury bill prevailing on the date of disbursement amounting to Rs 4.332 million repaid during the year.

12.2.1 Movement in loans to key management personnel

	2021	2020
	(Rupees in '000)	
Opening balance	4,332	-
Disbursements	-	6,423
Repayments	(4,332)	(2,091)
Closing balance	-	4,332

12.3 These include a receivable from takaful operations amounting to Rs 58.028 million (2020: Rs 58.028 million) in respect of Sindh Sales Tax as disclosed in note 23.4 to the unconsolidated financial statements.

13 INSURANCE / REINSURANCE RECEIVABLES

	Note	2021	2020
		(Rupees in '000)	
Due from insurance contract holders - unsecured			
- considered good		1,097,334	870,974
- considered doubtful		152,028	143,047
	13.1	1,249,362	1,014,021
Less: provision for impairment of receivables from insurance contract holders	13.2	(152,028)	(143,047)
		1,097,334	870,974
Due from other insurer / reinsurer - unsecured			
- considered good		1,451,659	1,002,858
- considered doubtful		41,303	41,303
		1,492,962	1,044,161
Less: provision for impairment of receivables from other insurer / reinsurer	13.3	(41,303)	(41,303)
		1,451,659	1,002,858
		2,548,993	1,873,832

13.1 This includes an amount of Rs. 36.090 million (2020: Rs. 29.552 million) receivable from related parties.

13.2 Provision for doubtful receivables - insurance contract holders

	Note	2021	2020
		(Rupees in '000)	
Opening		143,047	143,399
Charge for the year		8,981	15,682
Written off during the year		-	(16,034)
Balance as at December 31	13.2.1	152,028	143,047

13.2.1 This includes an amount of Rs. 0.967 million (2020: Rs. 0.967 million) provided against related parties.

13.3 Provision for doubtful receivables - other insurer / reinsurer

	2021	2020
	(Rupees in '000)	
Opening	41,303	41,423
Charge for the year	-	-
Written off during the year	-	(120)
Balance as at December 31	41,303	41,303

14 RETIREMENT BENEFITS OBLIGATIONS

14.1 Defined benefit plan - Gratuity Fund

The Company offers an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity is governed under the Trust Act, 1882, the Trust Deed and the Rules of the Fund, the Income Tax Ordinance, 2001, the Income Tax Rules, 2002 and the applicable local regulations. An actuarial valuation is carried out every year to determine the liability of the Company in respect of the benefit. The most recent valuation in this regard has been carried out as at December 31, 2021 using the Projected Unit Credit (PUC) Actuarial Cost Method as allowed under the International Accounting Standard (IAS) 19 - 'Employee Benefits' for valuation of the Fund.

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 investment.

Mortality risks

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

Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

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.

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14.1.1 Principal actuarial assumptions

	2021	2020
Valuation discount rate	12.25%	10.25%
Valuation discount rate for statement of comprehensive income	10.25%	11.75%
Salary increase rate - *short term*	10.00%	10.00%
Salary increase rate - *long term*	9.75%	9.75%
Return on plan assets	12.25%	10.25%
Duration	10.05 years	10.63 years
Normal retirement age	58	58
Withdrawal rate	Low	Low
Mortality rate	SLIC 2001-05	SLIC 2001-05
Next salary increase date	1-Jan-2022	1-Jan-2021

14.1.2 Amount recognised in the unconsolidated statement of financial position

	Note	2021	2020
		------ (Rupees in '000) ------	
Reconciliation			
Present value of defined benefit obligation		139,257	132,484
Less: fair value of plan assets		(132,680)	(114,807)
Payable to defined benefit plan		6,577	17,677
Movement in net liability recognised			
Opening net liability		17,677	19,363
Expense for the year	14.1.3	16,083	15,894
Other comprehensive gain	14.1.4	(12,885)	(3,605)
Contributions		(14,298)	(13,975)
		6,577	17,677
Movement in present value of defined benefit obligation			
Opening		132,484	113,983
Current service cost	14.1.3	15,004	14,440
Interest cost		13,150	13,083
Benefits paid		(8,381)	(5,277)
Actuarial gain on obligation	14.1.4	(13,000)	(3,745)
Closing		139,257	132,484
Movement in the fair value of plan assets			
Opening		114,807	94,620
Expected return on plan assets		12,071	11,629
Contributions		14,298	13,975
Benefits paid		(8,381)	(5,277)
Actuarial loss on obligation	14.1.4	(115)	(140)
		132,680	114,807

14.1.3 Amount recognised in unconsolidated statement of comprehensive income

	2021	2020
Current service cost	15,004	14,440
Interest cost	1,079	1,454
Expense for the year	16,083	15,894

14.1.4 Amount recognised in other comprehensive income

	2021	2020
Remeasurement gain on obligation	(13,000)	(3,745)
Remeasurement loss on plan assets	115	140
	(12,885)	(3,605)

14.1.5 Actual return on plan assets

	2021	2020
Expected return on assets	12,071	11,629
Actuarial loss	(115)	(140)
	11,956	11,489

14.1.6 Analysis of present value of defined benefit obligation

	2021	2020
	------- (Rupees in '000) -------	
Split by vested / non-vested		
(i) Vested benefits	139,257	132,484
(ii) Non-vested benefits	-	-
	139,257	132,484

14.1.7 Sensitivity analysis

	2021			2020		
	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%	-9.01%	(12,553)	+1%	-9.84%	(13,035)
	-1%	10.36%	14,429	-1%	11.42%	15,128
Salary increase rate	+1%	10.89%	15,166	+1%	11.87%	15,722
	-1%	-9.60%	(13,374)	-1%	-10.37%	(13,744)
Life expectancy / withdrawal rate	+10%	-0.04%	(51)	+10%	-0.12%	(163)
	-10%	0.04%	51	-10%	0.13%	166

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.

14.1.8 Plan assets comprise of the following:

	2021 (Rupees in '000)	Percentage composition	2020 (Rupees in '000)	Percentage composition
Equity investments	14,851	11.20%	18,484	16.10%
Cash and bank deposits	80,928	60.99%	40,845	35.58%
Government securities	36,901	27.81%	55,478	48.32%
Fair value of plan assets	132,680	100%	114,807	100%

14.1.9 As per the actuarial recommendations, the expected return on plan assets was taken as 12.25% (2020: 10.25%), which is representative of yields on long-term Government bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

Based on actuarial advice, the Company intends to charge an amount of Rs 14.762 million in the unconsolidated financial statements for the year ending December 31, 2022.

The expected contribution for the next one year should take into account the maximum annual contribution limit set by the Income Tax Rules, 2002 i.e. the basic payroll of the last month of the financial year end. If the contribution exceeds the limit defined in the Income Tax Rules, the Company may apply to the Commissioner of Inland Revenue (CIR) for special contribution for the excess amount. The Expected Gratuity Expense is around 7.06% of annual basic salary which is lower than the maximum allowable limit of 8.33%. Therefore, the Company may contribute up to Rs. 14.762 million during 2022.

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

	Less than a year	Between 1-2 Years	Between 2-5 years	Over 5 years	Total
	-------	-------	(Rupees in '000)	-------	-------
2021					
Gratuity	11,323	14,431	14,876	66,787	107,417
2020					
Gratuity	9,043	5,550	19,611	471,011	505,215

14.1.11 Historical data on the deficit / (surplus) of the plan is as follows:

	2021	2020	2019	2018
	(Rupees in '000)			
Present value of defined benefit obligation	139,257	132,484	113,983	98,685
Fair value of plan assets	(132,680)	(114,807)	(94,620)	(77,468)
Deficit	6,577	17,677	19,363	21,217

14.2 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, 2021 was Rs. 18.573 million (2020: Rs, 17.570 million). The net assets based on unaudited financial statements of Provident Fund as at December 31, 2021 are Rs. 139.248 million (2020: 121.474 million) out of which 94% were invested in different financial instruments categories as provided in Section 218 of the Companies Act, 2017 and the rules formulated therein. The carrying value of the investments of the provident fund as at December 31, 2021 (unaudited) was Rs. 139.248 million (2020: 121.474 million). The above investments out of provident fund have been made in accordance with the requirements of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	December 31, 2021 (un-audited)		December 31, 2020 (un-audited)	
	(Rupees In '000)	% of the size of the fund	(Rupees In '000)	% of the size of the fund
Government securities	33,085	23.76%	93,860	77.27%
Listed securities	6,133	4.40%	6,728	5.54%
Bank deposits	78,999	56.73%	2,546	2.10%
Mutual Funds	16,031	11.52%	13,340	10.98%
Term finance certificates	5,000	3.59%	5,000	4.12%
Total	139,248	100%	121,474	100%

14.3 Staff strength

	2021	2020
	(Number of employees)	
Number of employees as at December 31	185	183
Average number of employees during the year	184	192

15 PREPAYMENTS

	Note	2021	2020
		(Rupees In '000)	
Prepaid reinsurance premium ceded	24	1,327,669	1,001,740
Prepaid rentals		28,154	26,117
Others		8,633	4,006
		1,364,456	1,031,863

16 CASH AND BANK

	Note	2021	2020
Cash and cash equivalents			
Cash in hand		-	536
Policy stamps in hand		1,320	-
Cash at bank			
Current accounts		1,964	11,405
Savings accounts	16.1	200,459	219,665
		202,423	231,070
		203,743	231,606

16.1 The balances in savings accounts carry mark-up ranging between 7% to 8.25% (2020: 5.5% to 6.5%) per annum.

		Note	2021	2020
			------ (Rupees in '000) ------	
16.2	Cash and cash equivalents for the purpose of unconsolidated statement of cash flows :			
	Cash and bank	16	203,743	231,606
	Market Treasury Bills having original maturity of upto three months		601,056	777,452
			804,799	1,009,058

		2021	2020
17	MOVEMENT IN NUMBER OF SHARES	(Number of Shares)	
	At beginning of the year	191,838,400	191,838,400
	Issuance of shares during the year	-	-
	At end of the year	191,838,400	191,838,400

17.1 All ordinary shares carry equal voting and dividend rights.

		Note	2021	2020
			------ (Rupees in '000) ------	
18	SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT - NET OF TAX			
	Opening balance		333,025	313,309
	Transfer from surplus on revaluation of property and equipment on account of incremental depreciation		(25,549)	(22,064)
	Related deferred tax		7,409	6,399
			(18,140)	(15,665)
	Change in fair value - net of tax		53,529	35,381
	Closing surplus on revaluation of property and equipment		368,414	333,025

		Note	2021	2020
19	BORROWINGS			
	Lease liability against right-of-use assets - motor vehicle	19.2	135,180	136,461
	Lease liability against right-of-use assets - rented premises	19.3	12,595	25,829
		19.1	147,775	162,290
	Current portion		30,335	30,712
	Non-current portion		117,440	131,578
			147,775	162,290

19.1 **Lease liability against right-of-use assets**

	2021			2020		
	Minimum lease Payments	Financial charges	Principal outstanding	Minimum lease Payments	Financial charges	Principal outstanding
	(Rupees in '000)					
Not later than one year	50,043	19,708	30,335	59,088	28,376	30,712
Later than one year and not later than five years	154,964	37,524	117,440	148,407	16,829	131,578
	205,007	57,232	147,775	207,495	45,205	162,290

19.2 The Company leases motor vehicles from banks which are provided to employees as an employment benefit.

19.3 The Company leases various offices, branches and other premises to meet its operational business.

20 INSURANCE / REINSURANCE PAYABLES

	2021	2020
	------ (Rupees in '000) ------	
Due to other insurers / reinsurers	1,593,114	1,603,918

21 DEFERRED TAXATION

	2021	2020
Deferred debits arising in respect of :		
- Provision for doubtful receivables	(56,066)	(54,420)
- Retirement benefit obligations	(1,907)	(5,126)
- Unrealised loss on investments	(24,556)	-
- Lease liability against right-of-use-assets	(45,359)	(46,850)
	(127,888)	(106,396)
Deferred credits arising due to		
- Accelerated tax depreciation	18,151	28,085
- Surplus on revaluation of property and equipment	170,045	148,181
- Fair value gain on investment properties	66,648	60,332
- Unrealised gain on investments	-	4,957
- Right-of-use assets	41,973	46,541
	296,817	288,096
	168,929	181,700

22 OTHER CREDITORS AND ACCRUALS

	2021	2020
Agent commission payable	260,084	202,315
Cash margin	283,589	258,329
Federal excise duty	82,541	40,771
Federal insurance fee	6,901	2,887
Accrued expenses	146,437	157,166
Payable to customers	172,546	116,423
Others	68,301	55,626
	1,020,399	833,517

23 CONTINGENCIES AND COMMITMENTS

23.1 The Company is defending a suit against it by M/s Nawaz Enterprises for recovery of Rs. 9.45 million on account of insurance claim. The management, based on a advice of the legal counsel, is confident that the outcome of the case is likely to be in favor of the Company.

23.2 The Company is defending a suit filed against it and the beneficiary on account of damages by the Federation of Pakistan amounting to Rs. 4.929 million. The petition is pending for hearing before Civil Court judge. The management, based on a advice of the legal counsel, is hopeful that the outcome of the case is likely to be decided in favor of the Company.

23.3 An appeal was filed before the Commissioner - Appeals, the Sindh Revenue Board (SRB) against the order passed by the Assistant Commissioner, SRB under section 23(1) of the Sindh Sales Tax on Services Act, 2011 for tax periods July 2011 to December 2012 in respect of re-insurance accepted transactions which was decided against the Company. The department alleged that the Company provided re-insurance services to local insurance companies and demanded Sindh sales tax on services under Sindh Sales Tax on Services Act, 2011. The Commissioner Appeals had decided the matter against the Company. Against the order of the Commissioner - Appeals, further appeal had been filed before the Appellate Tribunal, SRB on January 16, 2015, which was also decided against the Company. The Company had filed an appeal in the Honourable High Court of Sindh which is pending adjudication. The management, based on advice of the legal counsel, is hopeful that the outcome of the case will be decided in favor of the Company.

23.4 During the year 2018, the Sindh Revenue Board (SRB) raised a demand of tax of Rs 430.412 million under section 23(1) of Sindh Sales Tax on Services Act (SSTA), 2011, in respect of sales tax on reinsurance obtained from foreign re-insurers by the Company. The department has also imposed a penalty of Rs 21.520 million.

The department alleged that the Company has received re-insurance services from foreign re-insurance companies for the period from July 2011 to December 2014 and it is the contention of the department that these services are liable to sales tax under SSTA, 2011. The department attached the Company's bank account and directed the Company's banker to issue pay orders to SRB. The pay orders of Rs 58.028 million from the Company's bank account were issued by the Company's banker on December 27, 2018 upon direction of SRB.

The Company had filed an appeal before the Commissioner Appeals on December 28, 2018 against the above order. The management in hearings held before the Commissioner (Appeals) SRB had submitted that:

- The payments to foreign re-insurance companies are not a service and is merely a re-distribution of the insurance risk and therefore the insurance premium. There is no value addition involved since in essence it is a sharing of the insurance risk between the insurer and re-insurers. The management believes that the gross premium charged by the insurer was already subject to Sales Tax on the gross amount, hence it is illogical to again subject it to sales tax upon its re-distribution keeping in view the fact that neither any service is being provided to the policyholder nor any value addition is being made.

- These risk sharing arrangements have been made by the Company with the re-insurance companies incorporated outside Pakistan with no legal or physical presence therefore it is the view that the provisions of Sindh Sales Tax laws are not applicable to these type of arrangements and are outside the jurisdiction of Sindh Sales Tax laws.

The management believes that even if it is assumed that Sindh Sales Tax on re-insurance provided to insurer / insurance companies is applicable, the law does not provide any mechanism for calculating the basis on which such tax will be imposed and its related payment and the same would have been claimed as adjustable input tax by the Company against its output tax liability.

The Company had also filed a constitutional petition before the Honourable High Court of Sindh at Karachi (the Court) on December 28, 2018 seeking protection from the above mentioned coercive action taken by the tax department. The Court had suspended the above mentioned attachment notice and also instructed the bank that the said pay orders should not be encashed.

During the year ended December 31, 2020, the Court of Sindh has disposed of the constitutional petition together with the other similar petitions and has ordered SRB not to enforce recovery of impugned demand before expiry of seven days of the receipt of the final decision in appeal or stay application by the Commissioner (Appeals) SRB, whichever is earlier.

The management, based on the advice received from their tax and legal advisors, is confident that this matter is likely to be decided in favour of the Company. The Company has recorded Rs 58.028 million as 'other receivable' in these unconsolidated financial statements.

Further, during the year, the Company, along with the Insurance Association of Pakistan (IAP) and other insurance companies, has also filed a constitutional petition in the Honourable High Court of Sindh challenging the levy of Sindh Sales Tax on reinsurance. The Court has abstained the respondents from passing an adverse order against notices issued to the petitioners.

23.5 During the year ended December 31, 2020, one of the policyholders lodged a claim with the Company under Export Credit Insurance Policy due to insolvency of one of their customers. The Company appointed a surveyor to verify the claim. Appointed surveyor through its survey report concluded that this claim was a 'NO LOSS' claim and was outside the scope of the insurance cover. Based on the outcome of the survey report by appointed surveyor, the policyholder filed a complaint with the SECP against the Company and the appointed surveyor. The SECP directed the Company to appoint another surveyor to conduct the verification procedures. Other surveyor after performing their due procedures (including consultation with a lawyer) also concluded this claim to be 'NO LOSS' due to the same facts that were stated by the appointed surveyor.

During the current year, the policyholder, through its legal counsel served a legal notice to the Company for claiming losses amounting to USD 709,356 under the afore-mentioned insurance policy. The Company responded to the subject legal notice after consulting its legal counsel and rejected the claim based on the grounds mentioned in the paragraph above. Subsequently, the Company received a legal notice from the Insurance Tribunal, Faisalabad summoning the representatives of the Company and seeking the written response. The Company through its legal counsel has submitted its response to the Insurance Tribunal explaining the basis of its contention.

In this connection, the proceedings of the Insurance Tribunal are under progress and there has been no correspondence on this matter after the response was submitted by the Company. The management believes that it has a strong case based on the reports of the two reputed independent surveyors and the advice of the legal counsel. Accordingly, no provision has been recognised in respect of this matter in the unconsolidated financial statements of the Company for the year ended December 31, 2021.

23.6 The contingencies relating to taxation are given in note 31.2 to the unconsolidated financial statements.

		Note	2021	2020
24	**NET INSURANCE PREMIUM**		(Rupees in '000)	
	Written gross premium	24.1	7,388,824	5,476,591
	Add: Unearned premium reserve - opening		1,913,043	1,860,409
	Less: Unearned premium reserve - closing		(2,674,247)	(1,913,043)
	Premium earned	24.1	6,627,620	5,423,957
	Less: Reinsurance premium ceded		(4,237,587)	(3,132,579)
	Add: Prepaid reinsurance premium ceded - opening		(1,001,740)	(972,374)
	Less: Prepaid reinsurance premium ceded - closing		1,327,669	1,001,740
	Reinsurance expense		(3,911,658)	(3,103,213)
			2,715,962	2,320,744

24.1 This includes an amount of Rs. 110.891 million (2020: 66.402 million) and 54.088 million (2020: 36.542 million) in respect of amount written and earned on tracking services.

		Note	2021	2020
25	**NET INSURANCE CLAIMS**		(Rupees in '000)	
	Claims paid		3,676,785	2,181,572
	Add: Outstanding claims (including IBNR) - closing		2,584,937	2,626,867
	Less: Outstanding claims (including IBNR) - opening		(2,626,867)	(1,512,227)
	Claims expense		3,634,855	3,296,212
	Less: Reinsurance and other recoveries received		(2,388,333)	(1,046,752)
	Add: Reinsurance and other recoveries in respect of outstanding claims - closing	25.3	(1,914,772)	(2,165,642)
	Less: Reinsurance and other recoveries in respect of outstanding claims - opening		2,165,642	1,012,984
	Reinsurance and other recoveries revenue		(2,137,463)	(2,199,410)
			1,497,392	1,096,802

25.1 Claims development tables

The following table shows the development of fire claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Analysis on gross basis

Accident year	2017	2018	2019	2020	2021 (including IBNR)	Total
	(Rupees in '000)					
Estimate of ultimate claims cost:						
At end of accident year	363,401	575,330	462,385	1,593,639	947,831	3,942,586
One year later	330,493	364,402	468,609	1,574,803	-	2,738,307
Two years later	305,808	356,781	710,275	-	-	1,372,864
Three years later	303,591	480,517	-	-	-	784,108
Four years later	294,775	-	-	-	-	294,775
Estimate of cumulative claims	294,775	480,517	710,275	1,574,803	947,831	4,008,201
Cumulative payments to date	(291,515)	(331,063)	(350,116)	(1,233,254)	(814,197)	(3,020,145)
Liability recognised in the unconsolidated statement of financial position	3,260	149,454	360,159	341,549	133,634	988,056

The above effects have been worked out on the assumption that increase / decrease in net claims expense pertains to individual segment in isolation.

		2021		2020	
		IBNR	PDR	IBNR	PDR
25.2	**Movement of IBNR / PDR**	(Rupees in '000)			
	IBNR / PDR - opening	76,333	-	78,366	21,111
	Charge / (reversal) during the year	17,629	1,345	(2,033)	(21,111)
	IBNR / PDR - closing	93,962	1,345	76,333	-

25.3 This includes a receivable balance amounting to Rs 304 million in respect of reinsurance recovery against an outstanding claim. The management is in the process of commercial negotiations for amicable settlement of this balance. In case of any adverse outcome of the negotiations, the management, based on legal opinion, is confident that the balance will be recovered in full on account of strong legal merits

26 NET COMMISSION EXPENSE

	Note	2021	2020
		(Rupees In '000)	
Commission paid or payable		782,368	547,789
Add: Deferred commission expense - opening		186,464	178,261
Less: Deferred commission expense - closing		(264,221)	(186,464)
Net commission		704,611	539,586
Less: Commission received or receivable		(652,528)	(505,482)
Add: Unearned reinsurance commission - opening		(212,055)	(174,561)
Less: Unearned reinsurance commission - closing		218,690	212,055
Commission from reinsurers		(645,893)	(467,988)
		58,718	71,598

27 MANAGEMENT EXPENSES

	Note	2021	2020
Employee benefit cost	27.1.1	461,145	463,197
Rent, rates and taxes		47,541	52,124
Electricity and gas		16,111	13,289
Repairs and maintenance		19,873	17,021
Communication		26,320	32,664
Tracker related expenditures		38,250	63,821
Depreciation and amortisation	27.1.2	121,453	108,068
Bad and doubtful debts	13.2	8,981	15,682
Vehicle running expenses		37,020	38,064
Travelling expenses		12,285	11,679
Representation expenses		3,979	6,184
Printing and stationery		5,881	5,091
Legal and professional		36,939	33,880
Advertisement expenses		11,200	9,895
Miscellaneous		2,880	3,112
	27.1	849,858	873,771

27.1 During the year, the Company has allocated certain management expenses to Window Takaful Operations on the basis of reasonable and supportable information available for determining such allocation amounting to Rs. 71.603 million (2020: 47.543 million).

	Note	2021			2020		
		Total Expense	Allocated to WTO	Net Expense	Total Expense	Allocated to WTO	Net Expense
		(Rupees in '000)					
Employee benefit cost	27.1.1	507,154	46,009	461,145	489,272	26,075	463,197
Rent, rates and taxes		54,588	7,047	47,541	57,156	5,032	52,124
Electricity and gas		18,199	2,088	16,111	14,603	1,314	13,289
Repairs and maintenance		21,233	1,360	19,873	17,889	868	17,021
Communication		27,573	1,253	26,320	33,504	840	32,664
Tracker related expenditures		38,250	-	38,250	63,821	-	63,821
Depreciation and amortisation	27.1.2	126,006	4,553	121,453	114,550	6,482	108,068
Bad and doubtful debts		8,981	-	8,981	15,682	-	15,682
Vehicle running expenses		41,669	4,649	37,020	38,064	-	38,064
Travelling expenses		13,835	1,550	12,285	16,084	4,405	11,679
Representation expenses		4,495	516	3,979	6,796	612	6,184
Printing and stationery		6,643	762	5,881	5,592	501	5,091
Legal and professional		36,939	-	36,939	33,880	-	33,880
Advertisement expenses		12,651	1,451	11,200	10,923	1,028	9,895
Miscellaneous		3,245	365	2,880	3,498	386	3,112
		921,461	71,603	849,858	921,314	47,543	873,771

		Note	2021	2020
27.1.1	**Employee benefit cost**		------ (Rupees in '000) ------	
	Salaries, allowance and other benefits		472,498	455,808
	Charges for post employment benefit	14.1.3 & 14.2	34,656	33,464
	Less: employee benefit cost allocated to Window Takaful Operations		(46,009)	(26,075)
			461,145	463,197
27.1.2	**Depreciation and amortisation**			
	Depreciation and amortisation charged during the year	5 & 6	128,006	114,550
	Less: depreciation and amortisation allocated to Window Takaful Operations		(4,553)	(6,482)
			121,453	108,068

28 INVESTMENT INCOME

		2021	2020
Income from equity securities			
Fair value through profit or loss			
Dividend income		19,971	794
Income from debt securities			
Fair value through profit or loss			
Return on government securities		167,518	248,641
Return on term finance certificate		13,595	12,804
Held to maturity			
Return on government securities		-	26,864
Income from term deposits			
Held to maturity			
Return on term deposits		4,099	24,353
Net realised gain / (loss) on investments			
Fair value through profit or loss			
Mutual funds		22,955	(13,130)
Government securities		972	34,407
Held to maturity			
Government securities		-	13,929
		23,927	35,206
Net unrealised loss on investments			
Fair value through profit or loss			
Mutual funds		(67,026)	6,489
Government securities		(17,650)	(10,857)
		(84,676)	(4,368)
Total investment income		144,434	344,294

29 OTHER INCOME

	Note	2021	2020
Return on bank balances		36,185	22,494
Gain on sale of operating assets	5.2	29,680	13,149
Exchange gain		-	578
Fair value gain on investment properties	7	21,778	802
Miscellaneous		1,522	3,103
		89,165	40,126

30 OTHER EXPENSES

	Note	2021	2020
Group shared services expenses		6,920	12,997
Insurance expense		17,934	15,784
Repairs and maintenance		2,808	1,959
Education and training		-	5,183
Legal and professional	30.1	3,075	2,561
Auditors' remuneration	30.2	8,435	5,681
Donations	30.3	4,865	5,732
		44,037	49,897

30.1 This includes a fine of Rs 0.125 million imposed by Securities and Exchanges Commission of Pakistan (SECP) against certain non-compliances of Anti Money Laundering and Counter Financing of Terrorism Regulation, 2018 identified during on-site inspection conducted during the year.

30.2 **Auditor's remuneration**

	2021	2020
	(Rupees in '000)	
Fee for statutory audit	1,375	1,250
Fee for audit of consolidated financial statements	330	300
Fee for interim review	605	550
Fee for audit of regulatory return	907	825
Special certifications and sundry services	165	150
Tax advisory and other consultancy services	4,563	2,161
Out of pocket expenses	490	445
	8,435	5,681

30.3 This represents donation paid to Packages Foundation (a related party), in which Mr Shamim Ahmed Khan and Syed Hyder Ali (directors of the Company) are Trustees.

31 TAXATION

	2021	2020
	(Rupees in '000)	
For the year		
Current	213,525	207,996
Deferred	(38,372)	(8,900)
	175,153	199,096

31.1 Effective tax rate reconciliation

Numerical reconciliation between the average tax rate and the applicable tax rate for the year ended December 31, 2021 is as follows.

	2021 (Effective tax rate) (%)	2021 '000	2020 (Effective tax rate) (%)	2020 '000
Profit before taxation		603,063		685,556
Tax at enacted tax rate	29.00	174,888	29.00	198,811
Others	0.04	265	0.04	285
	29.04	175,153	29.04	199,096

31.2 Taxation

31.2.1 The Company has a group taxation policy with its Holding Company under section 59AA of the Income Tax Ordinance, 2001 under which payments of tax are made through the Holding Company.

The income tax assessments of the Company have been finalised up to and including the tax year 2017. However, the Company has filed appeals in respect of certain assessment years which mainly relate to the following:

31.2.2 While finalising the assessment for the year 1999-2000 the Taxation Officer (TO) had not allowed credit for tax paid under section 54 amounting to Rs. 3 million for which rectification application is filed which is pending.

The Company has also filed applications in respect of certain mistakes made in the orders passed under section 124 of the Income tax Ordinance for 2001-2002 and 2002-2003. The applications filed were rejected by the T.O. against which appeals had been filed with the CIT (A) which are pending.

The Additional Commissioner of Income Tax (AC) has issued notice under section 122 (5A) of the Income Tax Ordinance, 2001 in respect of the tax year 2005 and 2006 whereby he has proposed to disallow claim of expenses and exemption in respect of gain on sale of shares and taxed income from associates. Against the above notice, the Company has filed a constitutional petition before the Honorable High Court. The regular hearing of petition is currently pending with the High Court.

31.2.3 In respect of tax year 2007, all significant issues involved amounting to Rs. 7 billion were decided in favor of the Company by CIR(A) and then by the ATIR. However, no appeal effect order has been passed. Further, certain matters amounting to Rs. 82 million that were remanded back to DCIR by the CIR(A) were not decided upon by the High Court. The Company has written a letter to the taxation officer for passing appeal effect orders. The department had filed Income Tax Reference Application before Honorable High Court of Sindh against the deletion of the addition made on account of re-characterisation of actual realized capital gain. The said Income Tax Reference Application was heard by Honorable High Court and the judgment has been passed in favour of the Company.

The tax department has further filed a civil petition before the Honorable Supreme Court of Pakistan against the judgment of the Honorable High Court which is pending adjudication.

31.2.4 In case of tax year 2008, the Additional Commissioner Audit Division-II had issued notice under section 122 (5A) of the Ordinance for passing an amended order on certain issues. The Company filed a writ petition before the Honorable High Court of Sindh which dismissed the petition by directing the Company to submit its responses to the assessing authority. Moreover, the Honorable High Court had directed the assessing authority to pass the order, preferably within two months of the service of the Court's order, strictly in accordance with law keeping in view the provisions relating to insurance business and the decisions of the High Court and the Supreme Court on the subject issues. However, to-date no notice has been received from the taxation authorities.

The additional Commissioner Audit zone III LTU Karachi issued another notice under section 122(5A) of the Ordinance in May 14, 2014 and passed an amended assessment order under section 122(5A) by disallowing provision for IBNR and allocation of expense against capital gains and dividend income. As a result of amended assessment demand of Rs. 63.166 million was created. Against the disallowances made by the ACIR, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals) and also filed an application for stay of demand. Pursuant to the stay application, the CIR(A) has granted stay of demand to the Company. Against the above disallowance, the Company filed an appeal before the learned Appellate Tribunal Inland Revenue. Further, the Company challenged the assessment order on the ground that the assessment was barred by limitation of time. Moreover, the department filed a cross appeal before the ATIR challenging the relief granted by the CIR(A). The ATIR has decided both the appeals on the point of limitation of law as contained under section 122(2) of the Ordinance and have decided the appeal in favor of the Company. Moreover, the departmental appeal has also been rejected being treated as infructuous. The department has filed a reference application before the Sindh High Court against the order of the ATIR which is pending adjudication.

Moreover, pursuant to the decision of the CIR(A), the ACIR has passed an appeal effect order duly incorporating the relief granted by the CIR(A) in respect of allocation of expenses and tax refundable of Rs. 18.030 million has been determined.

31.2.5 In case of tax year 2009, the Deputy Commissioner of Inland Revenue (DCIR) has passed the amended order under section 122(5A) of the Ordinance by disallowing provisions on account of IBNR, Unearned Commission and allocation of expenses relating to exempt income. As a result of amended assessment demand of Rs 141 million was created. The DCIR has made certain errors in the order for which application for rectification was filed. Rectified order under section 221 has been passed and as a result demand has been reduced to Rs. 51 million. The learned CIR(A) has granted partial relief in respect of certain issues and confirmed certain disallowances. The Company filed further appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of issues on which relief was not allowed by the CIR(A). The ATIR, pursuant to the appeals filed against the order of CIR(A), has now passed the order whereby the ATIR has confirmed disallowance made on account of provision for IBNR. Further issue of allocation of expenses against investment income has been remanded back to CIR(A). As regards, the issue of addition made on account of provision of unearned commission, the ATIR has upheld the decision of CIR(A) whereby disallowance made on this score is deleted. In respect of issues decided against the Company, a reference application was filed before Honorable Sindh High Court where the IBNR issue has been decided in favor of the Company whereas remaining issues are pending adjudication.

The Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend income, commission income and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Company under Fourth Schedule to the Ordinance. As a result of the amended assessment demand of Rs.31.420 million was created. The Company paid an amount of Rs.10 million and obtained stay from the Commissioner Inland Revenue till August 31, 2015 in respect of payment of the remaining tax demand of Rs. 21.420 million. Further, against the above treatment meted out by the ACIR, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. The Company also filed a petition against the said order before the Honorable Sindh High Court which was disposed off with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

31.2.6 In case of tax year 2010, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, the ACIR has disallowed provision of IBNR under section 34(3) of the Ordinance. As a result of the amended assessment demand of Rs.93.445 million has been created. The Company has filed appeal and application for stay of tax demand before the CIR(A) against the above assessment order. The Company has also filed a petition against the said order before the Honorable Sindh High Court which is pending adjudication.

Pursuant to the appeal, the learned CIR(A) vide combined appellate order No.21 and 22/A-1 oated 10 March 2016 has decided all issues in favor of the Company. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

31.2.7 In case of tax year 2011, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR, claim of brought forward loss for the tax year 2008 and refund adjustments for tax years 2004 and 2009 in the amended assessment order . Moreover, Workers' Welfare Fund @ 2% of the accounting profit for the year has also been levied. As a result of the amended assessment demand of Rs.142.414 million has been created. The Company has filed appeal and application for stay of tax demand before the CIR(A) against the above assessment order.

Pursuant to the appeal, the learned CIR(A) vide combined appellate order No. 21 & 22/A-1 dated 10 March 2016 has decided the following issues in favor of the Company:

(a) Chargeability of tax on dividend income and property income at corporate tax rate;

(b) Provision for IBNR;

(c) Levy of Workers' welfare fund for the year.

As regards, credit / adjustment of refunds available to the company, the CIR(A) has remanded back the issue with the directions to verify the claim of refunds and allow the adjustment as per law. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue(ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

31.2.8 In case of tax year 2012, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR amounting to Rs. 33 million in the amended assessment order. As a result of the amended assessment, demand of Rs. 106.563 million was created. The Company has obtained stay from the Honorable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, the Company also filed an appeal before CIR(A) which is pending adjudication. The stay from the Honorable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed is finalised. The learned CIR(A) has passed the appellate order wherein both the aforesaid issues have been decided in favor of the Company.

The department has filed an appeal before Appellate Tribunal, Inland Revenue (ATIR) against the order passed by the CIR(A) which is pending adjudication.

31.2.9 In case of tax year 2013, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR, claim of brought forward loss for the tax year 2012 and has also made an addition on account of disposal of fixed assets at less than fair market value (FMV) in the amended assessment order. As a result of the amended assessment, demand of Rs. 95.008 million was created. Against the aforesaid order, the Company has filed an appeal before CIR(A). Pursuant to the appeal, the learned CIR(A) vide appellate order No. 10/A-1 dated 05 October 2016 has decided the following issues in favor of the Company:

(a) Chargeability of tax on dividend income and property income at corporate tax rate;

(b) Provision for IBNR amounting to Rs. 33 million;

(c) Addition on account of disposal of fixed assets.

Further the CIR(A) has remanded back the issues in respect of adjustment of brought forward loss for the tax year 2012 and credit of Workers' Welfare Fund paid with the return of income. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue(ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

31.2.10 In case of tax year 2014, case of the Company was selected for audit under section 177 of the ordinance and subsequently, the Deputy Commissioner Inland Revenue (DCIR) has passed an amended assessment order under section 122(1) of the Ordinance wherein tax on dividend income has been charged at corporate tax rate (i.e. 34% for the year) by treating such income as business income of the company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR and has also made an addition on account of disposal of fixed assets at less than Fair Market Value (FMV) and motor car expenses paid in cash under section 21(l) in the amended assessment order. As a result of the amended assessment, demand of Rs. 148.444 million was created. The Company has obtained stay from the Honorable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, the Company has also filed an appeal before CIR(A). The stay from the Honorable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed is finalised.

Pursuant to the appeal before CIR(A), the CIR(A) has passed the appellate order whereby issues in respect of levy of tax on dividend income at corporate tax rates, disposal of vehicles at less than FMV and levy of WWF have been decided in favor of the Company. However, issues in respect of levy of minimum tax under section 113, provision for IBNR and motor car expenses in cash has been decided against the Company. The Company has filed further appeal before the ATIR in respect of the issues decided against the Company except issue of motor car expenses paid in cash, which is pending adjudication.

31.2.11 In case of tax year 2015, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 33% for the year) by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, the ACIR has levied Super tax under section 4B of the ordinance amounting to Rs. 27.743 million and Workers' Welfare Fund for the year. As a result of the amended assessment, demand of Rs. 234.287 million was created. The Company has obtained stay from the Honorable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, the Company has also filed an appeal before CIR(A). The stay from the Honorable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

Pursuant to the appeal before CIR(A), the CIR(A) has passed the appellate order whereby issue of levy of tax on dividend income at corporate tax rates has been decided in favor of the Company whereas the issue of levy of Super tax under section 4B has been decided against the Company. Furthermore, the CIR(A) has remanded back the issue of levy of WWF. The Company has filed further appeal before the ATIR in respect of the issue of levy of Super tax, which is pending adjudication.

The ACIR also passed an appeal effect order whereby a tax demand of Rs.2.776 million was created. While passing the aforesaid order, the ACIR did not consider the impact of payment of WWF for the year amounting to Rs. 3.635 million. Accordingly, a rectification application was duly filed pursuant to which the ACIR has now passed a rectified order whereby a refund of Rs. 0.859 million has been created.

The ACIR also passed an order under section 221 of the Ordinance charging Super tax under section 4B amounting to Rs 27.912 million. Without prejudice to the stance in appeal, the Company made payment of Rs 20 million in respect of the Super tax liability under section 4B whereas the remaining Super tax demand of Rs 7.912 million was adjusted against the refund of tax year 2008. The Company filed an application with the ACIR requesting to annul the order based on various legal grounds, however, no order was passed in this regard. Moreover, the Company also filed an appeal before the CIR(A) in respect of the order passed under section 221 of the Ordinance. Pursuant to the above appeal, the CIR(A) passed the appellate order wherein the action of the ACIR in charging super tax under section 221 of the Ordinance was annulled. The Company has written a letter to the concerned taxation officer for passing appeal effect order in line with the appellate order passed by the CIR(A), which is pending. The tax department has also filed further appeal before the ATIR against the order passed by the CIR(A), which is pending adjudication.

31.2.12 The case for tax year 2015 was further selected for audit under section 177 of the Ordinance. The Company submitted all the information requested through the Information and Document Request (IDR) pursuant to which a show-cause notice was issued in December 2017. During the year, the Deputy Commissioner Inland Revenue (DCIR) has passed an amended assessment order under section 122(4) of the Income Tax Ordinance, 2001 wherein tax on outstanding commission payable has been imposed on account of being outstanding for more than three years and provision for IBNR has been disallowed. As a result of the amended assessment, demand of Rs. 62.032 million was created. The Company has filed an appeal and stay application before the Commissioner Inland Revenue (Appeals) (CIRA) against the order. While the appeal is pending adjudication, the CIRA has granted stay against the order.

31.2.13 In case of tax year 2016, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend income has been charged at corporate tax rate (i.e. 32% for the year) by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, the ACIR has disallowed the claim of expense on account of health administrative services under section 21(c) of the ordinance and has also made an addition on account of disposal of fixed assets at less than Fair Market Value (FMV) in the amended assessment order. As a result of the amended assessment, demand of Rs. 105.190 million was created. The Company has filed stay application in respect of the above tax demand in the Honorable High Court of Sindh and also filed an appeal against the aforesaid order before the CIR(A).

Pursuant to the appeal before CIR(A), the CIR(A) has passed the appellate order whereby issues in respect of levy of tax on dividend income at corporate tax rates and disposal of vehicles at less than FMV have been decided in favor of the Company whereas the issue of non-deduction of tax on payment for health plan administrative services under section 21(c) of the Ordinance has been decided against the Company.

The management and tax advisor of the Company are confident that the above matters will be decided in the Company's favor. Accordingly, no provision has been recognised in these unconsolidated financial statements.

32 EARNINGS PER SHARE

	2021	2020
	------ (Rupees in '000) ------	
Profit (after tax) for the year	427,910	486,460
	(Number of shares)	
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	191,838,400	191,838,400
	(Rupees)	
Earnings per share	2.23	2.54

33 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Holding Company, subsidiary company, associates, related group companies, directors of the Company, key management personnel, post employment benefit plans and other related parties. The Company in the normal course of business carries out transactions with various related parties at agreed / commercial terms and conditions. Amounts due to / from and other significant transactions, other than those disclosed else where in these unconsolidated financial statements, are as follows:

	Holding Company		Subsidiary Company		Post employment benefit plans		Key management personnel (including directors)		Other related parties	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in '000)									
Transactions										
Premium underwritten	120	-	-	-	-	-	475	505	414,739	384,896
Premium collected	120	-	-	-	-	-	475	505	407,782	373,283
Claims expense	-	-	-	-	-	-	191	46	27,289	91,751
Claims paid	-	-	-	-	-	-	-	-	18,826	97,544
Commission expense	-	-	-	-	-	-	-	-	-	1,267
Commission paid	-	-	-	-	-	-	-	-	-	3,423
Rental income	-	-	-	-	-	-	-	-	30,810	29,918
Dividend paid	360,000	520,000	-	-	-	-	-	-	-	-
Key management personnel compensation	-	-	-	-	-	-	246,298	234,637	-	-
Charge in respect of gratuity fund	-	-	-	-	16,083	15,894	-	-	-	-
Charge in respect of provident fund	-	-	-	-	18,573	17,570	-	-	-	-
Contribution to gratuity fund	-	-	-	-	14,298	13,975	-	-	-	-
Contribution to provident fund	-	-	-	-	10,683	15,352	-	-	-	-
Insurance premium expense	-	-	-	-	-	-	-	-	10,123	8,634
Insurance premium paid	-	-	-	-	-	-	-	-	10,123	8,634
Amount transferred for incorporation	-	-		5,000	-	-	-	-	-	-
Education and training fee paid	-	-	762	5,182	-	-	-	-	-	-
Donation paid	-	-	-	-	-	-	-	-	4,865	5,732
Rent paid	-	-	-	-	-	-	-	-	1,747	1,586
Profit received from Window takaful operations	-	-	-	-	-	-	-	-	26,677	71,418
Expenses allocated to Window takaful operations	-	-	-	-	-	-	-	-	71,603	47,543

	Holding Company		Subsidiary Company		Post employment benefit plans		Key management personnel (including directors)		Other related parties	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in '000)									
Balances										
Premium receivable	-	-	-	-	-	-	-	-	36,090	29,133
Outstanding claim	-	-	-	-	-	-	-	-	8,463	-
Other receivable / (payable)	4,089	4,955	(579)	(2,646)	-	-	-	-	146,274	121,296
Payable to gratuity fund	-	-	-	-	(6,577)	(17,677)	-	-	-	-
Receivable from / (payable) to provident fund	-	-	-	-	15,571	7,681	-	-	-	-

The maximum aggregate amount due from related parties outstanding during the year aggregated to Rs. 128.517 million (2020: Rs. 116.818 million).

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

S. No.	Name of related party	Basis of association / relationship
1	IGI Life Insurance Limited	Subsidiary of Holding Company
2	IGI Finex Securities Limited	Subsidiary of Holding Company
3	IGI Investment (Pvt.) Limited	Subsidiary of Holding Company
4	DIC Pakistan Limited	Associate
5	Bulleh Shah Packaging (Pvt.) Limited	Associate
6	Tri Pack Films Limited	Associate
7	Packages Real Estate (Pvt.) Limited	Associate
8	Packages Limited	Associate
9	Omypack (Pvt.) Limited	Associate
10	IGI FSI (Pvt.) Limited	Subsidiary
11	Syed Babar Ali	Other related party
12	Syed Hyder Ali	Other related party
13	Shamim Ahmed Khan	Other related party
14	Packages Foundation	Associate

34 COMPENSATION FOR DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Fee for attending board meeting	-	-	5,475 *	4,850 *	-	-
Managerial remuneration	17,384	15,804	-	9,551	80,505	66,102
Bonus	10,384	15,222	-	4,215	42,864	36,645
Retirement benefits (including provident fund)	1,738	1,580	-	784	7,855	6,610
Housing and utilities	9,612	8,744	-	4,385	43,887	37,993
Medical expenses	1,738	1,580	-	-	4,265	2,467
Conveyance allowance	623	703	-	304	9,110	7,263
Others	4,088	3,658	-	653	6,770	5,524
	45,567	47,291	5,475	24,742	195,256	162,604
Number of persons	1	1	5	5	28	24

* This includes fee for attending Board meeting of directors.

34.1 Chief Executive and executives of the Company are provided with Company maintained cars, mobile phones and residential telephones.

35 SEGMENT REPORTING

The Company has five primary business segments for reporting purposes namely fire and property damage, marine, aviation and transport, motor, accident and health and miscellaneous.

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

Particulars	2021					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	(Rupees in '000)					
Premium receivable (inclusive of Sindh sales tax, federal insurance fee and administrative surcharge)	2,769,248	1,051,651	1,935,606	883,974	1,830,587	8,471,066
Less: Federal Excise Duty	(344,000)	(119,206)	(254,497)	(18,730)	(224,159)	(960,592)
Federal Insurance Fee	(23,357)	(8,768)	(16,663)	(8,624)	(15,881)	(73,293)
Stamp duty	(118)	(45,345)	(1,547)	(9)	(1,338)	(48,357)
Gross written premium (inclusive of administrative surcharge)	2,401,773	878,332	1,662,899	856,611	1,589,209	7,388,824
Gross direct premium	2,393,129	863,253	1,609,167	855,559	1,556,136	7,277,244
Administrative surcharge	8,644	15,079	53,732	1,052	33,073	111,580
	2,401,773	878,332	1,662,899	856,611	1,589,209	7,388,824
Insurance premium earned	2,237,805	864,732	1,557,005	588,631	1,379,447	6,627,620
Insurance premium ceded to reinsurers	(2,015,027)	(569,041)	(171,148)	-	(1,156,442)	(3,911,658)
Net insurance premium	222,778	295,691	1,385,857	588,631	223,005	2,715,962
Commission income	322,472	184,415	37,995	-	101,011	645,893
Net underwriting income	545,250	480,106	1,423,852	588,631	324,016	3,361,855
Insurance claims	(1,278,006)	(422,518)	(759,183)	(526,011)	(649,137)	(3,634,855)
Insurance claims recovered from reinsurers	1,238,384	292,265	65,289	-	541,525	2,137,463
Net claims	(39,622)	(130,253)	(693,894)	(526,011)	(107,612)	(1,497,392)
Commission expense	(278,239)	(107,753)	(190,095)	(23,335)	(105,189)	(704,611)
Management expenses	(276,250)	(101,025)	(191,266)	(98,528)	(182,789)	(849,858)
Net insurance claims and expenses	(594,111)	(339,031)	(1,075,255)	(647,874)	(395,590)	(3,051,861)
Premium deficiency	-	-	-	(1,345)	-	(1,345)
Underwriting result	(48,861)	141,075	348,597	(60,588)	(71,574)	308,649
Investment income						144,434
Rental income						30,810
Other income						89,165
Other expenses						(44,037)
Result of operating activities						529,021
Finance cost on right-of-use assets						(12,714)
Profit from window takaful operations						86,756
Profit before tax						603,063
Segment assets	2,697,287	605,079	843,598	316,181	1,593,509	6,055,654
Unallocated assets	-	-	-	-	-	5,161,089
Assets of Window Takaful Operations - Operator's Fund						440,158
						11,656,901
Segment liabilities	2,592,647	706,693	1,458,944	733,918	1,582,050	7,074,252
Unallocated liabilities	-	-	-	-	-	1,343,679
Total liabilities of Window Takaful Operations - Operator's Fund						328,561
						8,746,492

Particulars	2020					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	(Rupees in '000)					
Premium receivable (inclusive of Sindh sales tax, federal insurance fee and administrative surcharge)	2,271,992	788,943	1,688,731	447,837	1,102,999	6,300,502
Less: Federal Excise Duty	(285,933)	(91,532)	(222,207)	(7,112)	(138,251)	(745,035)
Federal Insurance Fee	(19,235)	(6,697)	(14,500)	(4,362)	(9,598)	(54,392)
Stamp duty	(105)	(22,325)	(1,343)	(8)	(703)	(24,484)
Gross written premium (inclusive of Administrative Surcharge)	1,966,719	668,389	1,450,681	436,355	954,447	5,476,591
Gross direct premium	1,960,113	657,062	1,405,479	435,667	948,627	5,406,948
Administrative surcharge	6,606	11,327	45,202	688	5,820	69,643
	1,966,719	668,389	1,450,681	436,355	954,447	5,476,591
Insurance premium earned	1,939,284	667,422	1,441,105	402,522	973,624	5,423,957
Insurance premium ceded to reinsurers	(1,729,708)	(407,612)	(151,394)	-	(814,499)	(3,103,213)
Net insurance premium	209,576	259,810	1,289,711	402,522	159,125	2,320,744
Commission income	229,912	121,360	33,756	-	82,960	467,988
Net underwriting income	439,488	381,170	1,323,467	402,522	242,085	2,788,732
Insurance claims	(1,586,636)	(338,398)	(638,052)	(303,386)	(429,740)	(3,296,212)
Insurance claims recovered from reinsurers	1,488,851	226,087	101,147	-	383,325	2,199,410
Net claims	(97,785)	(112,311)	(536,905)	(303,386)	(46,415)	(1,096,802)
Commission expense	(223,750)	(74,535)	(169,284)	(12,772)	(59,245)	(539,586)
Management expenses	(313,783)	(106,639)	(231,451)	(69,619)	(152,279)	(873,771)
Net insurance claims and expenses	(635,318)	(293,485)	(937,640)	(385,777)	(257,939)	(2,510,159)
Premium deficiency	-	-	-	21,111	-	21,111
Underwriting result	(195,830)	87,685	385,827	37,856	(15,854)	299,684
Net investment income						344,294
Rental income						29,918
Other income						40,126
Other expenses						(49,897)
Result of operating activities						664,125
Finance cost on right-of-use assets						(16,142)
Profit from window takaful operations						37,573
Profit before tax						685,556
Segment assets	2,693,783	491,379	783,352	153,746	1,105,416	5,227,676
Unallocated assets	-	-	-	-	-	5,027,654
Assets of Window Takaful Operations - Operator's Fund						202,904
						10,458,234
Segment liabilities	2,799,138	603,310	1,367,163	369,016	1,218,375	6,357,002
Unallocated liabilities	-	-	-	-	-	1,195,183
Total liabilities of Window Takaful Operations - Operator's Fund						126,227
						7,678,412

36 MOVEMENT IN INVESTMENTS

	2021		
	Held to maturity	Fair value through profit or loss	Total
	(Rupees In '000)		
As at January 1, 2021	-	2,903,657	2,903,657
Additions	651,000	8,925,666	9,576,666
Disposals (sale and redemptions)	(651,000)	(8,854,760)	(9,505,760)
Net fair value gains (excluding net realised gains)	-	(84,676)	(84,676)
Amortisation of premium / discount	-	78,140	78,140
Total	-	2,968,027	2,968,027

	2020		
	Held to maturity	Fair value through profit or loss	Total
	(Rupees In '000)		
As at January 1, 2020	622,219	2,529,257	3,151,476
Additions	-	6,732,614	6,732,614
Disposals (sale and redemptions)	(629,066)	(6,490,526)	(7,119,592)
Net fair value gains (excluding net realised gains)	-	(4,368)	(4,368)
Amortisation of premium / discount	6,847	136,680	143,527
Total	-	2,903,657	2,903,657

37 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

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

37.1 Insurance risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

Further, the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

Concentration of insurance risk

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial businesses. The Company minimises its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

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

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

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

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, the IT system also assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardising Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualise the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

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

The voyage cards so maintained for the particular set of policies for a single vessel voyage are automatically logged into the system showing actual gross, treaty and net exposure, both in terms of sums insured and premiums.

37.1.1 Reinsurance arrangements

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

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

The Company's class wise risk exposure (based on maximum loss coverage) in a single policy is as follows:

	2021		
	Maximum sum insured	Reinsurance cover	Highest net liability
	(Rupees in '000)		
Fire and property damage	39,145,571	38,947,836	197,735
Marine, aviation and transport	41,250,000	41,043,750	206,250
Motor	67,500	62,500	5,000
Health	3,257,500	-	3,257,500
Miscellaneous	235,221,468	235,174,424	47,044
Window Takaful Operations	19,110,205	17,345,310	1,764,895
	338,052,244	332,573,820	5,478,424

	2020		
	Maximum sum insured	Reinsurance cover	Highest net liability
	(Rupees in '000)		
Fire and property damage	43,085,169	42,877,996	207,173
Marine, aviation and transport	19,437,010	15,549,608	3,887,402
Motor	58,000,000	57,995,000	5,000
Health	3,187,500	-	3,187,500
Miscellaneous	45,171,809	45,135,809	36,000
Window Takaful Operations	20,181,688	18,526,887	1,654,801
	189,063,176	180,085,300	8,977,876

The table below sets out the concentration of insurance contract liabilities by type of contract;

	2021		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	(Rupees in '000)		
Fire and property damage	2,592,647	2,697,287	(104,640)
Marine, aviation and transport	706,693	605,079	101,614
Motor	1,458,944	843,598	615,346
Health	733,918	316,181	417,737
Miscellaneous	1,582,050	1,593,509	(11,459)
Window Takaful Operations	328,561	440,158	(111,597)
	7,402,813	6,495,812	907,001

	2020		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	(Rupees in '000)		
Fire and property damage	2,799,138	2,693,783	105,355
Marine, aviation and transport	603,310	491,379	111,931
Motor	1,367,163	783,352	583,811
Health	369,016	153,746	215,270
Miscellaneous	1,218,375	1,105,416	112,959
Window Takaful Operations	126,227	202,904	(76,677)
	6,483,229	5,430,580	1,052,649

37.1.2 Uncertainty in the estimation of future claims payment

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract.

An estimated amount of the claim is recorded immediately on intimation to the Company. The estimation of the amount is based on the amount notified by the policyholder, management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims incurred but not reported (IBNR), the Company uses actuarial advice as more fully explained in note 3.4 to these unconsolidated financial statements.

There are several variable factors which affect the amount and timing of recognised claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from recognised amounts.

37.1.3 Key assumptions

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

37.1.4 Sensitivities

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below:

	Effect of 10% increase in claims		Effect of 10% decrease in claims	
	Total comprehensive income	Equity	Total comprehensive income	Equity
	(Rupees in '000)			
Fire and property damage	(2,813)	(2,813)	2,813	2,813
Marine, aviation and transport	(9,248)	(9,248)	9,248	9,248
Motor	(49,266)	(49,266)	49,266	49,266
Health	(37,347)	(37,347)	37,347	37,347
Miscellaneous	(7,640)	(7,640)	7,640	7,640
Window Takaful Operations	(63,861)	(63,861)	63,861	63,861
	(170,175)	(170,175)	170,175	170,175

37.1.5 Statement of age-wise breakup of unclaimed insurance benefits

Particulars	Total amount	Age-wise breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	(Rupees in '000)					
Claims not encashed						
2021	61,312	5,655	26,453	4,681	7,346	17,177
2020	33,681	5,747	3,294	5,327	4,895	14,418

37.2 Financial risk

(i) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has adopted appropriate policies to minimise its exposure to this risk. The interest rate profile of the Company's significant interest bearing financial instruments and the periods in which these will mature are as follows:

	2021							
	Interest rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		(Rupees in '000)						
Financial assets								
Cash and bank	7% to 8 25%	200,459	-	200,459	3,284	-	3,284	203,743
Investments	8.20% to 12 10%	601,056	1,414,249	2,015,305	952,722	-	952,722	2,968,027
Insurance / reinsurance receivables		-	-	-	2,548,993	-	2,548,993	2,548,993
Reinsurance recoveries against outstanding claims		-	-	-	1,914,772	-	1,914,772	1,914,772
Loans and other receivables		-	-	-	360,553	-	360,553	360,553
Salvage recoveries accrued		-	-	-	97,084	-	97,084	97,084
Window Takaful Operations - total assets		22,635	-	22,635	263,054	-	263,054	285,689
		824,150	1,414,249	2,238,399	6,140,462	-	6,140,462	8,378,861
Financial liabilities								
Outstanding claims including IBNR		-	-	-	2,584,937	-	2,584,937	2,584,937
Insurance / reinsurance payables		-	-	-	1,593,114	-	1,593,114	1,593,114
Other creditors and accruals		-	-	-	930,957	-	930,957	930,957
Borrowings	5.36% - 14 92%	30,335	117,440	147,775	-	-	-	147,775
Window Takaful Operations - total liabilities		-	-	-	112,092	-	112,092	112,092
		30,335	117,440	147,775	5,221,100	-	5,221,100	5,368,875
		793,815	1,296,809	2,090,624	919,362	-	919,362	3,009,986

	Interest Rates	Interest / mark-up bearing: Maturity upto one year	Interest / mark-up bearing: Maturity after one year	Interest / mark-up bearing: Sub total	Non-interest / mark-up bearing: Maturity upto one year	Non-interest / mark-up bearing: Maturity after one year	Non-interest / mark-up bearing: Sub total	Total
		2020						
		(Rupees in '000)						
Financial assets								
Cash and bank	5.5% to 6.5%	219,665	-	219,665	11,941	-	11,941	231,606
Investments	6.45% - 13.29%	1,428,945	977,476	2,406,421	497,236	-	497,236	2,903,657
Insurance / reinsurance receivables		-	-	-	1,873,832	-	1,873,832	1,873,832
Reinsurance recoveries against outstanding claims		-	-	-	2,165,642	-	2,165,642	2,165,642
Loans and other receivables		-	-	-	314,964	-	314,964	314,964
Salvage recoveries accrued		-	-	-	108,104	-	108,104	108,104
Window Takaful Operations - total assets		1,707	-	1,707	169,103	-	169,103	170,810
		1,650,317	977,476	2,627,793	5,140,822	-	5,140,822	7,768,615
Financial liabilities								
Outstanding claims including IBNR		-	-	-	2,626,867	-	2,626,867	2,626,867
Insurance / reinsurance payables		-	-	-	1,603,918	-	1,603,918	1,603,918
Other creditors and accruals		-	-	-	789,859	-	789,859	789,859
Borrowings	5.36% - 14.92%	30,712	131,578	162,290	-	-	-	162,290
Window Takaful Operations - total liabilities		-	-	-	66,219	-	66,219	66,219
		30,712	131,578	162,290	5,086,863	-	5,086,863	5,249,153
		1,619,605	845,898	2,465,503	53,959	-	53,959	2,519,462

Sensitivity analysis

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. Borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes. The table below summarises Company's interest rate risk as of December 31, 2021 and 2020 and shows the effects of a hypothetical 1% increase and a 1% decrease in interest rates as at the year end.

	Profit and Loss: Increase	Profit and Loss: Decrease
	(Rupees in '000)	
2021		
Cash flow sensitivity - Variable rate financial liabilities	(1,478)	1,478
Cash flow sensitivity - Variable rate financial assets	12,642	(12,642)
2020		
Cash flow sensitivity - Variable rate financial liabilities	(1,623)	1,623
Cash flow sensitivity - Variable rate financial assets	8,275	(8,275)

(b) Foreign currency risk

Currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As of the reporting date, the Company does not have material assets or liabilities which are exposed to foreign currency risk.

(c) Price risk

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

The Company is exposed to equity price risk because of investments held by the Company and classified on the statement of financial position at 'fair value through profit and loss'.

In case of 5% increase / (decrease) in Net Asset Value on December 31, 2021, with all other variables held constant, net assets for the year would increase / (decrease) by Rs 47 636 million (2020: Rs 24.862 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.

The analysis is based on the assumption that equity index had increased / (decreased) by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible chnage in Net Asset Value. Accordingly, the sensitivity analysis prepared as of December 31, 2021 is not necessarily indicative of the effect on the Company's profitability.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Company maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date on an undiscounted cash flow basis.

	2021			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Outstanding claims including IBNR	2,584,937	2,584,937	2,584,937	-
Insurance / reinsurance payables	1,593,114	1,593,114	1,593,114	-
Other creditors and accruals	930,957	930,957	930,957	-
Borrowings	147,775	161,634	30,335	131,299
Window Takaful Operations - total liabilities	112,092	112,092	112,092	-
	5,368,875	5,382,734	5,251,435	131,299

	2020			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Outstanding claims including IBNR	2,626,867	2,626,867	2,626,867	-
Insurance / reinsurance payables	1,603,918	1,603,918	1,603,918	-
Other creditors and accruals	789,859	789,859	789,859	-
Borrowings	162,290	177,510	30,712	146,798
Window Takaful Operations - total liabilities	66,219	66,219	66,219	-
	5,249,153	5,264,373	5,117,575	146,798

37.3 Credit risk

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

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. The Company's credit risk exposure is not significantly different from that reflected in the unconsolidated financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

		2021	2020
		------ (Rupees in '000) ------	
	Investments		
-	Equity	952,722	497,236
-	Debt securities	150,000	150,000
-	Loans and other receivables	360,553	314,964
	Insurance / reinsurance receivables		
-	Insurance / reinsurance receivables	2,548,993	1,873,832
-	Reinsurance recoveries against outstanding claims	1,914,772	2,165,642
-	Salvage recoveries accrued	97,084	108,104
-	Cash and bank	202,423	231,070
-	Window Takaful Accounts - total assets	285,689	170,810
		6,512,236	5,511,658

The Company did not hold any collateral against the above during the year. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery. The movement in the provision for doubtful debt account is shown in notes 13.3 and 13.4. The remaining past due balances were not impaired as they relate to a number of policyholders and other insurers / reinsurers for whom there is no recent history of default.

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

	Rating Agency	Rating	
		Short Term	Long Term
Bank deposits and term deposit receipts			
Faysal Bank Limited	PACRA	A1+	AA
JS Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Bank Al-Habib Limited	PACRA	A1+	AAA
MCB Bank Limited	PACRA	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Bank of Punjab	PACRA	A1+	AA+
Soneri Bank Limited	PACRA	A1+	AA-
United Bank Limited	VIS	A1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	A+
National Bank of Pakistan	PACRA	A1+	AAA
Samba Bank Limited	VIS	A1	AA
Mobilink Microfinance Bank Limited	PACRA	A1	A
Khushali Microfinance Bank Limited	VIS	A1	A+
Telenor Microfinance Bank	PACRA	A1	A+
Finca Microfinance Bank Limited	PACRA	A1	A
NRSP Microfinance Bank Limited	PACRA	A1	A
Habib Bank Limited	VIS	A1+	AAA
Summit Bank Limited	VIS	Not rated	Not rated
Allied Bank Limited	PACRA	A1+	AAA
First Microfinance Bank Limited	PACRA	A1	A+
U Microfinance Bank Limited	VIS	A1	A

The age analysis of premiums due but unpaid and amounts due from other insurers / reinsurers is as follows:

	2021	2020
	------- (Rupees in '000) -------	
Upto 1 year	2,222,244	1,484,991
1-2 years	147,906	225,826
2-3 years	124,062	117,099
Over 3 years	248,112	230,266
	2,742,324	2,058,182

	2021	2020
	------- (Rupees in '000) -------	
Window Takaful Operations		
Upto 1 year	233,981	149,574
Upto 1 - 2 years	36,246	13,620
Upto 2 - 3 years	13,613	4,995
Over 3 years	3,846	-
	287,686	168,189

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets subject to credit risk is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

	2021	2020
	------- (Rupees in '000) -------	
Sector wise analysis of premiums due but unpaid		
Foods and beverages	14,186	17,074
Financial services	48,007	57,871
Pharmaceuticals	31,120	36,646
Textile and composites	86,155	72,775
Plastic industries	307	1,254
Engineering	29,844	35,567
Other manufacturing	407,551	424,164
Miscellaneous	632,192	368,670
	1,249,362	1,014,021
Window Takaful Operations		
Textile	18,669	17,262
Financial services	47,067	32,265
Engineering	2,016	1,462
Pharmaceuticals	8,552	7,112
Food	20,478	14,882
Other manufacturing	35,955	24,943
Others	77,228	34,650
	209,965	132,576

The credit quality of amount due from other insurers and reinsurers can be assessed with reference to external credit ratings as follows:

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2021	2020
			(Rupees in '000)		
A- or above (including PRCL)	1,423,019	1,825,068	1,265,470	4,513,557	3,794,193
BBB and B+	39,402	50,534	35,040	124,976	152,350
Others	30,541	39,170	27,159	96,870	265,000
Total	1,492,962	1,914,772	1,327,669	4,735,403	4,211,543

	Due from other insurers / re-takaful operators	Re-takaful recoveries against outstanding claims	Prepaid re-takaful contribution ceded	2021	2020
			(Rupees in '000)		
A or above	72,816	89,988	79,465	242,269	79,650
BBB	21	26	23	70	-
Others	4,884	6,036	5,330	16,250	87,610
	77,721	96,050	84,818	258,589	167,260

37.4 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders. return capital to shareholders, issue new shares or sell assets to

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

38 FINANCIAL INSTRUMENTS BY CATEGORY

	2021	2020
	------ (Rupees in '000) ------	
Financial assets and financial liabilities		
Financial assets		
Loans and receivables		
Cash and bank	203,743	231,606
Insurance / reinsurance receivables	2,548,993	1,873,832
Reinsurance recoveries against outstanding claims	1,914,772	2,165,642
Loans and other receivables	360,553	314,964
Salvage recoveries accrued	97,084	108,104
Window takaful operations - total assets	285,689	170,810
	5,410,834	4,864,958
Investments - fair value through profit or loss		
Equity securities	952,722	497,236
Commercial paper and term finance certificate	150,000	150,000
Government securities	1,865,305	2,256,421
	2,968,027	2,903,657
Financial liabilities		
Amortised cost		
Outstanding claims including IBNR	2,584,937	2,626,867
Insurance / reinsurance payables	1,593,114	1,603,918
Other creditors and accruals	930,957	789,859
Borrowings	147,775	162,290
Window Takaful Operations - total liabilities	112,092	66,219
	5,368,875	5,249,153

39 FAIR VALUES MEASUREMENT

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.

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

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

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

The Company held the following financial instruments measured at fair value:

	2021 Level 1	2021 Level 2	2021 Level 3
	(Rupees in '000)		
Financial assets - measured at fair value			
Fair value through profit or loss			
Mutual funds	-	952,722	-
Term finance certificate	-	150,000	-
Government securities	-	1,865,305	-
Non - financial assets - measured at fair value			
Property and equipment (Buildings and leasehold improvements) *	-	-	600,139
Investment properties *	-	-	399,575

	2020 Level 1	2020 Level 2	2020 Level 3
	(Rupees in '000)		
Financial assets - measured at fair value			
Fair value through profit or loss			
Mutual funds	-	497,236	-
Commercial paper and term finance certificate	-	150,000	-
Government securities	-	2,256,421	-
Non - financial assets - measured at fair value			
Property and equipment (Buildings and leasehold improvements) *	-	-	564,313
Investment properties *	-	-	377,797

Item	Valuation approach and input used
Government securities	The fair value of Government securities is derived using PKRV rates. PKRV rate is average of the yield-to-maturity on government securities traded in the secondary market and determined at the end of day. The yield-to-maturity on government securities is quoted by the six (06) brokerage houses keeping in view the yield-to-maturity on government securities traded in the secondary market.
Mutual funds	The fair value of mutual funds is derived from using rates published on Mutual Funds Association of Pakistan.
Property and equipment (Buildings and leasehold improvements) *	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.
Investment properties *	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.

* Buildings including leasehold improvements and investment properties are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 5 and 7 to these unconsolidated financial statements. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. The approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

The carrying amounts of all other financial assets and liabilities reflected in these unconsolidated financial statements approximate their fair values.

40 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors of the Company on 01 MAR 2022.

41 EVENTS AFTER REPORTING DATE

The Board of Directors has proposed a final dividend for the year ended December 31, 2021 of Re. 0.26 per share, amounting to Rs 50 million in its meeting held on 21-3-2022. The effect of this distribution will be incorporated in the unconsolidated financial statements of the Company for the year ending December 31, 2022.

42 GENERAL

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

Chairman	Director	Director	Chief Executive Officer	Chief Financial Officer

IGI GENERAL INSURANCE LIMITED – WINDOW TAKAFUL OPERATIONS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of IGI General Insurance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **IGI General Insurance Limited – Window Takaful Operations** ("the Operator"), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, the statement of changes in operator's fund and participants' takaful fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in operator's fund and participants' takaful fund and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at December 31, 2021 and of the total comprehensive income, the changes in operator's fund and participants' takaful fund and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Operator's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of comprehensive income, the statement of changes in operator's fund and participants' takaful fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and;

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

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A.F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: April 2, 2022

UDIN: AR202110068HAc4SbvxT

IGI GENERAL INSURANCE LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF FINANCIAL POSITION OF OPF AND PTF
AS AT DECEMBER 31, 2021

	Note	Operator Fund		Participants' Takaful Fund	
		2021	2020	2021	2020
		----------(Rupees in '000)----------			
Assets					
Property and equipment	5	7	34	-	-
Investments					
- Equity	6	41,282	63	15,086	42,740
- Term deposits	7	-	-	365,200	172,750
Other receivables	8	8,309	7,749	51,138	50,494
Takaful / Retakaful receivables	9	-	-	287,686	168,189
Salvage recoveries accrued		-	-	41,047	19,344
Deferred wakala fee	20	-	-	108,367	58,382
Receivable from PTF / OPF (including Qard-e-Hasan)	10	327,282	168,867	105,339	286
Accrued investment income		29	173	2,723	2,349
Taxation - payment less provisions		-	-	7,843	4,734
Retakaful recoveries against outstanding claims	18	-	-	96,050	76,775
Deferred commission expense	19	40,614	24,311	-	-
Prepayments	11	-	-	84,818	54,872
Cash and bank	12	22,635	1,707	13,427	123,475
Total assets		440,158	202,904	1,178,726	774,390
Funds and liabilities					
Funds attributable to Operator and Participants					
Operator's Fund (OPF)					
Statutory fund		50,000	50,000	-	-
Unappropriated profit		61,597	26,677	-	-
		111,597	76,677	-	-
Waqf / Participants' Takaful Fund					
Ceded money		-	-	500	500
Accumulated deficit		-	-	(103,012)	(8,012)
Balance of Participants' Takaful Fund		-	-	(102,512)	(7,512)
Qard-e-Hasan	10.1	-	-	205,339	100,000
Liabilities					
PTF Underwriting Provisions					
Outstanding claims including IBNR	18	-	-	318,805	176,068
Unearned contribution reserve	17	-	-	390,251	198,987
Contribution deficiency reserve	18.2	-	-	17,395	4,164
Unearned retakaful reward	21	-	-	22,483	16,547
		-	-	748,934	395,766
Unearned wakala fee	20	108,367	58,382	-	-
Contribution received in advance		-	-	10,349	378
Takaful / Retakaful payables	13	6,922	6,565	109,330	115,795
Other creditors and accruals	14	106,052	59,177	85,343	101,096
Accrued expenses		1,881	1,817	-	-
Payable to PTF / OPF	15	105,339	286	121,943	68,867
		328,561	126,227	326,965	286,136
Total funds and liabilities		440,158	202,904	1,178,726	774,390
Contingencies and commitments	16				

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

Chairman	Director	Director	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		-----------(Rupees in '000)-----------	
Participants' Takaful Fund			
Contribution earned		684,434	339,608
Less: Contributions ceded to retakaful		(197,379)	(129,027)
Net contribution revenue	17	487,105	210,581
Retakaful reward earned	21	55,499	37,242
Net underwriting income		542,604	247,823
Net claims - reported / settled		(618,545)	(257,578)
- IBNR		(20,065)	(3,366)
	18	(638,610)	(260,944)
(Charge) / reversal of charge of contribution deficiency reserve	18.2	(13,231)	5,555
		(109,237)	(7,566)
Other direct expenses	22	(12,675)	(4,872)
Deficit before investment income		(121,912)	(12,438)
Investment income	24	29,459	23,382
Other income	25	4,181	9,312
Less: Modarib's share of investment income	26	(6,728)	(6,539)
(Deficit) / surplus transferred to accumulated deficit		(95,000)	13,717
Other comprehensive income for the year		-	-
Total comprehensive (loss) / income for the year		(95,000)	13,717
Operators' Fund			
Wakala fee	20	246,246	140,602
Commission expense	19	(84,582)	(51,559)
General administration and management expenses	23	(82,925)	(59,678)
		78,739	29,365
Investment income	24	1,220	718
Other income	25	723	1,560
Modarib's share of PTF investment income	26	6,728	6,539
Less: other charges	27	(654)	(609)
Profit before taxation		86,756	37,573
Taxation	28	(25,159)	(10,896)
Profit after taxation		61,597	26,677
Other comprehensive income for the year		-	-
Total comprehensive income for the year		61,597	26,677

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

Chairman	Director	Director	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF CHANGES IN OPERATOR'S FUND AND PARTICIPANTS' TAKAFUL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Attributable to Operator's Fund		
	Statutory fund *	Unappropraited profit	Total
	(Rupees in '000)		
Balance as at January 1, 2020	50,000	71,418	121,418
Transfer of profit to the Operator	-	(71,418)	(71,418)
Profit for the year	-	26,677	26,677
Other comprehensive income for the year	-	-	-
Balance as at December 31, 2020	50,000	26,677	76,677
Transfer of profit to the Operator	-	(26,677)	(26,677)
Profit for the year	-	61,597	61,597
Other comprehensive income for the year	-	-	-
Balance as at December 31, 2021	50,000	61,597	111,597

	Attributable to participants of the PTF		
	Ceded money **	Unappropraited profit	Total
	(Rupees in '000)		
Balance as at January 1, 2020	500	(21,729)	(21,229)
Surplus for the year	-	13,717	13,717
Other comprehensive income for the year	-	-	-
Balance as at December 31, 2020	500	(8,012)	(7,512)
Deficit for the year	-	(95,000)	(95,000)
Other comprehensive income for the year	-	-	-
Balance as at December 31, 2021	500	(103,012)	(102,512)

* This represents fund created by the Operator as per the requirement of circular 8, of 2014.
** This represents money ceded by the Operator.

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

Chairman	Director	Director	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	Operator's Fund		Participants' Takaful	
		2021	2020	2021	2020
		(Rupees in '000)			
OPERATING CASH FLOWS					
Takaful activities					
Contributions received		-	-	1,054,576	479,264
Retakaful contribution paid		-	-	(275,898)	(119,224)
Claims / benefits paid		-	-	(593,707)	(272,669)
Re-takaful and other recoveries received		-	-	78,559	27,074
Retakaful reward received		-	-	61,435	44,847
Commission paid		(73,298)	(46,956)	-	-
Wakala fee received		248,131	218,451	-	-
Wakala fee paid		-	-	(248,131)	(218,451)
Other takaful payments		-	-	(52,241)	13,369
Net cash inflow / (outflow) from takaful activities		174,833	171,495	24,593	(45,790)
Other operating activities					
Income tax paid		-	-	(3,109)	(2,123)
General and other expenses paid		(88,096)	(64,610)	-	-
Net cash outflow on other operating activities		(88,096)	(64,610)	(3,109)	(2,123)
Total cash inflow from / (outflow on) all operating activities		86,737	106,885	21,484	(47,913)
INVESTING ACTIVITIES					
Profit received		2,087	2,542	33,266	34,919
Qard-e-Hasan paid to PTF		-	(72,000)	-	-
(Payments) / receipts for investments		(41,219)	(19)	56,502	49,829
Total cash (outflow on) / inflow from investing activities		(39,132)	(69,477)	89,768	84,748
FINANCING ACTIVITIES					
Qard-e-Hasan received from OPF		-	-	-	72,000
Profit paid to the Operator		(26,677)	(71,418)	-	-
Total cash (outflow on) / inflow from financing activities		(26,677)	(71,418)	-	72,000
Net cash inflow from / (outflow on) from all activities		20,928	(34,010)	111,252	108,835
Cash and cash equivalents at beginning of the year		1,707	35,717	267,375	158,540
Cash and cash equivalents at end of the year	12.2	22,635	1,707	378,627	267,375
Reconciliation to statement of comprehensive income					
Operating cash flows		86,737	106,885	21,484	(47,913)
Depreciation expense		(4,580)	(6,520)	-	-
Profit on bank balances and investments		1,943	2,542	33,640	34,919
Increase in liabilities		(197,781)	6,396	(393,997)	(87,637)
Increase in assets other than cash		175,278	(82,626)	243,873	114,348
Profit / (deficit) / surplus for the year		61,597	26,677	(95,000)	13,717

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

Chairman	Director	Director	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

IGI General Insurance Limited (the Operator), a Packages Group Company, was incorporated as a public limited company on November 18, 2016 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office of the Operator is situated at 7th floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi. The objective of the Operator include providing general insurance services (in spheres of fire, marine, motor, health and miscellaneous) and general takaful services.

The Operator was granted authorisation on June 20, 2017 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations (WTO) by the Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on general takaful in Pakistan.

The Operator transferred statutory fund of Rs. 50 million in a separate bank account for the Window Takaful Operations as per the requirement of circular 8 of 2014. The Operator has formed a Waqf for Participants' Fund by executing the Waqf deed dated February 27, 2017 and deposited a cede money of Rs. 0.5 million. The cede money is required to be invested in Shari'ah compliant remunerative instrument which may be used to acquire immovable Waqf property if Shari'ah and law so warrants. Waqf Deed governs the relationship of Operator and participants for management of takaful operations, investments of Participants' Funds and investments of the Operator's funds approved by the Shari'ah advisor of the Operator. The Operator commenced activities of WTO on July 1, 2017.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan, as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017, Insurance Ordinance, 2000, the General Takaful Accounting Regulations, 2019 and Takaful Rules, 2012.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the General Takaful Accounting Regulations, 2019 and the Takaful Rules, 2012 shall prevail.

2.1.2 These financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants' Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for investments in mutual funds which are carried at fair value.

2.3 Functional and presentation currency

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

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

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

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

2.5.1 The following revised standards, amendments and interpretations with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective standard, amendments or interpretation:

	Effective date (accounting periods beginning on or after)
- IAS 16, - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37, - 'Provision, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IFRS 9 - 'Financial Instruments'	January 1, 2023*
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024

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

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

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

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from the profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Operator has adopted the temporary exemption which allows the Operator to defer the application of IFRS 9 until December 31, 2022. For the companies adopting the temporary exemption, IFRS 4 requires certain disclosures which have been disclosed as follows:

Temporary exemption from application of IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Operator doesn't engage in significant activities unconnected with insurance based on historical available information. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below.

Fair value of financial assets as at December 31, 2021 and December 31, 2020 and change in the fair values during the year:

	OPF		PTF	
	2021	2020	2021	2020
	------- (Rupees in '000) ------		------- (Rupees in '000) ------	
Financial assets that do not meet the SPPI criteria				
Mutual funds (note 6)				
Opening fair value	63	44	42,740	44
Additions / (disposals) during the year	40,002	19	(27,818)	42,643
Increase in fair value	1,217	-	166	53
Closing fair value	41,282	63	15,088	42,740
Financial assets classified as "Held to Maturity" that meeting SPPI criteria				
Term deposits (note 7)				
Opening fair value	-	-	172,750	189,375
Additions / (disposals) during the year	-	-	192,450	(16,625)
Increase in fair value	-	-	-	-
Closing fair value	-	-	365,200	172,750

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

3 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 financial statements of the Operator for the year ended December 31, 2020 unless otherwise stated.

3.1 Property and equipment

Tangible

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

Depreciation on all fixed assets is charged to statement of comprehensive income on the straight line method so as to write-off depreciable amount of an asset over its useful life. Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted, if impact on depreciation is significant. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Operator and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of comprehensive income in the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

3.2 Takaful contracts

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

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

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

3.2.1 Fire and property

Fire and property takaful contracts mainly compensate the participants for damage suffered to their properties or for the value of property lost. Participants who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the takaful covered properties in their business activities. These contracts are generally one year contracts except some contracts that are of three months period.

3.2.2 Marine, aviation and transport

Marine takaful covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination. These contracts are generally for three months period.

3.2.3 Motor

Motor takaful provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident. These contracts are generally one year contracts.

3.2.4 Health

Health takaful provides coverage against expenses incurred during the hospitalisation due to sickness, emergency and accidents. These contracts are generally one year contracts.

3.2.5 Miscellaneous

All other various types of takaful contracts are classified in miscellaneous category. These contracts are normally one year contracts except some engineering contracts that are of more than one year period, whereas, normally travel contracts expire within one month time.

3.3 Deferred commission expense

Commission incurred in obtaining and recording takaful are deferred and recognised as an asset. These costs are charged to the statement of comprehensive income based on the pattern of recognition of contribution revenue.

3.4 Contribution revenue / reserve for unearned contribution

Contribution written under a policy is recognised as income over the period of takaful from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, contribution is recognised as revenue in PTF in accordance with the pattern of the incidence of risk. The portion of contribution written relating to the unexpired period of coverage is recognised as unearned contribution by the PTF. This liability is calculated by applying 1/24 method as specified in the General Takaful Accounting Regulations, 2019.

3.5 Re-takaful ceded

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

The deferred portion of re-takaful contribution is recognised as a prepayment in PTF. The deferred portion of re-takaful contribution ceded is calculated by using 1/24 method.

3.6 Claims expense

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

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

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

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

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

3.7 Re-takaful recoveries against claims

Re-takaful recoveries against outstanding claims is recognised as an asset and measured at the amount expected to be received.

3.8 Commission, other acquisition costs and re-takaful reward

Commission expense and other acquisition costs are charged to the OPF at the time the policies are accepted. This expense is deferred and brought to statement of comprehensive income as an expense in accordance with the pattern of recognition of the gross contribution to which it relates. Commission expense is arrived at after taking the impact of opening and closing deferred commission. Re-takaful reward from re-takaful operator is recognised at the time of issuance of the underlying takaful policy by the PTF. This income is deferred and brought to the statement of comprehensive income as revenue in accordance with the pattern of recognition of the re-takaful contribution to which it relates. Retakaful reward from re-takaful operator is arrived at after taking the impact of opening and closing unearned re-takaful reward. Profit on re-takaful contracts, if any, which the PTF may be entitled to under the terms of re-takaful, is recognised on accrual basis.

3.9 Contribution deficiency reserve

The Operator is required as per the General Takaful Accounting Regulations, 2019, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after re-takaful from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired takaful contracts in that class of business at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense / income in the statement of comprehensive income.

The Company has recorded contribution deficiency reserve on the recommendation of actuary for marine, health and miscellaneous business.

3.10 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after adjustment of claims paid to them during the year.

3.11 Wakala fee

The Operator of window takaful manages the general takaful operations for the participants and charge wakala fee to PTF to meet the general and administrative expenses of the Operator including commissions to agents at following rates:

	Percentage	
Class	**2021**	**2020**
Fire and property	30.0%	30.0%
Marine, aviation and transport	35.0%	35.0%
Motor	30.0%	30.0%
Health	20.0%	25.0%
Miscellaneous	25.0%	25.0%

The deferred portion of wakala fee is recognised as a prepayment in PTF and unearned wakala fee in OPF. The deferred portion of wakala fee is calculated by using 1/24 method.

3.12 Mudarib's share - PTF

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

3.13 Qard-e-Hasan

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

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

3.14 Creditors, accruals and provisions

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

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

3.15 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Operator's statement of comprehensive income, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively.

Current tax

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

Deferred tax

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

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

3.16 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of statement of cash flows, cash and cash equivalents comprise cash in hand, deposits with banks, stamps in hand and short term finances.

3.17 Investments

3.17.1 The Operator invests in Shariah compliant financial instruments only. All investments are initially recognised at cost, being the fair value of the consideration given and include transaction cost, except for investments classified as fair value through profit or loss in which case transaction costs are charged to the statement of comprehensive income. The Operator follows trade date accounting for 'regular way purchase and sale' of investment. Investments are classified into the following categories:

- Fair value through profit or loss
- Held to maturity
- Available for sale

3.17.2 Investments at fair value through profit or loss

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking.

Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the period in which it arises.

Unrealised gains / (losses) arising on remeasurement of investments classified as financial assets at 'available for sale' are recorded in statement of comprehensive income in the period in which these arise.

3.17.3 Held to maturity

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

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortised over the term of the investment using the effective yield method and taken to the statement of comprehensive income.

Income from held to maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments.

3.17.4 Available for sale

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

Subsequent to initial recognition, these are stated at market value.

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

Gains / (losses) on sale of available for sale investments are recognised in statement of comprehensive income.

Unrealised gains / (losses) arising on remeasurement of investments classified as financial assets at 'available for sale' are recorded in statement of comprehensive income in the period in which these arise.

3.17.5 Other receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition these are measured at amortised cost.

3.17.6 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Operator commits to purchase or sell the investment.

3.17.7 Sale and repurchase agreements

Securities purchased under an agreement to resell (reverse repo) are not recognised in the financial statements as investments and the amount extended to the counter party is included in other receivables. The difference between the sale and repurchase price is recognised as income and included in other income.

3.18 Offsetting of financial assets and financial liabilities

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

3.19 Segment reporting

A business segment is a distinguishable component of the Operator that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Operator accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and General Takaful Accounting Regulations, 2019. The reported operating segments are also consistent with the internal reporting provided to Board of Directors who are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

The Operator has five primary business segments for reporting purposes namely fire, marine, motor, health and miscellaneous.

Assets, liabilities and capital expenditures that are directly attributable to segments have been allocated to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.20 Impairment

The carrying values of the Operator's non-financial assets are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The resulting impairment loss is taken to the statement of comprehensive income.

3.21 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.

3.22 Expenses of management

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates, judgments and assumptions that affect the reported amount of assets, liabilities, income and expenses. It also requires the management to exercise its judgment in the process of applying the Operator's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

The areas where various assumptions and estimates are significant to the Operator's financial statements are as follows:

i) provision for outstanding claims including IBNR (notes 3.6 and 18);
ii) provision for unearned contribution (notes 3.4 and 17);
iii) provision against contribution due but unpaid and amount due from other takaful / re-takaful operators (note 9);
iv) provision for contribution deficiency reserve (notes 3.9 and 18.2);
v) provision for unearned wakala fee (notes 3.11 and 20);
vi) classification of investments and its impairment (notes 3.17, 6, 7 and 24);
vii) residual values, useful lives and depreciation method of property and equipment (notes 3.1 and 5);
viii) allocation of management expenses (notes 3.22 and 23);
ix) provision for taxation (notes 3.15 and 28); and
x) retakaful recoveries against outstanding claims (notes 3.7 and 18).

5 PROPERTY AND EQUIPMENT	Note	2021	2020
		(Rupees in '000)	
Operating assets	5.1	7	34

5.1 Following is the movement of operating assets:

	OPF 2021							
	Cost			Accumulated depreciation			Written down value as at December 31	Depreciation rate (% per annum)
	As at January 1	Additions / (disposals)	As at December 31	As at January 1	For the year / (disposals)	As at December 31		
	(Rupees in '000)							
Computer equipment	133	-	133	99	27	126	7	33.33%

	OPF 2020							
	Cost			Accumulated depreciation			Written down value as at December 31	Depreciation rate (% per annum)
	As at January 1	Additions / (disposals)	As at December 31	As at January 1	For the year / (disposals)	As at December 31		
	(Rupees in '000)							
Computer equipment	133	-	133	61	38	99	34	33.33%

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6 INVESTMENTS IN EQUITY SECURITIES - MUTUAL FUNDS

	2021				2020			
	Cost	Impairment / provision	Net unrealised gains (note 24)	Market value	Cost	Impairment / provision	Net unrealised gains (note 24)	Market value
	(Rupees in '000)							
OPF								
At fair value through profit or loss								
Alfalah GHP Islamic Income Fund	13	-	-	13	12	-	-	12
Al-Ameen Islamic Cash Fund	12	-	1	13	12	-	-	12
HBL Islamic Money Market Fund	-	-	-	-	12	-	-	12
HBL Islamic Income Fund	30,013	-	653	30,666	-	-	-	-
MCB Al- Hamra Islamic Fund	10,012	-	562	10,574	12	-	-	12
NBP Riba Free Savings Fund	10	-	1	11	10	-	-	10
Faysal Islamic Saving Growth Fund	5	-	-	5	5	-	-	5
	40,065	-	1,217	41,282	63	-	-	63
PTF								
At fair value through profit or loss								
Alfalah GHP Islamic Income Fund	12,894	-	81	12,975	12,215	-	(15)	12,200
Al-Ameen Islamic Cash Fund	-	-	-	-	30,433	-	68	30,501
Al-Ameen Islamic Sovereign Fund	955	-	42	997	-	-	-	-
HBL Islamic Money Market Fund	-	-	-	-	12	-	-	12
MCB Al- Hamra Islamic Fund	-	-	-	-	12	-	-	12
NBP Riba Free Savings Fund	10	-	1	11	10	-	-	10
NBP Islamic Income Fund	1,058	-	42	1,100	-	-	-	-
Faysal Islamic Saving Growth Fund	5	-	-	5	5	-	-	5
	14,922	-	166	15,088	42,687	-	53	42,740

7 INVESTMENTS IN TERM DEPOSITS

	Note	OPF 2021	OPF 2020	PTF 2021	PTF 2020
		(Rupees in '000)			
Held to maturity					
Term deposits	7.1	-	-	365,200	172,750

7.1 These term deposits carry expected profit at the rate of 7.52% to 11.02% (2020: 6.00% to 6.75%) per annum and are due to mature in January 2022.

8 OTHER RECEIVABLES

	Note	OPF 2021	OPF 2020	PTF 2021	PTF 2020
		(Rupees in '000)			
Others	8.1	8,309	7,749	51,138	50,494

8.1 During the year ended December 31, 2018, the Sindh Revenue Board (SRB) raised a demand of tax of Rs 430.412 million under section 23(1) of Sindh Sales Tax on Services Act (SSTA), 2011, in respect of sales tax on reinsurance obtained from foreign re-insurers by the conventional business of Operator. The department has also imposed a penalty of Rs 21.520 million.

The department alleged that the conventional business of Operator has received re-insurance services from foreign re-insurance companies for the period from July 2011 to December 2014 and it is the contention of the department that these services are liable to sales tax under SSTA, 2011. The department attached the bank accounts relating to Window Takaful Operations and directed the Operator's banker to issue pay orders from these bank accounts to SRB. The pay orders of Rs 58.028 million from the Operator's bank accounts (Rs. 50.391 million from PTF's bank account and Rs 7.637 million from OPF's bank account) were issued by the Operator's banker on December 27, 2018 upon direction of SRB. The Operator had reimbursed the said amount withdrawn from these bank accounts to Window Takaful Operations from its conventional business since the amount withdrawn pertain to conventional business only. Accordingly, a receivable against the amount withdrawn of Rs. 58.028 million and a corresponding liability to conventional business has been recorded in these financial statements.

The Operator filed an appeal before the Commissioner (Appeals) SRB on December 28, 2018 against the above order and submitted that:

- The payments to foreign re-insurance companies are not a service and is merely a re-distribution of the insurance risk and therefore the contribution. There is no value addition involved since in essence it is a sharing of the insurance risk between the insurer and re-insurers. The management believes that the gross premium charged by the insurer was already subject to Sales Tax on the gross amount, hence it is illogical to again subject it to sales tax upon its re-distribution keeping in view the fact that neither any service is being provided to the policy holder nor any value addition is being made.

- These risk sharing arrangements have been made by the Operator from the re-insurance companies incorporated outside Pakistan with no legal or physical presence therefore it is a view that the provisions of Sindh Sales Tax laws are not applicable to these type of arrangements and are outside the jurisdiction of Sindh Sales Tax laws.

The management believes that even if it is assumed that Sindh Sales Tax on re-insurance provided to insurer / insurance companies is applicable, the law does not provide any mechanism for calculating the basis on which such tax will be imposed and its related payment and the same would have been claimed as adjustable input tax by the Operator against its output tax liability.

The Operator also filed a constitutional petition before the Honourable High Court (the Court) of Sindh at Karachi on December 28, 2018 seeking protection from the above mentioned coercive action taken by the tax department. The Court has suspended the above mentioned attachment notice and also instructed the bank that the said pay orders should not be encashed.

During the year ended December 31, 2020, the Court disposed of the constitutional petition together with the other similar petitions and has ordered SRB not to enforce recovery of impugned demand before expiry of seven days of the receipt of the final decision in appeal or stay application by the Commissioner (Appeals) SRB, whichever is earlier.

The management, based on the advice received from their tax and legal advisors, is confident that this matter is likely to be decided in favour of the Operator. The Operator shall repay the amount withdrawn from Window Takaful Operations to conventional business once the matter is decided in favour of the Operator and the pay orders are cancelled accordingly.

	2021	2020
9 TAKAFUL / RETAKAFUL RECEIVABLES - PTF	(Rupees in '000)	
Due from Takaful participants holders	209,965	132,576
Due from other insurers / retakaful operators	77,721	35,613
	287,686	168,189

	Note	OPF		PTF	
		2021	2020	2021	2020
10 RECEIVABLE FROM OPF / PTF INCLUDING QARD-E-HASAN		(Rupees in '000)			
Wakala fee		105,426	57,326	-	-
Qard-e-Hasan to Participant Takaful Fund	10.1	205,339	100,000	105,339	-
Mudarib fee		6,728	6,539	-	-
Others		9,789	5,002	-	286
		327,282	168,867	105,339	286

	2021	2020
10.1 Qard-e-Hasan	(Rupees in '000)	
Opening balance of Qard-e-Hasan	100,000	60,000
Qard-e-Hasan from OPF during the year	105,339	40,000
Closing balance of Qard-e-Hasan	205,339	100,000

10.1.1 The Operator fund has funded the deficit in participant takaful fund by way of an interest free loan (Qard-e-Hasan) in accordance with the Takaful Rules, 2012. In the event of future surplus in the Participant Takaful Fund to which a Qard-e-Hasan has been made, the Qard-e-Hasan shall be repaid prior to distribution of surplus to participants.

	Note	OPF		PTF	
		2021	2020	2021	2020
11 PREPAYMENTS		(Rupees in '000)			
Prepaid retakaful contribution ceded	17	-	-	84,818	54,872

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		Note	OPF 2021	OPF 2020	PTF 2021	PTF 2020
12	**CASH AND BANK**		(Rupees in '000)			
	Cash and cash equivalent					
	-Policy stamps in hand		-	-	1,222	1,006
	Cash at bank					
	-Savings accounts		22,635	1,707	12,205	122,469
		12.1	22,635	1,707	13,427	123,475

12.1 These savings accounts carry profit rates ranging from 7% to 8.25% (2020: 5.5% to 6.25%) per annum.

12.2 Cash and cash equivalents for the purpose of statement of cash flows:

	Note	OPF 2021	OPF 2020	PTF 2021	PTF 2020
		(Rupees in '000)			
Cash and bank	12	22,635	1,707	13,427	123,475
Term deposits having maturity of 3 months or less	7	-	-	365,200	143,900
		22,635	1,707	378,627	267,375

13 TAKAFUL / RETAKAFUL PAYABLES

	OPF 2021	OPF 2020	PTF 2021	PTF 2020
Due to takaful participants / re-takaful payable to re-takaful operators	6,922	6,565	109,330	115,795

14 OTHER CREDITORS AND ACCRUALS

	OPF 2021	OPF 2020	PTF 2021	PTF 2020
Commission payable	55,477	27,890	-	-
Federal excise duty and sales tax	2,763	1,626	6,391	11,504
Federal takaful fee	-	-	2,026	355
Payable to IGI General Insurance Limited - operator	45,949	21,578	68,030	64,559
Others	1,863	8,083	8,896	24,678
	106,052	59,177	85,343	101,096

15 PAYABLE TO OPF / PTF

	OPF 2021	OPF 2020	PTF 2021	PTF 2020
Qard-e-Hasan to Participants' Takaful Fund	105,339	-	-	-
Wakala fee	-	-	105,426	57,326
Mudarib fee	-	-	6,728	6,539
Others	-	286	9,789	5,002
	105,339	286	121,943	68,867

16 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at December 31, 2021 and December 31, 2020.

17 NET CONTRIBUTION REVENUE

	Note	2021	2020
		(Rupees in '000)	
		PTF	
Written gross contribution		1,121,994	537,318
Less: Wakala fee	20	(246,246)	(140,602)
Contribution net off wakala fee		875,748	396,716
Add: Unearned contribution reserve - opening		198,987	141,879
Less: Unearned contribution reserve - closing		(390,251)	(198,987)
Contribution earned		684,484	339,608
Less: Re-takaful contribution ceded		(227,325)	(147,143)
Add: Prepaid re-takaful contribution ceded - opening		(54,872)	(36,756)
Less: Prepaid re-takaful contribution ceded - closing		84,818	54,872
Re-takaful expense		(197,379)	(129,027)
Net contribution		487,105	210,581

18 TAKAFUL BENEFITS / CLAIM EXPENSE

	2021	2020
	---- (Rupees in '000) ----	
	PTF	
Benefits / claims paid	593,707	272,669
Add: Outstanding claims (including IBNR) - closing	318,805	176,068
Less: Outstanding claims (including IBNR) - opening	(176,068)	(112,475)
Claims expense	736,444	336,262
Less: Re-takaful and other recoveries received	(78,559)	(27,074)
Add: Re-takaful and other recoveries in respect of outstanding claims - closing	(96,050)	(76,775)
Less: Re-takaful and other recoveries in respect of outstanding claims - opening	76,775	28,531
Re-takaful and other recoveries revenue	(97,834)	(75,318)
Net claims expense	638,610	260,944

18.1 Claim / benefits development

The Operator maintains adequate reserves in respect of its takaful business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the fire claims over a period of time. All amounts are presented in gross numbers before re-takaful.

	2017	2018	2019	2020	2021 (including IBNR)	Total
	(Rupees in '000)					
Gross estimate of ultimate claims cost:						
- At end of accident year	870	2,771	16,119	26,563	55,739	102,062
- One year later	870	3,787	19,757	(2,844)	-	21,570
- Two years later	820	3,722	(1,542)	-	-	3,000
- Three years later	820	-	-	-	-	820
Current estimate of cumulative claims	3,380	10,280	34,334	23,719	55,739	127,452
Cumulative payment to date	3,377	6,302	26,265	24,304	40,413	100,661
Liability recognised in the statement of financial position	3	3,978	8,069	(585)	15,326	26,791

18.2 Movement of IBNR / CDR

	2021		2020	
	IBNR	CDR	IBNR	CDR
	(Rupees in '000)			
IBNR / CDR - opening	15,457	4,164	12,091	9,719
Charge / (reversal) during the year	20,065	13,231	3,366	(5,555)
IBNR / CDR - closing	35,522	17,395	15,457	4,164

19 NET COMMISSION EXPENSE

	2021	2020
	--- (Rupees in '000) ---	
Commission paid or payable	100,885	60,351
Add: Deferred commission expense- opening	24,311	15,519
Less: Deferred commission expense- closing	(40,614)	(24,311)
	84,582	51,559

20 NET WAKALA FEE

	2021	2020
Gross wakala fee	296,231	156,516
Add: Deferred wakala fee - opening	58,382	42,468
Less: Deferred wakala fee - closing	(108,367)	(58,382)
	246,246	140,602

20.1 The wakala fee rates have been charged as specified in note 3.12 to the financial statements.

21 RETAKAFUL REWARD

	2021	2020
Re-takaful reward received	61,435	44,847
Add: Unearned re-takaful reward - opening	16,547	8,942
Less: Unearned re-takaful reward - closing	(22,483)	(16,547)
	55,499	37,242

		Note	2021	2020
22	**OTHER DIRECT EXPENSES**		---- (Rupees in '000) ----	
	Trackers cost		12,294	4,501
	Bank charges		268	101
	Inspection fees		113	112
	Other expenses		-	158
			12,675	4,872

		Note	2021	2020
23	**GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES**			
	Salaries, allowances and other benefits		52,846	33,622
	Shariah advisor fees		1,511	1,373
	Printing and stationery		784	864
	Computer running expenses		2,691	2,479
	Depreciation		4,580	6,520
	Legal and professional charges		698	380
	Training expenses		-	2
	Rent, rates and taxes		7,047	5,032
	Electricity, gas and water		2,088	1,314
	Repairs and maintenance		750	555
	Education and training		204	120
	Communication		1,253	840
	Motor expenses		4,769	3,210
	Tour and travelling		1,359	1,289
	Advertisement		1,451	1,028
	Other		894	1,050
		23.1	82,925	59,678

23.1 Following is the list of allocation of expenses as fully explained in note 3.22 to the financial statements charged by the Operator in respect of its window takaful operations:

	2021	2020
Allocated expenses	---- (Rupees in '000) ----	
Salaries, allowances and other benefits	46,009	26,075
Printing and stationery	762	501
Computer running expenses	610	313
Depreciation	4,553	6,482
Rent, rates and taxes	7,047	5,032
Electricity, gas and water	2,088	1,314
Repairs and maintenance	750	555
Education and training	204	120
Communication	1,253	840
Motor expenses	4,649	3,116
Tour and travelling	1,346	1,289
Advertisement	1,451	1,028
Other	881	878
	71,603	47,543

		Note	OPF		PTF	
24	**INVESTMENT INCOME**		2021	2020	2021	2020
			---- (Rupees in '000) ----			
	Income from equity securities					
	Net realised gains		-	-	2,269	-
	Net unrealised gains		1,217	-	166	53
	Dividend income		3	4	3,385	734
	Income from term deposits					
	Return on term deposits	24.1	-	714	23,839	22,595
			1,220	718	29,459	23,382

24.1 This includes Rs. 0.036 million (2020: Rs. 0.044 million) profit earned on placement of ceded money in term deposit.

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	OPF		PTF	
	2021	2020	2021	2020
25 OTHER INCOME	(Rupees in '000)			
Profit on bank deposits	723	1,560	4,181	9,312

26 MODARIB'S FEE

The shareholders of the Operator manage the participants' investments as a modarib and charge 20% (2020: 20%) modarib's share of the investment income earned by PTF.

	Note	2021	2020
27 OTHER CHARGES		(Rupees in '000)	
Bank charges		10	1
Auditors' remuneration	27.1	644	608
		654	609

27.1 Auditors' remuneration

	2021	2020
Audit fee	600	575
Out-of-pocket expenses	44	33
	644	608

28 TAXATION

The current tax charge for the year is Rs. 25.159 million (2020: Rs. 10.896 million) at the tax rate of 29% (2020: 29%) and the same has been recorded in these financial statements hence no tax reconciliation has been made.

	Executives *	
	2021	2020
29 COMPENSATION OF EXECUTIVES	(Rupees in '000)	
Managerial remuneration	3,960	3,927
Bonus	350	343
Contribution to defined benefit plan	326	757
Rent and house maintenance	1,453	1,712
Utilities	323	303
Medical	183	136
Others	280	369
	6,875	7,547
Number of persons	2	2

* Executive means employees, other than Chief Executive and directors, whose basic salary exceed five hundred thousand rupees in a financial year.

30 TRANSACTIONS WITH RELATED PARTIES

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

	OPF		PTF	
	2021	2020	2021	2020
Transactions with related parties	(Rupees in '000)			
Contribution underwritten	-	-	3,801	2,266
Contribution collected	-	-	2,516	2,244
Claims expense	-	-	1,568	883
Claims paid	-	-	7,942	583
Wakala fee income	246,246	140,602	-	-
Wakala fee expense	-	-	246,246	140,602
Wakala fee received	248,131	218,451	-	-
Wakala fee paid	-	-	248,131	218,451
Mudarib's share on investment income - income	6,728	6,539	-	-
Mudarib's share on investment income - expense	-	-	6,728	6,539
Mudarib's share on investment income - received	6,539	5,110	-	-
Mudarib's share on investment income - paid	-	-	6,539	5,110
Profit paid to the Operator	26,677	71,418	-	-
Allocated expenses incurred	71,603	47,543	-	-
Allocated expenses paid	36,137	36,098	-	-

Balances with related parties	OPF 2021	OPF 2020	PTF 2021	PTF 2020
	(Rupees in '000)			
Payable to IGI General Insurance Limited - operator	45,949	21,578	68,030	64,559
Inter-fund receivable	121,943	68,867	-	286
Inter-fund payable	-	286	121,943	68,867
Contribution receivable	-	-	1,307	22
Outstanding claim	-	-	618	6,374

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

S. No.	Name of related party	Basis of association / relationship
1	IGI Life Insurance Limited	Associate
2	IGI General Insurance Limited	Operator
3	Tri Pack Films Limited	Associate

31 SEGMENT INFORMATION

The Company has five primary business segments for reporting purposes namely fire and property damage, marine, aviation and transport, motor, accident and health and miscellaneous.

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

31.1 Participant's takaful fund

Particulars	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
	2021 - PTF					
	(Rupees in '000)					
Contribution receivable (inclusive of federal excise duty, federal takaful fee and administrative surcharge)	174,442	69,460	559,285	393,586	46,416	1,243,189
Less: Federal Excise Duty	(22,365)	(7,542)	(70,246)	(16)	(5,837)	(106,006)
Federal Takaful Fee	(1,492)	(577)	(4,829)	(3,889)	(403)	(11,190)
Stamp duty	(33)	(3,595)	(357)	(2)	(12)	(3,999)
Gross written contribution (inclusive of administrative surcharge)	150,552	57,746	483,853	389,679	40,164	1,121,994
Gross direct contribution	150,169	57,392	483,548	389,679	40,070	1,120,858
Administrative surcharge	383	354	305	-	94	1,136
	150,552	57,746	483,853	389,679	40,164	1,121,994
Wakala fee	43,553	20,093	144,671	77,936	9,978	296,231
Takaful contribution earned	85,473	37,220	273,172	265,703	22,916	684,484
Takaful contribution ceded to retakaful	(111,275)	(52,345)	(12,354)	-	(21,405)	(197,379)
Net contribution revenue	(25,802)	(15,125)	260,818	265,703	1,511	487,105
Retakaful reward	31,462	14,917	2,603	-	6,517	55,499
Net underwriting income	5,660	(208)	263,421	265,703	8,028	542,604
Takaful claims	(63,502)	(17,698)	(260,071)	(360,098)	(35,075)	(736,444)
Takaful claims recovered from retakaful	56,960	13,848	458	-	26,568	97,834
Net claims	(6,542)	(3,850)	(259,613)	(360,098)	(8,507)	(638,610)
Contribution deficiency expense	-	25	-	(10,330)	(2,926)	(13,231)
Direct expenses	(51)	(19)	(12,463)	(129)	(13)	(12,675)
Underwriting result	(933)	(4,052)	(8,655)	(104,854)	(3,418)	(121,912)
Net investment income						29,459
Other income						4,181
Mudarib share on investment income						(6,728)
Deficit for the year						(95,000)
Corporate segment assets	154,655	46,558	193,415	115,486	66,806	576,920
Corporate unallocated assets	-	-	-	-	-	601,806
Total assets	154,655	46,558	193,415	115,486	66,806	1,178,726
Corporate segment liabilities	135,330	27,631	398,960	259,562	47,130	868,613
Corporate unallocated liabilities	-	-	-	-	-	207,286
Total liabilities	135,330	27,631	398,960	259,562	47,130	1,075,899

Particulars	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
	2020 - PTF					
	(Rupees in '000)					
Contribution receivable (inclusive of federal excise duty, federal takaful fee and administrative surcharge)	103,279	46,853	325,807	106,541	24,162	606,642
Less: Federal Excise Duty	(13,250)	(5,276)	(39,736)	(97)	(2,824)	(61,183)
Federal Takaful Fee	(891)	(386)	(2,831)	(1,054)	(211)	(5,373)
Stamp duty	(18)	(2,563)	(181)	(1)	(5)	(2,768)
Gross written contribution (inclusive of administrative surcharge)	89,120	38,628	283,059	105,389	21,122	537,318
Gross direct contribution	88,831	38,461	282,984	105,389	21,091	536,756
Administrative surcharge	289	167	75	-	31	562
	89,120	38,628	283,059	105,389	21,122	537,318
Wakala fee	26,755	13,523	84,603	26,347	5,288	156,516
Takaful contribution earned	54,025	24,025	168,097	81,436	12,025	339,608
Takaful contribution ceded to retakaful	(70,620)	(33,298)	(11,905)	-	(13,204)	(129,027)
Net contribution revenue	(16,595)	(9,273)	156,192	81,436	(1,179)	210,581
Retakaful reward	19,311	9,861	4,401	-	3,669	37,242
Net underwriting income	2,716	588	160,593	81,436	2,490	247,823
Takaful claims	(34,385)	(32,012)	(152,786)	(100,456)	(16,623)	(336,262)
Takaful claims recovered from retakaful	30,754	30,287	603	-	13,674	75,318
Net claims	(3,631)	(1,725)	(152,183)	(100,456)	(2,949)	(260,944)
Contribution deficiency expense	-	27	5,314	-	214	5,555
Direct expenses	(63)	(27)	(4,696)	(73)	(13)	(4,872)
Underwriting result	(978)	(1,137)	9,028	(19,093)	(258)	(12,438)
Investment income						23,382
Other income						9,312
Mudarib share on investment income						(6,539)
Surplus for the year						13,717
Corporate segment assets	118,856	41,450	129,344	38,401	30,167	358,218
Corporate unallocated assets	-	-	-	-	-	416,172
Total assets	118,856	41,450	129,344	38,401	30,167	774,390
Corporate segment liabilities	112,734	38,303	261,523	68,881	30,498	511,939
Corporate unallocated liabilities	-	-	-	-	-	169,963
Total liabilities	112,734	38,303	261,523	68,881	30,498	681,902

31.2 Operator's fund

Particulars	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
	2021 - OPF					
	(Rupees in '000)					
Wakala fee	34,634	19,873	116,401	67,779	7,559	246,246
Commission expense	(16,144)	(5,519)	(43,365)	(16,380)	(3,174)	(84,582)
Management expenses	(11,125)	(4,267)	(35,757)	(28,808)	(2,968)	(82,925)
	7,365	10,087	37,279	22,591	1,417	78,739
Investment income - net						1,220
Other income						723
Mudarib's share on investment income						6,728
Other expense						(654)
Profit before taxation						86,756
Taxation						(25,159)
Profit after taxation						61,597
Corporate segment assets						-
Corporate unallocated assets						440,158
Total assets						440,158
Corporate segment liabilities						-
Corporate unallocated liabilities						328,561
Total liabilities						328,561

Particulars	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
	2020 - OPF					
	(Rupees in '000)					
Wakala fee	24,132	12,937	71,578	27,894	4,061	140,602
Commission expense	(12,285)	(4,882)	(28,290)	(4,250)	(1,853)	(51,559)
Management expenses	(9,870)	(4,278)	(31,348)	(11,843)	(2,339)	(59,678)
	1,977	3,777	11,940	11,801	(131)	29,365
Investment income - net						718
Other income						1,560
Mudarib's share on investment income						6,539
Other expense						(609)
Profit before taxation						37,573
Taxation						(10,896)
Profit after taxation						26,677
Corporate segment assets						-
Corporate unallocated assets						202,904
Total assets						202,904
Corporate segment liabilities						-
Corporate unallocated liabilities						126,227
Total liabilities						126,227

32 MOVEMENT IN INVESTMENTS

	Held to maturity		At fair value through profit or loss	
	OPF	PTF	OPF	PTF
	(Rupees in '000)			
As at January 1, 2020	20,500	189,375	44	44
Additions	50,500	973,975	19	42,643
Disposals (sale and redemptions)	(71,000)	(990,600)	-	-
Net fair value gains (excluding net realised gains)	-	-	-	53
Amortisation of premium / discount	-	-	-	-
As at December 31, 2020	-	172,750	63	42,740
As at January 1, 2021	-	172,750	63	42,740
Additions	-	2,342,373	40,014	133,121
Disposals (sale and redemptions)	-	(2,149,923)	(12)	(160,939)
Net fair value gains (excluding net realised gains)	-	-	1,217	166
Amortisation of premium / discount	-	-	-	-
As at December 31, 2021	-	365,200	41,282	15,088

33 MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

The Operator issue contracts that transfer takaful risk or financial risk or both. This section summarises the takaful risks and the way the Operator manages them.

33.1 Takaful risk management

33.1.1 Takaful risk

The risk under any one takaful contract is the possibility of the covered event occurring and the uncertainty of the amount of the resulting claim. The Operator is exposed to the uncertainty surrounding the timing, frequency and severity of claims under takaful contracts and there is a risk that actual claims exceed the carrying amount of the takaful liabilities.

Experience shows that the larger the portfolio of similar takaful contracts, the smaller will be the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Operator has developed its takaful underwriting strategy to diversify the type of takaful risks accepted and within each of these categories the Operator's takaful contract are for a maximum period of one year.

Factors that aggravate takaful risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(a) Frequency and severity of claims / benefits

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering losses and other events) and their consequences (for example, subsidence claims). For certain contracts, the Operator has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

Takaful contracts which are divided into direct and facultative arrangements are further subdivided into five segments: fire, marine, motor, health and miscellaneous. The takaful risk arising from these contracts is concentrated in the territories in which the Operator operates, and there is a balance between commercial and personal properties / assets in the overall portfolio of covered properties / assets. The Operator underwrites takaful contracts in Pakistan only.

The Operator manages these risks through its underwriting strategy, adequate re-takaful arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The Operator has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Takaful contracts also entitle the Operator to pursue third parties for payment of some or all costs (for example, subrogation). The claims payments are limited to the extent of sum covered on occurrence of the covered event.

The Operator has entered into re-takaful cover / arrangements, with local and foreign re-takaful operators having good credit rating by reputable rating agencies, to reduce its exposure to risks and resulting claims. Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional facultative re-takaful arrangements are in place to protect the net account in case of a major catastrophe. The effect of such re-takaful arrangements is that the Operator recovers the share of claims from re-takaful companies thereby reducing its exposure to risk. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional re-takaful arrangements, any loss over and above the said limit would be recovered under non-proportional treaty which is very much in line with the risk management philosophy of the Operator.

In compliance of the regulatory requirement, the re-takaful agreements are duly submitted with the Securities and Exchange Commission of Pakistan (SECP) on an annual basis.

The Operator has claims department dealing with the mitigation of risks surrounding claims incurred whether reported or not. This department investigates and settles all claims based on surveyor's report / assessment. The unsettled claims are reviewed individually at least semi-annually and adjusted to reflect the latest information on the underlying facts, contractual terms and conditions, and other factors. The Operator actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

(b) Sources of uncertainty in the estimation of future claims payment

Claims reported and the development of large losses / catastrophes is analysed separately. The shorter settlement period for claims allows the Operator to achieve a higher degree of certainty about the estimated cost of claims including IBNR. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value, re-takaful and other recoveries. The Operator's claim are for shorter settlement period generally and Operator takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established. The liability comprises amount in relations to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs and a provision for unexpired risks at the end of the reporting period.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated cost of unpaid claims (both reported and not), the Operator estimation techniques are a combination of loss-ratio based estimates (where the loss ratio is defined as the ratio between the ultimate cost of takaful claims and takaful contribution earned in prior financial years in relation to such claims) and an estimate based upon actual claims experience using predetermined basis where greater weight is given to actual claims experience as time passes.

In estimating the liability for the cost of reported claims not yet paid, the Operator considers any information available from surveyor's assessment and information on the cost of settling claims with cases having similar characteristics in previous periods. Claims are assessed on a case-by-case basis separately.

(c) Process used to decide on assumptions

The risks associated with takaful contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. This exposure is geographically concentrated in the Pakistan only.

The Operator uses internal data to measure its related estimated claim liabilities. Internal data is derived mostly from the Operator's monthly claims reports, surveyor's report for particular claim and screening of the actual takaful contracts carried out to derive data for the contracts held. The Operator has reviewed the individual contracts and in particular the industries in which the participant companies operate and the actual exposure years of claims. This information is used to develop related provision for outstanding claims (both reported and non-reported).

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

(d) Changes in assumptions

The Operator has not changed its assumptions for the takaful contracts as disclosed in paragraphs (b) and (c) above.

(e) Sensitivity analysis

The analysis of exposure described in paragraph (c) above is also used to test the sensitivity of the selected assumptions to changes in the key underlying factors. Assumptions of different levels have been used to assess the relative severity of subsidence claims given past experience. The key material factor in the Operator's exposure to subsidence claims is the risk of more permanent changes in geographical location in which Operator is exposed.

The Operator makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Operator considers that the liability for takaful claims recognised in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

As the Operator enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, results of sensitivity testing assuming 10% change in the claim incidence net of recoveries showing effect on underwriting results and balance of waqf is set out below.

	2021		2020	
	Underwriting results	Balance of Waqf	Underwriting results	Balance of Waqf
	---------- (Rupees in '000) ----------			
10% increase in average claim cost				
Fire and property damage	(654)	(654)	(363)	(363)
Marine, aviation and transport	(385)	(385)	(173)	(173)
Motor	(25,961)	(25,961)	(15,218)	(15,218)
Health	(36,010)	(36,010)	(10,046)	(10,046)
Miscellaneous	(851)	(851)	(295)	(295)
	(63,861)	(63,861)	(26,094)	(26,094)
10% decrease in average claim cost				
Fire and property damage	654	654	363	363
Marine, aviation and transport	385	385	173	173
Motor	25,961	25,961	15,218	15,218
Health	36,010	36,010	10,046	10,046
Miscellaneous	851	851	295	295
	63,861	63,861	26,094	26,094

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Concentration of takaful risk

A concentration of risk may also arise from a single takaful contract issued to a particular type of participant, within a geographical location or to types of commercial business. In order to minimise the financial exposure arising from large claims, the Operator, in the normal course of business, enters into agreement with other re-takaful operators, who are dispersed over several geographical regions.

The Operator has certain single takaful contracts which it considers as risk of high severity but very low frequency. The Operator cedes substantial part of these risks to the re-takaful companies on its panel and its maximum exposure on any single policy is limited to the amount of Rs. 1,765 million (2020: Rs. 1,655 million).

The maximum class wise risk exposure (in a single policy) is as follows:

	2021			2020		
	Gross sum covered	Retakaful cover	Highest net liability	Gross sum covered	Retakaful cover	Highest net liability
	(Rupees in'000)					
Fire and property damage	4,909,641	4,255,545	654,096	8,744,170	8,569,287	174,883
Marine, aviation and transport	11,000,000	9,900,000	1,100,000	8,000,000	7,200,000	800,000
Motor	51,000	46,000	5,000	52,000	47,000	5,000
Health	-	-	-	669,918	-	669,918
Miscellaneous	3,149,564	3,143,765	5,799	2,715,600	2,710,600	5,000
	19,110,205	17,345,310	1,764,895	20,181,688	18,526,887	1,654,801

34 FINANCIAL RISK MANAGEMENT

The Operator has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Operator's risk management framework. The Board is also responsible for developing and monitoring the Operator's risk management policies.

Risk management framework

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

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

34.1 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 Operator attempts to control credit risk by mitigating credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

34.1.1 Exposure to credit risk

Credit risk of the Operator arises principally from the deposit and placement with banks, investments, contribution due but unpaid, amount due from other takaful / re-takaful operators, retakaful and other recoveries against outstanding claims, accrued investment income and other receivables. To reduce the credit risk, Operator's management monitors exposure to credit risk through its regular review, assessing credit worthiness of counter parties and prudent estimates of provision for doubtful debts.

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

	Note	2021	2020
		------ (Rupees in '000) -------	
Cash and bank	12	36,062	125,182
Investments-equity securities	6	56,370	42,803
Investments-term deposits	7	365,200	172,750
Salvage recoveries accrued		41,047	19,344
Takaful / retakaful receivables	9	287,686	168,189
Accrued investment income		2,752	2,522
Retakaful recoveries against outstanding claims	18	96,050	76,775
		885,167	607,565

The Operator did not hold any collateral against the above during the year.

The credit quality of the Operator's bank balances and deposits can be assessed with reference to external credit ratings as follows:

	2021			2020		
	Short term	Long term	Agency	Short term	Long term	Agency
MCB Bank Limited	A1	A	PACRA	A1+	AAA	PACRA
Meezan Bank Limited	A1+	AAA	VIS	A1+	AA+	VIS
Bank Al Habib Limited	A1+	AAA	PACRA	A1+	AA+	PACRA
Dubai Islamic Bank Pakistan Limited	A1+	AA	VIS	A1+	AA	VIS
Faysal Bank Limited	A1+	AA	PACRA	A1+	AA	PACRA
Bank Islami Pakistan Limited	A1	A+	PACRA	A1	A+	PACRA
Standard Chartered Bank Pakistan Limited	A1+	AAA	PACRA	A1+	AA-	PACRA

The ratings of mutual funds in which the Operator held investments as at the reporting dates are as follows:

	2021	2020	Rating agency
Alfalah GHP Islamic Income Fund	AA-(f)	AA-(f)	PACRA
Al-Ameen Islamic Cash Fund	AA+(f)	AA+(f)	VIS
HBL Islamic Money Market Fund	AA+(f)	AA+(f)	VIS
MCB Al- Hamra Islamic Fund	AA-(f)	AA-(f)	PACRA
NBP Riba Free Savings Fund	A-(f)	A+(f)	PACRA
Faysal Islamic Saving Growth Fund	A+(f)	A+(f)	VIS
HBL Islamic Income Fund	A+(f)	-	VIS
Al-Ameen Islamic Sovereign Fund	AA(f)	-	VIS
NBP Islamic Income Fund	A(f)	-	PACRA

Contribution due but unpaid

Contribution due but unpaid is mostly recoverable from corporate customers.

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 gross "contribution due but unpaid" (before charging of provision for impairment) at the reporting date was:

	2021		2020	
	(Rupees in '000)	%	(Rupees in '000)	%
Textile	18,669	9%	17,262	13%
Financial services	47,067	22%	32,265	24%
Engineering	2,016	1%	1,462	1%
Pharmaceuticals	8,552	4%	7,112	5%
Food	20,478	10%	14,882	11%
Other manufacturing	35,955	17%	24,943	19%
Others	77,228	37%	34,650	26%
	209,965	100%	132,576	100%

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

	2021		2020	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Upto 1 year	178,385	-	126,801	-
Upto 1 - 2 years	25,841	-	5,775	-
Upto 2 - 3 years	5,739	-	-	-
	209,965	-	132,576	-

Re-takaful ceded does not relieve the Operator from its obligation to participants and as a result the Operator remains liable for the portion of outstanding claims covered by re-takaful to the extent that re-takaful fails to meet the obligation under the re-takaful agreements.

In common with other takaful companies, in order to minimise the financial exposure arising from large claims, the Operator, in the normal course of business, enters into agreement with other re-takaful companies.

The Operator enters into re-takaful arrangements with re-takaful companies having sound credit ratings accorded by reputed credit rating agencies. The Operator is required to comply with the requirements of circular no. 32 / 2009 dated 27 October 2009 issued by SECP which requires a takaful operator to place at least 80% of their outward treaty cessions with re-takaful companies rated 'A' or above by Standard & Poor's or equivalent rating by any other reputed international rating agency, with the balance (20%) being placed with entities rated at least 'BBB' by Standard & Poor's or equivalent rating by any other reputed international rating agency. An analysis of re-takaful and other takaful assets is as follows:

	2021				2020			
	Due from other Insurers / retakaful operators	Retakaful recoveries against outstanding claims	Prepaid re-takaful contribution ceded	Total	Due from other insurers / retakaful operators	Retakaful recoveries against outstanding claims	Prepaid re-takaful contribution ceded	Total
	(Rupees in '000)							
A or above	72,816	89,988	79,465	242,269	33,365	25,132	21,153	79,650
BBB	21	26	23	70	-	-	-	-
Others	4,884	6,036	5,330	16,250	2,248	51,643	33,719	87,610
	77,721	96,050	84,818	258,589	35,613	76,775	54,872	167,260

Age analysis of "amount due from other takaful companies" at the reporting date was:

	2021		2020	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Upto 1 year	55,596	-	18,473	-
1 - 2 years	10,405	-	12,145	-
2 - 3 years	7,874	-	4,995	-
Over 3 years	3,846	-	-	-
	77,721	-	35,613	-

In respect of the aforementioned takaful and re-takaful assets, the Operator takes into account its track record of recoveries and financial position of the counterparties while creating provision for impairment. Further, re-takaful recoveries are made when corresponding liabilities are settled.

34.2 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Operator 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 Operator'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 Operator's reputation. The diversified funding sources and assets of the Operator are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

The table below analyses the Operator's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date on an undiscounted cash flow basis.

	2021				2020			
	Carrying amount	Contractual cash flows	Up to 6 months	Over 6 months to 1 year	Carrying amount	Contractual cash flows	Up to 6 months	Over 6 months to 1 year
	(Rupees in '000)							
Financial liabilities-OPF								
Takaful / retakaful payable	6,922	6,922	6,922	-	6,565	6,565	6,565	-
Other creditors and accruals	103,289	103,289	103,289	-	57,551	57,551	57,551	-
Accrued expenses	1,881	1,881	1,881	-	1,817	1,817	1,817	-
Payable to PTF	105,339	105,339	105,339	-	286	286	286	-
	217,431	217,431	217,431	-	66,219	66,219	66,219	-
Financial liabilities-PTF								
Outstanding claims including IBNR	318,805	318,805	318,805	-	176,068	176,068	176,068	-
Takaful / retakaful payables	109,330	109,330	109,330	-	115,795	115,795	115,795	-
Other creditors and accruals	76,926	76,926	76,926	-	89,237	89,237	89,237	-
Payable to OPF	121,943	121,943	121,943	-	68,867	68,867	68,867	-
	627,004	627,004	627,004	-	449,967	449,967	449,967	-
	844,435	844,435	844,435	-	516,186	516,186	516,186	-

34.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As at reporting date there are no financial instruments denominated in foreign currencies. Therefore, the Operator is not exposed to risk from foreign currency exchange rate fluctuations.

34.3.1 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Majority of the profit rate exposure arises from balances held in term deposits and banks with reputable banks.

At the reporting date, the profit rate profile of the Operator's significant profit-bearing financial instrument is:

	2021					
	Profit rate	Profit bearing			Non-profit bearing	Total
		Maturity upto one year	Maturity after one year	Sub total		
		(Rupees in '000)				
Financial assets						
OPF						
Cash and bank	7% to 8.25%	22,635	-	22,635	-	22,635
Investments in equity securities - mutual funds		-	-	-	41,282	41,282
Receivable from PTF		-	-	-	327,282	327,282
Accrued investment income		-	-	-	29	29
		22,635	-	22,635	368,593	391,228
PTF						
Cash and bank	7% to 8.25%	12,205	-	12,205	1,222	13,427
Investments-term deposits	7.52% to 11.02%	365,200	-	365,200	-	365,200
Receivable from OPF		-	-	-	105,339	105,339
Investments in equity securities - mutual funds		-	-	-	15,088	15,088
Takaful / retakaful receivables		-	-	-	287,686	287,686
Retakaful recoveries against outstanding claims		-	-	-	96,050	96,050
Salvage recoveries accrued		-	-	-	41,047	41,047
Accrued investment income		-	-	-	2,723	2,723
		377,405	-	377,405	549,155	926,560

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	2021					
	Profit rate	Profit bearing			Non-profit bearing	Total
		Maturity upto one year	Maturity after one year	Sub total		
		-----(Rupees in '000)-----				
Financial liabilities						
OPF						
Takaful / retakaful payable		-	-	-	6,922	6,922
Other creditors and accruals		-	-	-	103,289	103,289
Accrued expenses		-	-	-	1,881	1,881
Payable to PTF		-	-	-	105,339	105,339
		-	-	-	217,431	217,431
PTF						
Outstanding claims including IBNR		-	-	-	318,805	318,805
Takaful / retakaful payable		-	-	-	109,330	109,330
Other creditors and accruals		-	-	-	76,926	76,926
Payable to OPF		-	-	-	121,943	121,943
		-	-	-	627,004	627,004

	2020					
	Profit Rate	Profit bearing			Non-profit bearing	Total
		Maturity upto one year	Maturity after one year	Sub total		
		-----(Rupees in '000)-----				
Financial assets						
OPF						
Cash and bank	5.50% - 6.25%	1,707	-	1,707	-	1,707
Investments in equity securities - mutual funds		-	-	-	63	63
Receivable from PTF		-	-	-	168,867	168,867
Accrued investment income		-	-	-	173	173
		1,707	-	1,707	169,103	170,810
PTF						
Cash and bank	5.50% - 6 25%	122,469	-	122,469	1,006	123,475
Investments-term deposits	6.00% - 6.75%	172,750	-	172,750	-	172,750
Investments in equity securities - mutual funds		-	-	-	42,740	42,740
Takaful / retakaful receivables		-	-	-	168,189	168,189
Retakaful recoveries against outstanding claims		-	-	-	76,775	76,775
Salvage recoveries accrued					19,344	19,344
Receivable from OPF		-	-	-	286	286
Accrued investment income		-	-	-	2,349	2,349
		295,219	-	295,219	310,689	605,908
Financial liabilities						
OPF						
Takaful / retakaful payable		-	-	-	6,565	6,565
Other creditors and accruals		-	-	-	57,551	57,551
Accrued expenses		-	-	-	1,817	1,817
Payable to PTF		-	-	-	286	286
		-	-	-	66,219	66,219
PTF						
Outstanding claims including IBNR		-	-	-	176,068	176,068
Takaful / retakaful payable		-	-	-	115,795	115,795
Other creditors and accruals		-	-	-	89,237	89,237
Payable to OPF		-	-	-	68,867	68,867
		-	-	-	449,967	449,967

Cash flow sensitivity analysis for variable rate instruments

The Operator is exposed to cash flow profit rate risk in respect of its cash and bank balances and term deposits receipts. In case of 100 basis points (bp) increase / decrease in profit rates at year end, assuming that all other variables remain constant, the net income and accumulated profit would have been higher / lower approximately by Rs 2.264 million (2020: Rs 0.017 million) in Operators' fund. Similarly, in case of Participants' Takaful Fund the deficit and balance of Waqf / PTF would have been lower / higher approximately by Rs 37.675 million (2020: Rs 29.623 million).

34.3.2 Price risk

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

The Operator is exposed to equity price risk because of investments held by the Operator in units of mutual funds and classified on the statement of financial position at 'fair value through profit and loss'.

In case of 5% increase / (decrease) in KSE 100 index on 31 December 2021, with all other variables held constant, net assets for the year would increase / (decrease) by Rs 2.819 million (2020: Rs 2.14 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.

The analysis is based on the assumption that equity index had increased / (decreased) by 5% with all other variables held constant and all the equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the investment portfolio and the correlation thereof to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of December 31, 2021 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 index.

34.4 Capital Management

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

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

35 FINANCIAL INSTRUMENTS BY CATEGORY

	Operator Fund		Participants' Takaful	
	2021	2020	2021	2020
	(Rupees in '000)			
Financial assets and financial liabilities				
Financial assets				
Loans and receivables - amortised cost				
Cash and bank	22,635	1,707	13,427	123,475
Investments-term deposits	-	-	365,200	172,750
Receivable from OPF / PTF	327,282	168,867	105,339	286
Takaful / retakaful receivables	-	-	287,686	168,189
Accrued investment income	29	173	2,723	2,349
Salvage recoveries accrued	-	-	41,047	19,344
Retakaful recoveries against outstanding claims	-	-	96,050	76,775
	349,946	170,747	911,472	563,168
Investments - fair value through profit or loss				
Investments in equity securities - mutual funds	41,282	63	15,088	42,740
Financial liabilities				
Amortised cost				
Outstanding claims including IBNR	-	-	318,805	176,068
Takaful / retakaful payable	6,922	6,565	109,330	115,795
Other creditors and accruals	103,289	57,551	76,926	89,237
Accrued expenses	1,881	1,817	-	-
Payable to OPF / PTF	105,339	286	121,943	68,867
	217,431	66,219	627,004	449,967

36 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

The Company held the following financial instruments measured at fair value:

	2021			2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(Rupees in '000)					
Assets carried at fair value						
Investment in equity securities						
mutual funds	-	56,370	-	-	42,803	-

Item	Valuation approach and input used
Mutual funds	The fair value of mutual funds is derived from using rates published on Mutual Funds Association of Pakistan.

37 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant reclassifications in these financial statements.

38 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Operator on 21 MAR 2022.

39 GENERAL

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

Chairman	Director	Director	Chief Executive Officer

IGI
General

Directors' Report to the Shareholders on Consolidated Financial Statements for the year ended December 31, 2021

On behalf of the Board, I am pleased to present the consolidated financial statements of IGI General Insurance Limited ("IGI General") and its subsidiary IGI FSI (Private) Limited (IGI FSI) (collectively referred to as 'the Group') for the year ended December 31, 2021.

GROUP PERFORMANCE REVIEW

	2021	2020
	Rupees in 000	
Profit before tax	603,255	684,334
Taxation	(175,153)	(198,268)
Profit after tax	**428,102**	**486,066**
Earnings per share (Rupees)	**2.23**	**2.53**

During the current year, the Group recorded profit after tax of Rs 428 million compared to Rs 486 million earned in 2020. The decline is mainly attributable to decline in investment income of IGI General due to lower interest rates.

The Group achieved earnings per share of Rs 2.23 compared to Rs 2.53 during 2020.

Financial Highlights of IGI FSI is hereunder:

IGI FSI was incorporated as private limited company on July 6, 2020. IGI FSI is engaged in providing technology led business solutions including training services in the market.

Since 2021 was the first complete financial year of operations, IGI FSI earned revenue of Rs 15 million and made a profit after tax of Rs 0.2 million.

We value the support and patronage extended by our business partners and all stakeholders and appreciate the dedicated and sincere efforts of our employees.

For and on behalf of the Board

Shamim Ahmad Khan
Chairman
Lahore: March 21, 2022

IGI GENERAL INSURANCE

Tahir Masaud
Chief Executive Officer
Lahore: March 21, 2022

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IGI GENERAL INSURANCE LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the members of IGI General Insurance Limited

Opinion

We have audited the annexed consolidated financial statements of **IGI General Insurance Limited** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

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Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar.**

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: April 2, 2022
UDIN: AR202110068ieUArBFY1

IGI GENERAL INSURANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	2021	2020
		(Rupees in '000)	
Assets			
Property and equipment	5	874,386	864,290
Intangible assets	6	14,696	16,742
Investment properties	7	399,575	377,797
Investments			
- Equity securities	8	952,722	497,236
- Government securities	9	1,865,305	2,256,421
- Debt securities	10	150,000	150,000
Loans and other receivables	11	475,546	394,441
Insurance / reinsurance receivables	12	2,548,993	1,873,832
Reinsurance recoveries against outstanding claims	24	1,914,772	2,165,642
Salvage recoveries accrued		97,084	108,104
Deferred commission expense	25	264,221	186,464
Tax recoverable		87,920	97,797
Prepayments	14	1,364,632	1,032,011
Cash and bank	15	208,127	233,071
		11,217,979	10,253,848
Total assets of Window Takaful Operations - operator's fund		440,158	202,904
Total assets		11,658,137	10,456,752
Equity and liabilities			
Capital and reserves attributable to equity holders of the Holding Company			
Authorised capital			
250,000,000 (2020: 250,000,000) ordinary shares of Rs 10 each		2,500,000	2,500,000
Issued, subscribed and paid-up share capital			
191,838,400 (2020: 191,838,400) ordinary shares of Rs 10 each	16	1,918,384	1,918,384
Unappropriated profit		623,409	528,019
Total equity		2,541,793	2,446,403
Surplus on revaluation of property and equipment - net of tax	17	368,414	333,025
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	24	2,584,937	2,626,867
Unearned premium reserves	23	2,674,247	1,913,043
Premium deficiency reserve	24.2	1,345	-
Unearned reinsurance commission	25	218,690	212,055
Retirement benefit obligations	13	6,577	17,677
Borrowings	18	147,775	162,290
Premium received in advance		1,918	1,118
Insurance / reinsurance payables	19	1,593,114	1,603,918
Deferred taxation	20	168,929	181,700
Other creditors and accruals	21	1,021,837	832,429
		8,419,369	7,551,097
Total liabilities of Window Takaful Operations - operator's fund		328,561	126,227
Total liabilities		8,747,930	7,677,324
Total equity and liabilities		11,658,137	10,456,752
Contingencies and commitments	22		

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chairman | Director | Director | Chief Executive Officer

IGI GENERAL INSURANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		---------(Rupees in '000)---------	
Net insurance premium	23	2,715,962	2,320,744
Net insurance claims	24	(1,497,392)	(1,096,802)
(Charge for) / reversal of premium deficiency reserve	24.2	(1,345)	21,111
Net commission expense	25	(58,718)	(71,598)
Insurance claims and acquisition expenses		(1,557,455)	(1,147,289)
Management expenses	26	(849,858)	(873,771)
Underwriting results		308,649	299,684
Investment income	27	144,434	344,294
Rental income		30,810	29,918
Other income	28	103,774	44,134
Other expenses	29	(58,454)	(54,227)
Result of operating activities		529,213	663,803
Finance costs against right-of-use assets		(12,714)	(16,142)
Profit from window takaful operations		86,756	36,673
Profit before tax		603,255	684,334
Income tax expense	30	(175,153)	(198,268)
Profit after tax		428,102	486,066
Other comprehensive income			
-Remeasurement gain on defined benefit obligations	13.1.4	12,885	3,605
-Related deferred tax		(3,737)	(1,045)
		9,148	2,560
Total comprehensive income		437,250	489,671
Earnings per share - Rupees	31	2.23	2.53

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chairman | Director | Director | Chief Executive Officer

IGI GENERAL INSURANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Issued, subscribed and paid-up share capital	Unappropriated profit	Total
	(Rupees in '000)		
Balance as at January 1, 2020	1,918,384	543,728	2,462,112
Profit after taxation for the year ended December 31, 2020	-	486,066	486,066
Other comprehensive income for the year	-	2,560	2,560
Total comprehensive income for the year ended December 31, 2020	-	488,626	488,626
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax (note 17)	-	15,665	15,665
Transactions with owners - directly recognised in equity			
Final dividend at the rate of Re. 0.78 per share for year ended December 31, 2019 approved on April 14, 2020	-	(150,000)	(150,000)
Interim dividend at the rate of Re. 0.99 per share for year ending December 31, 2020 declared on August 18, 2020	-	(190,000)	(190,000)
Interim dividend at the rate of Re. 0.94 per share for year ending December 31, 2020 declared on October 26, 2020	-	(180,000)	(180,000)
	-	(520,000)	(520,000)
Balance as at December 31, 2020	1,918,384	528,019	2,446,403
Profit after taxation for the year ended December 31, 2021	-	428,102	428,102
Other comprehensive income for the year	-	9,148	9,148
Total comprehensive income for the year ended December 31, 2021	-	437,250	437,250
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax (note 17)	-	18,140	18,140
Transactions with owners - directly recognised in equity			
Final dividend at rate of Re. 0.57 per share for year ended December 31, 2020 approved on April 22, 2021	-	(110,000)	(110,000)
Interim dividend at rate of Re. 0.78 per share for year ending December 31, 2021 declared on August 23, 2021	-	(150,000)	(150,000)
Interim dividend at rate of Re. 0.52 per share for year ending December 31, 2021 declared on October 25, 2021	-	(100,000)	(100,000)
	-	(360,000)	(360,000)
Balance as at December 31, 2021	1,918,384	623,409	2,541,793

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chairman	Director	Director	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		(Rupees in '000)	
OPERATING CASH FLOWS			
Underwriting activities			
Premiums received		7,163,264	5,299,206
Reinsurance premiums paid		(4,697,192)	(3,114,163)
Claims paid		(3,676,785)	(2,181,572)
Reinsurance and other recoveries received		2,388,333	1,046,752
Commissions paid		(724,599)	(541,987)
Commissions received		652,528	505,482
Net cash inflow from underwriting activities		1,105,549	1,013,718
Other operating activities			
Income tax paid		(172,784)	(215,945)
Operating receipts - net		124,336	59,091
General management expenses paid		(789,911)	(882,489)
Net cash outflow on operating activities		(838,359)	(1,039,343)
Total cash inflow from / (outflow on) all operating activities		267,190	(25,625)
INVESTMENT ACTIVITIES			
Profit received		189,912	377,948
(Payments) / proceeds against investments		(281,621)	756,109
Amount received from Window Takaful Operations		26,677	71,418
Fixed capital expenditure - owned		(28,664)	(59,775)
Proceeds from disposal of fixed assets - owned		39,621	25,235
Total cash (outflow on) / inflow from investing activities		(54,075)	1,170,935
FINANCING ACTIVITIES			
Dividend paid		(360,000)	(520,000)
Financial charges paid		(12,714)	(16,142)
Repayment of liability against right-of-use assets		(41,741)	(31,755)
Total cash outflow on financing activities		(414,455)	(567,897)
Net cash (outflow on) / inflow from all activities		(201,340)	577,413
Cash and cash equivalents at beginning of the year		1,010,523	433,110
Cash and cash equivalents at end of the year	15.2	809,183	1,010,523

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chairman	Director	Director	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	---- (Rupees in '000) ----	
Reconciliation to consolidated statement of comprehensive income		
Operating cash flows	267,190	(25,625)
Depreciation and amortisation expense	(83,577)	(70,426)
Depreciation on right-of-use assets	(37,876)	(37,642)
Financial charges	(12,714)	(16,142)
Gain on disposal of fixed assets	29,680	13,149
Unrealised fair value gain on investment properties	21,778	802
Increase in assets other than cash	920,377	1,790,887
Increase in liabilities other than borrowings	(882,787)	(1,539,269)
Return on term deposits	4,099	24,353
Other investment income	140,335	319,941
Profit from window takaful operations - net of tax	61,597	26,038
Profit after tax	428,102	486,066

The annexed notes 1 to 41 form an integral part of these consolidated financial statements.

Chairman	Director	Director	Chief Executive Officer

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

Holding Company
- IGI General Insurance Limited

Subsidiary Company	**Percentage shareholding**
- IGI FSI (Pvt.) Limited	100%

1.2 Holding Company

IGI General Insurance Limited ("the Holding Company"), a Packages Group Company, was incorporated as a public limited company on November 18, 2016 under the Companies Ordinance, 1984 (now Companies Act 2017). The registered office of the Holding Company is situated at 7th floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi. The objectives of the Holding Company include providing general insurance services (mainly in the sphere of Fire, Marine, Motor, Health and Miscellaneous) and general takaful services (mainly in the sphere of Fire, Marine, Motor, Health and Miscellaneous).

The Holding Company is a wholly owned subsidiary of IGI Holdings Limited ("the Ultimate Parent Company") and had been formed to facilitate the transfer of general insurance segment of IGI Insurance Limited to the Holding Company under the Scheme of Arrangement filed with the Honourable High Court of Sindh (SHC). The transfer of general insurance business and related assets and liabilities from IGI Insurance Limited to the Holding Company had been made effective from January 31, 2017, which had been sanctioned by SHC vide Order dated December 16, 2017. The insurance license was transferred to the Holding Company from IGI Insurance Limited with effect from January 16, 2018.

The Holding Company commenced its Window Takaful Operations with effect from July 1, 2017 after getting the approval from the SECP.

1.3 Subsidiary Company

IGI FSI (Pvt.) Limited ("the Subsidiary Company"), was incorporated as a private limited company on July 6, 2020 under the Companies Act, 2017 with an authorised capital of Rs 7 million. The Subsidiary Company is engaged in providing technology led business solutions including training services in the market.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of Compliance

These consolidated 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, the Insurance Ordinance, 2000, the Insurance Rules 2017, the Insurance Accounting Regulations, 2017, the General Takaful Accounting Regulations, 2019 and the 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, the General Takaful Accounting Regulations, 2019 and the Takaful Rules, 2012 shall prevail.

2.1.1 In terms of the requirements of the Takaful Rules, 2012, read with the SECP Circular 25 of 2015 dated July 9, 2015, the assets, liabilities and profit and loss of the Operator Fund of the Window Takaful Operations of the Holding Company have been presented as a single line item in the consolidated statement of financial position and consolidated statement of comprehensive income of the Holding Company respectively.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for certain staff retirement benefits which are carried at present value of the defined benefit obligation less fair value of plan assets, property and equipment and investment properties which are carried at fair value and certain investments which are carried at market value.

2.3 Functional and presentation currency

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

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

2.4.1 There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore, have not been stated in these consolidated financial statements.

2.5 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not effective in the current year:

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

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

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

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

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

Temporary exemption from application of IFRS 9

As an insurance company, the management of the Holding Company has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Holding Company doesn't engage in significant activities unconnected with insurance based on historical available information. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below.

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

	2021	**2020**
	---- (Rupees in '000) ---	
Financial assets with contractual cash flows that meet the SPPI criteria, excluding those held for trading		
Pakistan Investment Bonds - Held to maturity (note 9)		
Opening fair value	-	320,925
Additions / (disposals) during the year	-	(2,930)
Increase in fair value	-	(317,995)
Closing fair value	-	-
Financial assets that do not meet SPPI criteria		
- Equity securities-(note 8)		
Opening fair value	497,236	497,577
Additions / (disposals) during the year	522,512	(6,946)
(Decrease) / increase in fair value	(67,026)	6,605
Closing fair value	952,722	497,236

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these consolidated financial statements are set out below. Accounting policies relating to Window Takaful Operations are disclosed in a separate financial statements of Window Takaful Operations which have been annexed to these consolidated financial statements. The accounting policies have been consistently applied for all the years presented.

3.1 Insurance contracts

Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policy holders if a specified uncertain future event (the insured event) adversely affects the policy holders.

The Group enters into fire and property damage, marine, motor, health, burglary, loss of cash in transit, travel, personal accident, engineering losses and other insurance contracts with corporate clients and individuals residing or located in Pakistan.

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

The Group neither issues investment contracts nor does it issue insurance contracts with Discretionary Participation Features (DPF).

3.2 Premium

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

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Group from policy holders in respect of policies issued, at the rate of 5% (2020: 5%) of the premium written restricted to a maximum of Rs. 6,250 per policy.

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 an objective evidence that the receivables are impaired, the Group reduces the carrying amount of the receivables and recognises that impairment loss in the consolidated statement of comprehensive income.

3.3 Reinsurance ceded

Insurance contracts entered into by the Group with reinsurers for compensation of losses suffered on insurance contracts issued, are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts.

The Group enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts 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.

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

The Group assesses its reinsurance assets for impairment on the reporting date. If there is an objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the consolidated statement of comprehensive income.

3.4 Claims expense

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

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

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

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

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

3.5 Reinsurance recoveries against claims

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

3.6 Commission and other acquisition costs

Commission expense and other acquisition costs incurred in obtaining and recording policies is deferred and brought to consolidated statement of comprehensive income as an expense in accordance with the pattern of recognition of the gross premium to which it relates. Commission expense is arrived at after taking the impact of opening and closing deferred commission.

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

3.7 Premium deficiency reserve

The Group is required as per Insurance Accounting Regulations, 2017 to maintain a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense / income in the consolidated statement of comprehensive income for the year.

At each reporting date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned premium liability for that class. It is performed by comparing the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after reporting date in respect of policies in force at reporting date with the carrying amount of unearned premium liability. Any deficiency is recognised by establishing a provision (premium deficiency reserve) to meet the deficit. The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable. The expected ultimate net claim ratios for the unexpired periods of policies in force at reporting date for each class of business is as follows:

	2021	2020
Fire and property damage	18%	47%
Marine, aviation and transport	44%	43%
Motor	50%	42%
Health	89%	75%
Miscellaneous	48%	29%

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the reporting date.

3.8 Creditors, accruals and provisions

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

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

3.9 Taxation

Current

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

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 to the consolidated statement of comprehensive income.

3.10 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purposes of consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, deposits with banks, stamps in hand, term deposits with maturity of less than three months and short term finances.

3.11 Investments

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

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

3.11.1.1 Investments at fair value through profit or loss

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking.

Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the period in which it arises.

Unrealised gains / (losses) arising on remeasurement of investments classified as financial assets at 'fair value through profit or loss' are recorded in consolidated statement of comprehensive income in the period in which these arise.

3.11.1.2 Held to maturity

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

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortised over the term of the investment using the effective yield method and taken to the consolidated statement of comprehensive income.

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

3.11.1.3 Available for sale

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

Subsequent to initial recognition, these are stated at market value.

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

Gains / (losses) on sale of available for sale investments are recognised in the consolidated statement of comprehensive income.

Unrealised gains / (losses) arising on remeasurement of investments classified as financial assets at 'available for sale' are recorded in consolidated statement of comprehensive income in the period in which these arise.

3.11.1.4 Loans and other receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition these are measured at amortised cost.

3.11.1.5 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Group commits to purchase or sell the investment.

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3.12 Investment properties

Investment properties are held for earning rentals and capital appreciation. Investment properties are accounted for under the fair value model in accordance with International Accounting Standards (IAS) 40, "Investment property".

Investment properties, principally office buildings, are held for long-term rental yields. These are carried at fair value. The changes in fair values are presented in the consolidated statement of comprehensive income as part of other income.

3.13 Operating assets

Tangible

These are stated at cost less accumulated depreciation and accumulated impairment losses other than buildings and leasehold improvements. Buildings and leasehold improvements are stated at revalued amounts less accumulated depreciation and accumulated impairment losses (if any).

Depreciation on all operating assets is charged to the consolidated statement of comprehensive income using the straight line method so as to write-off depreciable amount of an asset over its useful life. Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed of.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted, if appropriate. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated statement of comprehensive income in the period in which they are incurred.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

An increase arising on revaluation is credited to the surplus on revaluation of property and equipment. A decrease arising on revaluation of fixed assets is adjusted against the surplus of that asset or, if no surplus exists, is charged to the consolidated statement of comprehensive income as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the consolidated statement of comprehensive income up to the extent of the would have been carrying amount of the asset. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated statement of comprehensive income and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property and equipment to unappropriated profit.

Intangible

Intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any. Software development cost are only capitalised to the extent that future economic benefits are expected to flow to the entity.

Amortisation is charged to consolidated statement of comprehensive income using the straight line method.

3.14 Staff retirement benefits

3.14.1 Defined contribution plan

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

3.14.2 Defined benefit plan

All permanent employees of the Holding Company participate in an approved funded defined gratuity plan. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at December 31, 2021 using the Projected Unit Credit Method. Amounts arising as a result of 'Remeasurements', representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the consolidated statement of financial position, with a charge or credit to 'Other Comprehensive Income' in the periods in which they occur. Current service cost, past service cost and net interest income / expense are recognised in the profit and loss.

3.14.3 Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to consolidated statement of comprehensive income.

3.15 Impairment of assets

The management assesses at each reporting date whether there is an objective evidence that the financial assets or a group of financial assets are impaired. The carrying value of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

3.16 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument and are derecognised when the Group loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the consolidated statement of comprehensive income in the period in which financial instrument is derecognised.

3.17 Offsetting of financial assets and financial liabilities

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

3.18 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Group accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting provided to Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. However, results of IGI FSI (Pvt.) Limited haven't been separately disclosed as a segment as the revenues were below thresholds defined for a reportable segment. The performance of remaining segments is evaluated on the basis of underwriting results of each segment.

The Group has five primary business segments for reporting purposes namely fire, marine, motor, health and miscellaneous.

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

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

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

Health insurance provides coverage against expenses incurred during the hospitalisation due to sickness, emergency and accidents.

Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit, travel, personal accident, money, engineering losses, live stocks, crops and other covers.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

3.19 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.

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

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 lives 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.

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 Group'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.

Lease payments reduce the lease liability against right-of-use assets. Finance cost is charged to the consolidated 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.

3.21 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.

3.22 Expenses of management

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

Basis for allocation of management expenses between the Holding Company and Window Takaful Operations and its allocation amongst the various classes of business is reviewed on regular basis and the revised basis is followed consistently in future periods.

3.23 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recorded in the period in which these are approved.

3.24 Earnings per share

The Group 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 Holding 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 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- Provision for outstanding claims including IBNR (notes 3.4 and 24);
- Provision for taxation and deferred tax (notes 3.9, 20 and 30);
- Defined benefit plan (notes 3.14.2 and 13);
- Fair valuation of buildings and leasehold improvements (notes 3.13, and 5);
- Fair valuation of investment properties (notes 3.12 and 7);
- Useful lives, residual value and depreciation method of property and equipment and intangible assets (notes 3.13, 5 and 6);
- Premium deficiency reserve (note 3.7);
- Classification of investments and its impairment (notes 3.11, 8, 9 and 10);
- Provision against reinsurance recoveries against outstanding claims (notes 3.5 and 24) ;
- Provision against premium due but unpaid and amount due from other insurers / reinsurers (notes 3.2, 12.2 and 12.3); and
- Allocation of management expenses (note 3.22).

	Note	2021	2020
		--- (Rupees in '000) ---	
5 PROPERTY AND EQUIPMENT			
Operating assets	5.1	865,508	841,343
Capital work-in-progress	5.4	8,878	22,947
		874,386	864,290

5.1 Operating assets

	2021												
	Cost / revalued amounts						Accumulated depreciation					Written down value as at December 31	Deprecia-tion rate (% per annum)
	As at January 1	Additions	Transfers	Disposals / writeoff (note 5.2)	Revalua-tion	As at December 31	As at January 1	Charge for the year	Transfers	Disposals / writeoff (note 5.2)	As at December 31		
	(Rupees in '000)												
Tracker equipment	41,062	21,013	-	-	-	62,075	7,576	17,210	-	-	24,786	37,289	33.33%
Furniture and fixtures	35,170	146	-	(703)	-	34,613	10,441	3,878	-	(350)	13,969	20,644	10%
Office equipment	31,565	6,778	-	(2,272)	-	36,071	17,659	7,798	-	(1,977)	23,480	12,591	16.67%
Computer equipment	43,773	4,809	-	(2,792)	-	45,790	25,792	6,603	-	(2,738)	29,657	16,133	33.33%
Buildings / leasehold improvements (note 5.1.1)	659,809	-	-	(1,307)	75,393	733,895	95,496	39,552	-	(1,292)	133,756	600,139	5%-33%
Motor vehicles - owned	38,924	5,811	35,832	(12,526)	-	68,041	12,481	6,867	27,152	(12,438)	34,062	33,979	20%
Right-of-use assets - vehicle	207,844	39,940	(35,832)	(16,816)	-	195,136	72,415	31,801	(27,152)	(7,680)	69,384	125,752	20%
Right-of-use asset - rented premises	33,073	-	-	-	-	33,073	8,017	6,075	-	-	14,092	18,981	16.67%
	1,091,220	78,497	-	(36,416)	75,393	1,208,694	249,877	119,784	-	(26,475)	343,186	865,508	

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	2020												
	Cost / revalued amounts						Accumulated depreciation						
	As at January 1	Additions	Transfers	Disposals / writeoff (note 5.2)	Revaluation	As at December 31	As at January 1	Charge for the year	Transfers	Disposals / writeoff (note 5.2)	As at December 31	Written down value as at December 31	Depreciation rate (% per annum)
	(Rupees in '000)												
Tracker equipment	7,991	33,071	-	-	-	41,062	962	6,614	-	-	7,576	33,486	33.33%
Furniture and fixtures	34,848	2,085	-	(1,763)	-	35,170	7,708	3,905	-	(1,172)	10,441	24,729	10%
Office equipment	30,504	2,101	-	(1,040)	-	31,565	12,882	5,528	-	(751)	17,659	13,906	16.67%
Computer equipment	28,669	16,360	-	(1,256)	-	43,773	18,008	8,997	-	(1,213)	25,792	17,981	33.33%
Buildings / leasehold improvements (note 5.1.1)	610,830	1,701	-	(2,555)	49,833	659,809	58,355	39,286	-	(2,145)	95,496	564,313	5%-33%
Motor vehicles - owned	30,338	11,269	4,100	(6,783)	-	38,924	12,303	6,836	-	(6,658)	12,481	26,443	20%
Right-of-use assets - vehicle	205,498	29,294	(6,477)	(20,471)	-	207,844	51,711	32,924	(2,377)	(9,843)	72,415	135,429	20%
Right-of-use asset - rented premises	29,699	3,374	-	-	-	33,073	3,299	4,718	-	-	8,017	25,056	16.67%
	978,377	99,255	(2,377)	(33,868)	49,833	1,091,220	165,228	108,808	(2,377)	(21,782)	249,877	841,343	

5.1.1 Movement in written down value of buildings / leasehold improvements:

	2021	2020
	---- (Rupees in '000) ----	
Cost	659,809	610,830
Accumulated depreciation	(95,496)	(58,355)
Written down value	564,313	552,475
Additions during the year	-	1,701
Disposals during the year		
Cost	(1,307)	(2,555)
Accumulated depreciation	1,292	2,145
	(15)	(410)
Depreciation charge during the year	(39,552)	(39,286)
Revaluation during the year	75,393	49,833
Written down value - closing	600,139	564,313
Cost	733,895	659,809
Accumulated depreciation	(133,756)	(95,496)
Written down value	600,139	564,313

5.1.2 The forced sale value of buildings and leasehold improvements as at December 31, 2021 amounted to Rs. 510.118 million (2020: 465.878 million).

5.1.3 Buildings and leasehold improvements are carried at revalued amount. The latest revaluation was carried out on December 31, 2021 by Hamid Mukhtar & Co. (Pvt) limited which resulted in a surplus of Rs. 75,393 million (2020: 49.833 million). The revaluation was carried out based on the market value assessment being the fair value of the buildings and leasehold improvements. Had there been no revaluation, the carrying value of the revalued assets would have been as follows:

	2021	2020
	---- (Rupees in '000) ----	
Buildings and leasehold improvements	72,862	80,036

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5.2 Disposal of operating assets

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Net gain / (loss)	Mode of disposal	Particulars of purchaser
	-----------------------	-----------------------	(Rupees in '000)	-----------------------	-----------------------		
Disposals having book value exceeding Rs. 50,000 individually							
Furniture and fixtures							
Various	110	(57)	53	1	(52)	Negotiation	Agha Shabaz*
Office equipment							
Mobile phone	80	(24)	56	43	(13)	Insurance claim	Alfalah Insurance
Right-of-use assets - vehicle							
Honda Civic	3,095	(2,344)	751	3,025	2,274	Negotiation	Haris Malik
Toyota Vitz	1,433	(704)	729	1,050	321	Company Policy	Sadia Kamran*
Honda City	1,857	(657)	1,200	1,472	272	Company Policy	Muhammad Iqbal*
Mercedes Benz	3,052	(1,354)	1,698	3,150	1,452	Negotiation	Muhammad Kamran
Toyota Vitz	7,379	(2,621)	4,758	7,656	2,898	Negotiation	Irfan Javed
	16,816	(7,680)	9,136	16,353	7,217		
Motor vehicles - owned							
Honda CG 125	79	(21)	58	79	21	Insurance claim	Alfalah Insurance
Disposals having book value not exceeding Rs. 50,000 individually							
Furniture and fixtures	593	(293)	300	57	(243)	Negotiation	Various customers
Office equipment	2,192	(1,953)	239	703	464	Negotiation	Various customers
Computer equipment	2,792	(2,738)	54	659	605	Negotiation	Various customers
Buildings / leasehold improvements	1,307	(1,292)	15	44	29	Negotiation	Various customers
Motor vehicles - owned	12,447	(12,417)	30	21,682	21,652	Negotiation	Various customers
	19,331	(18,693)	638	23,145	22,507		
Total - December 31, 2021	36,416	(26,475)	9,941	39,621	29,680		
Total - December 31, 2020	33,868	(21,782)	12,086	25,235	13,149		

* These represent persons in the employment of the Group.

5.3 The cost and accumulated depreciation of fully depreciated property and equipment still in use amounts to Rs.110.699 million (2020: Rs. 85.378 million).

5.4 Capital work-in-progress

	2021	2020
	------- (Rupees in '000)	-------
Advances to suppliers*	-	701
Trackers	8,550	20,595
Others	328	1,651
	8,878	22,947

* These represents advances related to purchase of vehicles.

6 INTANGIBLE ASSETS

2021

	Cost: As at January 1	Cost: Additions	Cost: Disposals	Cost: As at December 31	Accumulated amortisation: As at January 1	Accumulated amortisation: Charge for the year	Accumulated amortisation: Disposals	Accumulated amortisation: As at December 31	Written down value as at December 31	Amortisation rate (% per annum)
	----------	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------	
Computer software	29,931	4,176	-	34,107	13,189	6,222	-	19,411	14,696	20%

2020

	Cost: As at January 1	Cost: Additions	Cost: Disposals	Cost: As at December 31	Accumulated amortisation: As at January 1	Accumulated amortisation: Charge for the year	Accumulated amortisation: Disposals	Accumulated amortisation: As at December 31	Written down value as at December 31	Amortisation rate (% per annum)
	----------	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------	
Computer software	25,610	4,321	-	29,931	7,447	5,742	-	13,189	16,742	20%

6.1 The cost and accumulated amortisation of fully amortised intangibles still in use amounts to Rs. 15.130 million (2020: Rs. 3.197 million).

7 INVESTMENT PROPERTIES	Note	2021	2020
		(Rupees in '000)	
Opening net book value		377,797	376,995
Unrealised fair value gain during the year		21,778	802
Closing net book value	7.1	399,575	377,797

7.1 The market value and forced sale value of investment properties is Rs 399.575 million (2020: Rs 377.797 million) and Rs 339.639 million (2020: Rs 321.127 million), respectively as per the valuation carried out by the independent professional valuer as at December 31, 2021.

8 INVESTMENT IN EQUITY SECURITIES - MUTUAL FUNDS

	2021					2020				
	Number of units	Carrying value	(Impairment / provision)	Unrealised gain / (loss)	Market value	Number of units	Carrying value	(Impairment / provision)	Unrealised gain / (loss)	Market value
		(Rupees in '000)					(Rupees in '000)			
Fair value through profit or loss										
Alfalah GHP Stock Fund	1,487,599	176,421	-	(19,657)	156,764	918,254	111,661	-	(461)	111,200
HBL Stock Fund	-	-	-	-	-	-	-	-	-	-
MCB Pakistan Stock Market Fund	2,562,957	273,035	-	(19,162)	253,873	1,693,688	160,000	-	6,000	166,000
NBP Stock Fund	15,150,794	241,471	-	(4,441)	237,030	-	-	-	-	-
UBL Stock Advantage Fund	2,291,504	181,586	-	(3,812)	177,774	-	-	-	-	-
MCB Pakistan Sovereign Fund	-	-	-	-	-	293,068	15,855	-	161	16,016
Faysal Money Market Fund	53	5	-	-	5	50	5	-	-	5
HBL Equity Fund	458,371	63,798	-	(13,790)	50,008	-	-	-	-	-
NBP Islamic Stock Fund	5,916,484	78,132	-	(6,168)	71,964	-	-	-	-	-
NBP Financial Sector Income Fund	502,465	5,300	-	4	5,304	11,823,577	124,481	-	235	124,716
UBL Income Opportunity Fund	-	-	-	-	-	699,780	78,745	-	554	79,299
	28,370,227	1,019,748	-	(67,026)	952,722	15,428,417	490,747	-	6,489	497,236

9 INVESTMENTS IN GOVERNMENT SECURITIES

Particulars	Year of maturity	Effective yield % per annum	Profit payment	2021	2020
				(Rupees in '000)	
At fair value through profit or loss					
Market Treasury Bills	2021	13.12%	On maturity	-	75,592
Market Treasury Bills	2021	13.29%	On maturity	-	40,914
Market Treasury Bills	2021	9.57%	On maturity	-	342,949
Market Treasury Bills	2021	10.36%	On maturity	-	62,310
Market Treasury Bills	2021	7.14%	On maturity	-	5,735
Market Treasury Bills	2021	6.45%	On maturity	-	110,603
Market Treasury Bills	2021	7.15%	On maturity	-	123,993
Market Treasury Bills	2021	7.14%	On maturity	-	247,987
Market Treasury Bills	2021	7.11%	On maturity	-	10,415
Market Treasury Bills	2021	7.11%	On maturity	-	408,447
Market Treasury Bills	2022	10.06%	On maturity	77,747	-
Market Treasury Bills	2022	10.28%	On maturity	523,309	-
Pakistan Investment Bonds	2023	11.36%	Semi-annual	93,623	-
Pakistan Investment Bonds	2023	11.36%	Semi-annual	187,246	-
Pakistan Investment Bonds	2025	11.42%	Semi-annual	154,325	-
Pakistan Investment Bonds (floaters)	2028	8.20%	Semi-annual	579,362	578,623
Pakistan Investment Bonds (floaters)	2028	8.20%	Semi-annual	123,972	123,628
Pakistan Investment Bonds (floaters)	2029	8.22%	Semi-annual	125,721	125,225
				1,865,305	2,256,421
Total market value				1,865,305	2,256,421
Total carrying value				1,882,955	2,090,263

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9.1 These include Pakistan Investment Bonds which are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of the Insurance Ordinance, 2000, having market value of Rs 224.756 million (2020: Rs 224.470 million).

10 INVESTMENTS IN DEBT SECURITIES

	2021					2020				
	Number of certificates	Maturity year	Coupon rate	Profit payment	Carrying amount	Number of certificates	Maturity year	Coupon rate	Profit payment	Carrying amount
					(Rupees in '000)					(Rupees in '000)
Fair value through profit or loss										
Term finance certificate										
Habib Bank Limited	500,000	Perpetual	3 months Kibor plus 1.6%	Quarterly	50,000	500,000	Perpetual	3 months Kibor plus 1.6%	Quarterly	50,000
Bank Alfalah Limited	1,000,000	Perpetual	Higher of 3 year PKRV plus 0.75% or 9%	Quarterly	100,000	1,000,000	Perpetual	Higher of 3 year PKRV plus 0.75% or 9%	-	100,000
	1,500,000				150,000	1,500,000				150,000

10.1 The effective yield term finance certificates is 8.90% to 11.97% (2020 : 8.90% to 9.03%) per annum.

11 LOANS AND OTHER RECEIVABLES

	Note	2021	2020
		(Rupees in '000)	
Receivable from related parties	11.1	149,784	126,251
Advances - considered good		12,060	10,968
Security deposits		93,166	88,420
Sales tax recoverable		113,772	77,733
Accrued income on investments and deposits		38,856	23,585
Loans and advances to employees	11.2	3,683	9,873
Others	11.3	64,225	57,611
		475,546	394,441

11.1 This includes receivables amounting to Rs. 0.161 million, Rs. 51.479 million, Rs. 9.176 million, Rs.3.784 million and Rs. 2.294 million (2020: Rs. 1.942 million, Rs. 27.331 million, Rs. 7.268 million, Rs. 4.597 million and Rs. 1.527 million) charged to IGI Investments (Pvt.) Limited, IGI Life Insurance Limited, IGI Finex Securities Limited, IGI Holdings Limited and Packages Limited, respectively, under group shared services.

11.2 This includes personal loan equivalent to 2 months gross salary disbursed to the Chief Executive Officer with mark-up equal to rate of 12 months market treasury bill prevailing on the date of disbursement amounting to Rs 4.332 million repaid during the year.

11.2.1 Movement in loans to key management personnel

	2021	2020
	(Rupees in '000)	
Opening balance	4,332	-
Disbursements	-	6,423
Repayments	(4,332)	(2,091)
Closing balance	-	4,332

11.3 These include a receivable from takaful operations amounting to Rs 58.028 million (2020: Rs 58.028 million) in respect of Sindh Sales Tax as disclosed in note 22.4 to the consolidated financial statements.

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		Note	2021	2020
			------- (Rupees in '000) -------	
12	**INSURANCE / REINSURANCE RECEIVABLES**			
	Due from insurance contract holders - unsecured			
	- considered good		1,097,334	870,974
	- considered doubtful		152,028	143,047
			1,249,362	1,014,021
	Less: provision for impairment of receivables from insurance contract holders	12.2	(152,028)	(143,047)
			1,097,334	870,974
	Due from other insurer / reinsurer - unsecured			
	- considered good		1,451,659	1,002,858
	- considered doubtful		41,303	41,303
			1,492,962	1,044,161
	Less: provision for impairment of receivables from other insurer / reinsurer	12.3	(41,303)	(41,303)
			1,451,659	1,002,858
			2,548,993	1,873,832

12.1 This includes an amount of Rs. 36.090 million (2020: Rs. 29.552 million) receivable from related parties.

		Note	2021	2020
12.2	**Provision for doubtful receivables - insurance contract holders**		------- (Rupees in '000) -------	
	Opening		143,047	143,399
	Charge for the year		8,981	15,682
	Written off during the year		-	(16,034)
	Balance as at December 31	12.2.1	152,028	143,047

12.2.1 This includes an amount of Rs. 0.967 million (2020: Rs. 0.967 million) provided against related parties.

		2021	2020
12.3	**Provision for doubtful receivables - other insurer / reinsurer**	------ (Rupees in '000) ------	
	Opening	41,303	41,423
	Charge for the year	-	-
	Written off during the year	-	(120)
	Balance as at December 31	41,303	41,303

13 RETIREMENT BENEFITS OBLIGATIONS

13.1 Defined benefit plan - Gratuity Fund

The Holding Company offers an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity is governed under the Trust Act, 1882, the Trust Deed and the Rules of the Fund, the Income Tax Ordinance, 2001, the Income Tax Rules, 2002 and the applicable local regulations. An actuarial valuation is carried out every year to determine the liability of the Group in respect of the benefit. The most recent valuation in this regard has been carried out as at December 31, 2021 using the Projected Unit Credit (PUC) Actuarial Cost Method as allowed under the International Accounting Standard (IAS) 19 - 'Employee Benefits' for valuation of the Fund.

The Group 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 investment.

Mortality risks

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

Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

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.

13.1.1 Principal actuarial assumptions

	2021	2020
Valuation discount rate	12.25%	10.25%
Valuation discount rate for statement of comprehensive income	10.25%	11.75%
Salary increase rate - *short term*	10.00%	10.00%
Salary increase rate - *long term*	9.75%	9.75%
Return on plan assets	12.25%	10.25%
Duration	10.05 years	10.63 years
Normal retirement age	58	58
Withdrawal rate	Low	Low
Mortality rate	SLIC 2001-05	SLIC 2001-05
Next salary increase date	1-Jan-2022	1-Jan-2021

	Note	2021	2020
		(Rupees in '000)	
13.1.2 Amount recognised in the consolidated statement of financial position			
Reconciliation			
Present value of defined benefit obligation		139,257	132,484
Less: fair value of plan assets		(132,680)	(114,807)
Payable to defined benefit plan		6,577	17,677
Movement in net liability recognised			
Opening net liability		17,677	19,363
Expense for the year	13.1.3	16,083	15,894
Other comprehensive gain	13.1.4	(12,885)	(3,605)
Contributions		(14,298)	(13,975)
		6,577	17,677

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	Note	2021	2020
		------- (Rupees in '000) -------	
Movement in present value of defined benefit obligation			
Opening		132,484	113,983
Current service cost	13.1.3	15,004	14,440
Interest cost		13,150	13,083
Benefits paid		(8,381)	(5,277)
Actuarial gain on obligation	13.1.4	(13,000)	(3,745)
Closing		139,257	132,484
Movement in the fair value of plan assets			
Opening		114,807	94,620
Expected return on plan assets		12,071	11,629
Contributions		14,298	13,975
Benefits paid		(8,381)	(5,277)
Actuarial loss on obligation	13.1.4	(115)	(140)
		132,680	114,807

13.1.3 Amount recognised in consolidated statement of comprehensive income

	2021	2020
Current service cost	15,004	14,440
Interest cost	1,079	1,454
Expense for the year	16,083	15,894

13.1.4 Amount recognised in other comprehensive income

	2021	2020
Remeasurement gain on obligation	(13,000)	(3,745)
Remeasurement loss on plan assets	115	140
	(12,885)	(3,605)

13.1.5 Actual return on plan assets

	2021	2020
Expected return on assets	12,071	11,629
Actuarial loss	(115)	(140)
	11,956	11,489

13.1.6 Analysis of present value of defined benefit obligation

	2021	2020
Split by vested / non-vested		
(i) Vested benefits	139,257	132,484
(ii) Non-vested benefits	-	-
	139,257	132,484

13.1.7 Sensitivity analysis

	2021			2020		
	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%	-9.01%	(12,553)	+1%	-9.84%	(13,035)
	-1%	10.36%	14,429	-1%	11.42%	15,128
Salary increase rate	+1%	10.89%	15,166	+1%	11.87%	15,722
	-1%	-9.60%	(13,374)	-1%	-10.37%	(13,744)
Life expectancy / withdrawal rate	+10%	-0.04%	(51)	+10%	-0.12%	(163)
	-10%	0.04%	51	-10%	0.13%	166

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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.

13.1.8 Plan assets comprise of the following:

	2021 (Rupees in '000)	Percentage composition	2020 (Rupees in '000)	Percentage composition
Equity investments	14,851	11.20%	18,484	16.10%
Cash and bank deposits	80,928	60.99%	40,845	35.58%
Government securities	36,901	27.81%	55,478	48.32%
Fair value of plan assets	132,680	100%	114,807	100%

13.1.9 As per the actuarial recommendations, the expected return on plan assets was taken as 12.25% (2020: 10.25%), which is representative of yields on long-term Government bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

Based on actuarial advice, the Holding Company intends to charge an amount of Rs 14.762 million in the consolidated financial statements for the year ending December 31, 2022.

The expected contribution for the next one year should take into account the maximum annual contribution limit set by the Income Tax Rules, 2002 i.e. the basic payroll of the last month of the financial year end. If the contribution exceeds the limit defined in the Income Tax Rules, the Holding Company may apply to the Commissioner of Inland Revenue (CIR) for special contribution for the excess amount. The Expected Gratuity Expense is around 7.06% of annual basic salary which is lower than the maximum allowable limit of 8.33%. Therefore, the Holding Company may contribute up to Rs. 14.762 million during 2022.

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

	Less than a year	Between 1-2 Years	Between 2-5 years	Over 5 years	Total
	(Rupees in '000)				
2021					
Gratuity	11,323	14,431	14,876	66,787	107,417
2020					
Gratuity	9,043	5,550	19,611	471,011	505,215

13.1.11 Historical data on the deficit / (surplus) of the plan is as follows:

	2021	2020	2019	2018
	(Rupees in '000)			
Present value of defined benefit obligation	139,257	132,484	113,983	98,685
Fair value of plan assets	(132,680)	(114,807)	(94,620)	(77,468)
Deficit	6,577	17,677	19,363	21,217

13.2 Defined contribution plan - Provident Fund

The Holding Company has set up a provident fund for its permanent employees and contributions were made by the Holding 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, 2021 was Rs. 18.573 million (2020: Rs, 17.570 million). The net assets based on unaudited financial statements of Provident Fund as at December 31, 2021 are Rs. 139.248 million (2020: 121.474 million) out of which 94% were invested in different financial instruments categories as provided in Section 218 of the Companies Act, 2017 and the rules formulated therein. The carrying value of the investments of the provident fund as at December 31, 2021 (unaudited) was Rs. 139.248 million (2020: 121.474 million). The above investments out of provident fund have been made in accordance with the requirements of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	December 31, 2021 (un-audited) (Rupees in '000)	December 31, 2021 (un-audited) % of the size of the fund	December 31, 2020 (un-audited) (Rupees in '000)	December 31, 2020 (un-audited) % of the size of the fund
Government securities	33,085	23.76%	93,860	77.27%
Listed securities	6,133	4.40%	6,728	5.53%
Bank deposits	78,999	56.73%	2,546	2.10%
Mutual Funds	16,031	11.52%	13,340	10.98%
Term finance certificates	5,000	3.59%	5,000	4.12%
Total	139,248	100%	121,474	100%

13.3 Staff strength

	2021	2020
	(Number of employees)	
Number of employees as at December 31	185	183
Average number of employees during the year	184	192

14 PREPAYMENTS

	Note	2021	2020
		------- (Rupees in '000) -------	
Prepaid reinsurance premium ceded	23	1,327,669	1,001,740
Prepaid rent		28,154	26,117
Others		8,809	4,154
		1,364,632	1,032,011

15 CASH AND BANK

	Note	2021	2020
Cash and cash equivalents			
Cash in hand		60	556
Policy stamps in hand		1,320	-
Cash at bank			
Current accounts		6,288	12,850
Savings accounts	15.1	200,459	219,665
		206,747	232,515
		208,127	233,071

15.1 The balances in savings accounts carry mark-up ranging between 7% to 8.25% (2020: 5.5% to 6.5%) per annum.

15.2 Cash and cash equivalents for the purpose of consolidated statement of cash flows :

	Note	2021	2020
		------- (Rupees in '000) -------	
Cash and bank	15	208,127	233,071
Market Treasury Bills having original maturity of upto three months		601,056	777,452
		809,183	1,010,523

16 MOVEMENT IN NUMBER OF SHARES

	2021	2020
	(Number of Shares)	
At beginning of the year	191,838,400	191,838,400
Issuance of shares during the year	-	-
At end of the year	191,838,400	191,838,400

16.1 All ordinary shares carry equal voting and dividend rights.

	Note	2021	2020
		------- (Rupees in '000) -------	

17 SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT - NET OF TAX

	2021	2020
Opening balance	333,025	313,309
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation	(25,549)	(22,063)
Related deferred tax	7,409	6,398
	(18,140)	(15,665)
Change in fair value - net of tax	53,529	35,381
Closing surplus on revaluation of property and equipment	368,414	333,025

18 BORROWINGS

	Note	2021	2020
Lease liability against right-of-use assets - motor vehicle	18.2	135,180	136,461
Lease liability against right-of-use assets - rented premises	18.3	12,595	25,829
	18.1	147,775	162,290
Current portion		30,335	30,712
Non-current portion		117,440	131,578
		147,775	162,290

18.1 Lease liability against right-of-use assets

	2021			2020		
	Minimum lease Payments	Financial charges	Principal outstanding	Minimum lease Payments	Financial charges	Principal outstanding
	(Rupees in '000)					
Not later than one year	50,043	19,708	30,335	59,088	28,376	30,712
Later than one year and not later than five years	154,964	37,524	117,440	148,407	16,829	131,578
	205,007	57,232	147,775	207,495	45,205	162,290

18.2 The Holding Company leases motor vehicles from banks which are provided to employees as an employment benefit.

18.3 The Holding Company leases various offices, branches and other premises to meet its operational business.

19 INSURANCE / REINSURANCE PAYABLES

	2021	2020
	------ (Rupees in '000) ------	
Due to other insurers / reinsurers	1,593,114	1,603,918

20 DEFERRED TAXATION

	2021	2020
Deferred debits arising in respect of :		
- Provision for doubtful receivables	(56,066)	(54,420)
- Retirement benefit obligations	(1,907)	(5,126)
- Unrealised loss on investments	(24,556)	-
- Lease liability against right-of-use-assets	(45,359)	(46,850)
	(127,888)	(106,396)
Deferred credits arising due to		
- Accelerated tax depreciation	18,151	28,085
- Surplus on revaluation of property and equipment	170,045	148,181
- Fair value gain on investment properties	66,648	60,332
- Unrealised gain on investments	-	4,957
- Right-of-use assets	41,973	46,541
	296,817	288,096
	168,929	181,700

21 OTHER CREDITORS AND ACCRUALS

	2021	2020
	------- (Rupees in '000) -------	
Agent commission payable	260,084	202,315
Cash margin	283,589	258,329
Federal excise duty	82,541	40,771
Federal insurance fee	6,901	2,887
Accrued expenses	146,429	155,019
Payable to customers	172,546	-
Others	69,747	173,108
	1,021,837	832,429

22 CONTINGENCIES AND COMMITMENTS

22.1 The Holding Company is defending a suit against it by M/s Nawaz Enterprises for recovery of Rs. 9.45 million on account of insurance claim. The management, based on a advice of the legal counsel, is confident that the outcome of the case is likely to be in favour of the Holding Company.

22.2 The Holding Company is defending a suit filed against it and the beneficiary on account of damages by the Federation of Pakistan amounting to Rs. 4.929 million. The petition is pending for hearing before Civil Court judge. The management, based on a advice of the legal counsel, is hopeful that the outcome of the case is likely to be decided in favour of the Holding Company.

22.3 An appeal was filed before the Commissioner - Appeals, the Sindh Revenue Board (SRB) against the order passed by the Assistant Commissioner, SRB under section 23(1) of the Sindh Sales Tax on Services Act, 2011 for tax periods July 2011 to December 2012 in respect of re-insurance accepted transactions which was decided against the Holding Company. The department alleged that the Holding Company provided re-insurance services to local insurance companies and demanded Sindh sales tax on services under Sindh Sales Tax on Services Act, 2011. The Commissioner Appeals had decided the matter against the Holding Company. Against the order of the Commissioner - Appeals, further appeal had been filed before the Appellate Tribunal, SRB on January 16, 2015, which was also decided against the Holding Company. the Holding Company had filed an appeal in the Honourable High Court of Sindh which is pending adjudication. The management, based on advice of the legal counsel, is hopeful that the outcome of the case will be decided in favour of the Holding Company.

22.4 During the year 2018, the Sindh Revenue Board (SRB) raised a demand of tax of Rs 430.412 million under section 23(1) of Sindh Sales Tax on Services Act (SSTA), 2011, in respect of sales tax on reinsurance obtained from foreign re-insurers by the Holding Company. The department has also imposed a penalty of Rs 21.520 million.

The department alleged that the Holding Company has received re-insurance services from foreign re-insurance companies for the period from July 2011 to December 2014 and it is the contention of the department that these services are liable to sales tax under SSTA, 2011. The department attached the Holding Company's bank account and directed the Holding Company's banker to issue pay orders to SRB. The pay orders of Rs 58.028 million from the Holding Company's bank account were issued by the Holding Company's banker on December 27, 2018 upon direction of SRB.

The Holding Company had filed an appeal before the Commissioner Appeals on December 28, 2018 against the above order. The management in hearings held before the Commissioner (Appeals) SRB had submitted that:

- The payments to foreign re-insurance companies are not a service and is merely a re-distribution of the insurance risk and therefore the insurance premium. There is no value addition involved since in essence it is a sharing of the insurance risk between the insurer and re-insurers. The Management believes that the gross premium charged by the insurer was already subject to Sales Tax on the gross amount, hence it is illogical to again subject it to sales tax upon its re-distribution keeping in view the fact that neither any service is being provided to the policy holder nor any value addition is being made.

- These risk sharing arrangements have been made by the Holding Company with the re-insurance companies incorporated outside Pakistan with no legal or physical presence therefore it is the view that the provisions of Sindh Sales Tax laws are not applicable to these type of arrangements and are outside the jurisdiction of Sindh Sales Tax laws.

The management believes that even if it is assumed that Sindh Sales Tax on re-insurance provided to insurer / insurance companies is applicable, the law does not provide any mechanism for calculating the basis on which such tax will be imposed and its related payment and the same would have been claimed as adjustable input tax by the Holding Company against its output tax liability.

The Holding Company had also filed a constitutional petition before the Honourable High Court of Sindh at Karachi (the Court) on December 28, 2018 seeking protection from the above mentioned coercive action taken by the tax department. The Court had suspended the above mentioned attachment notice and also instructed the bank that the said pay orders should not be encashed.

During the year ended December 31, 2020, the Court of Sindh has disposed of the constitutional petition together with the other similar petitions and has ordered SRB not to enforce recovery of impugned demand before expiry of seven days of the receipt of the final decision in appeal or stay application by the Commissioner (Appeals) SRB, whichever is earlier.

The management, based on the advice received from their tax and legal advisors, is confident that this matter is likely to be decided in favour of the Holding Company. the Group has recorded Rs 58.028 million as 'other receivable' in these consolidated financial statements.

Further, during the year, the Holding Company, along with the Insurance Association of Pakistan (IAP) and other insurance companies, has also filed a constitutional petition in the Honourable High Court of Sindh challenging the levy of Sindh Sales Tax on reinsurance. The Court has abstained the respondents from passing an adverse order against notices issued to the petitioners.

22.5 During the year ended December 31, 2020, one of the policyholders lodged a claim with the Holding Company under Export Credit Insurance Policy due to insolvency of one of their customers. The Holding Company appointed a surveyor to verify the claim. Appointed surveyor through its survey report concluded that this claim was a 'NO LOSS' claim and was outside the scope of the insurance cover. Based on the outcome of the survey report by appointed surveyor, the policyholder filed a complaint with the SECP against the Holding Company and the appointed surveyor. The SECP directed the Holding Company to appoint another surveyor to conduct the verification procedures. Other surveyor after performing their due procedures (including consultation with a lawyer) also concluded this claim to be 'NO LOSS' due to the same facts that were stated by the appointed surveyor.

During the current year, the policyholder, through its legal counsel served a legal notice to the Holding Company for claiming losses amounting to USD 709,356 under the afore-mentioned insurance policy. The Holding Company responded to the subject legal notice after consulting its legal counsel and rejected the claim based on the grounds mentioned in the paragraph above. Subsequently, the Holding Company received a legal notice from the Insurance Tribunal, Faisalabad summoning the representatives of the Holding Company and seeking the written response. The Holding Company through its legal counsel has submitted its response to the Insurance Tribunal explaining the basis of its contention.

In this connection, the proceedings of the Insurance Tribunal are under progress and there has been no correspondence on this matter after the response was submitted by the Holding Company. The management of the Holding Company believes that it has a strong case based on the reports of the two reputed independent surveyors and the advice of the legal counsel. Accordingly, no provision has been recognised in respect of this matter in the consolidated financial statements of the Holding Company for the year ended December 31, 2021.

22.6 The contingencies relating to taxation are given in note 30.2 to the consolidated financial statements.

23 NET INSURANCE PREMIUM

	Note	2021	2020
		------- (Rupees in '000) -------	
Written gross premium	23.1	7,388,824	5,476,591
Add: Unearned premium reserve - opening		1,913,043	1,860,409
Less: Unearned premium reserve - closing		(2,674,247)	(1,913,043)
Premium earned	23.1	6,627,620	5,423,957
Less: Reinsurance premium ceded		(4,237,587)	(3,132,579)
Add: Prepaid reinsurance premium ceded - opening		(1,001,740)	(972,374)
Less: Prepaid reinsurance premium ceded - closing		1,327,669	1,001,740
Reinsurance expense		(3,911,658)	(3,103,213)
		2,715,962	2,320,744

23.1 This includes an amount of Rs. 110.891 million (2020: 66.402 million) and 54.088 million (2020: 36.542 million) in respect of amount written and earned on tracking services.

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	Note	2021	2020
		------- (Rupees in '000) -------	

24 NET INSURANCE CLAIMS

	Note	2021	2020
Claims paid		3,676,785	2,181,572
Add: Outstanding claims (including IBNR) - closing		2,584,937	2,626,867
Less: Outstanding claims (including IBNR) - opening		(2,626,867)	(1,512,227)
Claims expense		3,634,855	3,296,212
Less: Reinsurance and other recoveries received		(2,388,333)	(1,046,752)
Add: Reinsurance and other recoveries in respect of outstanding claims - closing	24.3	(1,914,772)	(2,165,642)
Less: Reinsurance and other recoveries in respect of outstanding claims - opening		2,165,642	1,012,984
Reinsurance and other recoveries revenue		(2,137,463)	(2,199,410)
		1,497,392	1,096,802

24.1 Claims development tables

The following table shows the development of fire claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Analysis on gross basis

Accident year	2017	2018	2019	2020	2021 (Including IBNR)	Total
	-------	-------	-------	(Rupees in '000)	-------	-------
Estimate of ultimate claims cost:						
At end of accident year	363,401	575,330	462,385	1,593,639	947,831	3,942,586
One year later	330,493	364,402	468,609	1,574,803	-	2,738,307
Two years later	305,808	356,781	710,275	-	-	1,372,864
Three years later	303,591	480,517	-	-	-	784,108
Four years later	294,775	-	-	-	-	294,775
Estimate of cumulative claims	294,775	480,517	710,275	1,574,803	947,831	4,008,201
Cumulative payments to date	(291,515)	(331,063)	(350,116)	(1,233,254)	(814,197)	(3,020,145)
Liability recognised in the consolidated statement of financial position	3,260	149,454	360,159	341,549	133,634	988,056

The above effects have been worked out on the assumption that increase / decrease in net claims expense pertains to individual segment in isolation.

24.2 Movement of IBNR / PDR

	2021 IBNR	2021 PDR	2020 IBNR	2020 PDR
	-------	(Rupees in '000)	-------	-------
IBNR / PDR - opening	76,333	-	78,366	21,111
Charge / (reversal) during the year	17,629	1,345	(2,033)	(21,111)
IBNR / PDR - closing	93,962	1,345	76,333	-

24.3 This includes a receivable balance amounting to Rs 304 million in respect of reinsurance recovery against an outstanding claim. The management of the Holding Company is in the process of commercial negotiations for amicable settlement of this balance. In case of any adverse outcome of the negotiations, the Group, based on legal opinion, is confident that the balance will be recovered in full on account of strong legal merits.

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		Note	2021	2020
			------- (Rupees in '000) -------	

25 NET COMMISSION EXPENSE

		Note	2021	2020
	Commission paid or payable		782,368	547,789
Add:	Deferred commission expense - opening		186,464	178,261
Less:	Deferred commission expense - closing		(264,221)	(186,464)
	Net commission		704,611	539,586
Less:	Commission received or receivable		(652,528)	(505,482)
	Add: Unearned reinsurance commission - opening		(212,055)	(174,561)
	Less: Unearned reinsurance commission - closing		218,690	212,055
	Commission from reinsurers		(645,893)	(467,988)
			58,718	71,598

26 MANAGEMENT EXPENSES

	Note	2021	2020
Employee benefit cost	26.1.1	461,145	463,197
Rent, rates and taxes		47,541	52,124
Electricity and gas		16,111	13,289
Repairs and maintenance		19,873	17,021
Communication		26,320	32,664
Tracker related expenditures		38,250	63,821
Depreciation and amortisation	26.1.2	121,453	108,068
Bad and doubtful debts	12.2	8,981	15,682
Vehicle running expenses		37,020	38,064
Travelling expenses		12,285	11,679
Representation expenses		3,979	6,184
Printing and stationery		5,881	5,091
Legal and professional		36,939	33,880
Advertisement expenses		11,200	9,895
Miscellaneous		2,880	3,112
	26.1	849,858	873,771

26.1 During the year, the Holding Company has allocated certain management expenses to Window Takaful Operations on the basis of reasonable and supportable information available for determining such allocation amounting to Rs. 71.603 million (2020: 47.543 million).

		2021			2020		
	Note	Total Expense	Allocated to WTO	Net Expense	Total Expense	Allocated to WTO	Net Expense
		---------- (Rupees in '000) ----------					
Employee benefit cost	26.1.1	507,154	46,009	461,145	489,272	26,075	463,197
Rent, rates and taxes		54,588	7,047	47,541	57,156	5,032	52,124
Electricity and gas		18,199	2,088	16,111	14,603	1,314	13,289
Repairs and maintenance		21,233	1,360	19,873	17,889	868	17,021
Communication		27,573	1,253	26,320	33,504	840	32,664
Tracker related expenditures		38,250	-	38,250	63,821	-	63,821
Depreciation and amortisation	26.1.2	126,006	4,553	121,453	114,550	6,482	108,068
Bad and doubtful debts		8,981	-	8,981	15,682	-	15,682
Vehicle running expenses		41,669	4,649	37,020	38,064	-	38,064
Travelling expenses		13,835	1,550	12,285	16,084	4,405	11,679
Representation expenses		4,495	516	3,979	6,796	612	6,184
Printing and stationery		6,643	762	5,881	5,592	501	5,091
Legal and professional		36,939	-	36,939	33,880	-	33,880
Advertisement expenses		12,651	1,451	11,200	10,923	1,028	9,895
Miscellaneous		3,245	365	2,880	3,498	386	3,112
		921,461	71,603	849,858	921,314	47,543	873,771

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		Note	2021	2020
			------- (Rupees in '000) -------	
26.1.1	**Employee benefit cost**			
	Salaries, allowance and other benefits		472,498	455,808
	Charges for post employment benefit	13.1.3 & 13.2	34,656	33,464
	Less: employee benefit cost allocated to Window Takaful Operations		(46,009)	(26,075)
			461,145	463,197
26.1.2	**Depreciation and amortisation**			
	Depreciation and amortisation charged during the year	5 & 6	126,006	114,550
	Less: depreciation and amortisation allocated to Window Takaful Operations		(4,553)	(6,482)
			121,453	108,068
27	**INVESTMENT INCOME**			
	Income from equity securities			
	Fair value through profit or loss			
	Dividend income		19,971	794
	Income from debt securities			
	Fair value through profit or loss			
	Return on government securities		167,518	248,641
	Return on term finance certificate		13,595	12,804
	Held to maturity			
	Return on government securities		-	26,864
	Income from term deposits			
	Held to maturity			
	Return on term deposits		4,099	24,353
	Net realised gain / (loss) on investments			
	Fair value through profit or loss			
	Mutual funds		22,955	(13,130)
	Government securities		972	34,407
	Held to maturity			
	Government securities		-	13,929
			23,927	35,206
	Net unrealised loss on investments			
	Fair value through profit or loss			
	Mutual funds		(67,026)	6,489
	Government securities		(17,650)	(10,857)
	Total investment income		144,434	344,294
28	**OTHER INCOME**			
	Return on bank balances		36,185	22,494
	Gain on sale of operating assets	5.2	29,680	13,149
	Exchange gain		-	578
	Fair value gain on investment properties	7	21,778	802
	Training income		12,719	2,853
	Miscellaneous		3,412	4,258
			103,774	44,134
29	**OTHER EXPENSES**			
	Group shared services expenses		6,920	12,997
	Insurance expense		17,934	15,784
	Repairs and maintenance		2,808	1,959
	Education and training		-	-
	Legal and professional	29.1	3,291	2,561
	Auditors' remuneration	29.2	8,618	5,812
	Donations	29.3	5,825	6,132
	Miscellaneous		13,058	8,982
			58,454	54,227

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29.1 This includes a fine of Rs 0.125 million imposed by Securities and Exchanges Commission of Pakistan (SECP) against certain non-compliances of Anti Money Laundering and Counter Financing of Terrorism Regulation, 2018 identified during on-site inspection conducted during the year.

29.2 **Auditor's remuneration**	**2021**	**2020**
	------ (Rupees in '000) -------	
Fee for statutory audit	1,558	1,381
Fee for audit of consolidated financial statements	330	300
Fee for interim review	605	550
Fee for audit of regulatory return	907	825
Special certifications and sundry services	165	150
Tax advisory and other consultancy services	4,563	2,161
Out of pocket expenses	490	445
	8,618	5,812

29.3 This represents donation paid to Packages Foundation (a related party), in which Mr Shamim Ahmed Khan and Syed Hyder Ali (directors of the Group) are Trustees.

30 **TAXATION**	**2021**	**2020**
	------- (Rupees in '000) ------	
For the year		
Current	213,525	207,168
Deferred	(38,372)	(8,900)
	175,153	198,268

30.1 Effective tax rate reconciliation

Numerical reconciliation between the average tax rate and the applicable tax rate for the year ended December 31, 2021 is as follows.

	2021 (Effective tax rate) (%)	**2021 '000**	**2020 (Effective tax rate) (%)**	**2020 '000**
Profit before tax		603,255		684,334
Tax at enacted tax rate	29.00	174,944	29.00	198,457
Others	0.03	209	0.03	(189)
	29.03	175,153	29.03	198,268

30.2 Taxation

30.2.1 The Holding Company has a group taxation policy with its Ultimate Parent under section 59AA of the Income Tax Ordinance, 2001 under which payments of tax are made through the Holding Company.

The income tax assessments of the Holding Company have been finalised up to and including the tax year 2017. However, the Holding Company has filed appeals in respect of certain assessment years which mainly relate to the following:

30.2.2 While finalising the assessment for the year 1999-2000 the Taxation Officer had not allowed credit for tax paid under section 54 amounting to Rs. 3 million for which rectification application is filed which is pending.

The Holding Company has also filed applications in respect of certain mistakes made in the orders passed under section 124 of the Income tax Ordinance for 2001-2002 and 2002-2003. The applications filed were rejected by the T.O. against which appeals had been filed with the CIT (A) which are pending.

The Additional Commissioner of Income Tax (AC) has issued notice under section 122 (5A) of the Income Tax Ordinance, 2001 in respect of the tax year 2005 and 2006 whereby he has proposed to disallow claim of expenses and exemption in respect of gain on sale of shares and taxed income from associates. Against the above notice, the Holding Company has filed a constitutional petition before the Honourable High Court. The regular hearing of petition is currently pending with the High Court.

30.2.3 In respect of tax year 2007, all significant issues involved amounting to Rs. 7 billion were decided in favour of the Holding Company by CIR(A) and then by the ATIR. However, no appeal effect order has been passed. Further, certain matters amounting to Rs. 82 million that were remanded back to DCIR by the CIR(A) were not decided upon by the High Court. The Holding Company has written a letter to the taxation officer for passing appeal effect orders. The department had filed Income Tax Reference Application before Honourable High Court of Sindh against the deletion of the addition made on account of re-characterisation of actual realized capital gain. The said Income Tax Reference Application was heard by Honourable High Court and the judgment has been passed in favour of the Holding Company.

The tax department has further filed a civil petition before the Honourable Supreme Court of Pakistan against the judgement of the Honourable High Court which is pending adjudication.

30.2.4 In case of tax year 2008, the Additional Commissioner Audit Division-II had issued notice under section 122 (5A) of the Ordinance for passing an amended order on certain issues. The Holding Company filed a writ petition before the Honourable High Court of Sindh which dismissed the petition by directing the Holding Company to submit its responses to the assessing authority. Moreover, the Honourable High Court had directed the assessing authority to pass the order, preferably within two months of the service of the Court's order, strictly in accordance with law keeping in view the provisions relating to insurance business and the decisions of the High Court and the Supreme Court on the subject issues. However, to-date no notice has been received from the taxation authorities.

The additional Commissioner Audit zone III LTU Karachi issued another notice under section 122(5A) of the Ordinance in May 14, 2014 and passed an amended assessment order under section 122(5A) by disallowing provision for IBNR and allocation of expense against capital gains and dividend income. As a result of amended assessment demand of Rs. 63.166 million was created. Against the disallowances made by the ACIR, the Holding Company has filed an appeal before the Commissioner Inland Revenue (Appeals) and also filed an application for stay of demand. Pursuant to the stay application, the CIR(A) has granted stay of demand to the Holding Company. Against the above disallowance, the Holding Company filed an appeal before the learned Appellate Tribunal Inland Revenue. Further, the Holding Company challenged the assessment order on the ground that the assessment was barred by limitation of time. Moreover, the department filed a cross appeal before the ATIR challenging the relief granted by the CIR(A). The ATIR has decided both the appeals on the point of limitation of law as contained under section 122(2) of the Ordinance and have decided the appeal in favour of the Holding Company. Moreover, the departmental appeal has also been rejected being treated as infructuous. The department has filed a reference application before the Sindh High Court against the order of the ATIR which is pending adjudication.

Moreover, pursuant to the decision of the CIR(A), the ACIR has passed an appeal effect order duly incorporating the relief granted by the CIR(A) in respect of allocation of expenses and tax refundable of Rs. 18.030 million has been determined.

30.2.5 In case of tax year 2009, the Deputy Commissioner of Inland Revenue (DCIR) has passed the amended order under section 122(5A) of the Ordinance by disallowing provisions on account of IBNR, Unearned Commission and allocation of expenses relating to exempt income. As a result of amended assessment demand of Rs 141 million was created. The DCIR has made certain errors in the order for which application for rectification was filed. Rectified order under Section 221 has been passed and as a result demand has been reduced to Rs. 51 million. The learned CIR(A) has granted partial relief in respect of certain issue and confirmed certain disallowances. The Holding Company filed further appeal before the appellate tribunal inland revenue (ATIR) in respect of issues on which relief was not allowed by the CIR(A). The ATIR, pursuant to the appeals filed against the order of CIR(A), has now passed the order whereby the ATIR has confirmed disallowance made on account of provision for IBNR. Further issue of allocation of expenses against investment income has been remanded back to CIR(A). As regards, the issue of addition made on account of provision of unearned commission, the ATIR has upheld the decision of CIR(A) whereby disallowance made on this score is deleted. In respect of issues decided against the Holding Company, a reference application was filed before Honourable Sindh High Court where the IBNR issue has been decided in favour of the Holding Company whereas remaining issues are pending adjudication.

The Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend income, commission income and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. As a result of the amended assessment demand of Rs.31.420 million was created. The Holding Company paid an amount of Rs.10 million and obtained stay from the Commissioner Inland Revenue till August 31, 2015 in respect of payment of the remaining tax demand of Rs. 21.420 million. Further, against the above treatment meted out by the ACIR, the Holding Company has filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. The Holding Company also filed a petition against the said order before the Honourable Sindh High Court which was disposed off with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

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30.2.6 In case of tax year 2010, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. Further, the ACIR has disallowed provision of IBNR under section 34(3) of the Ordinance. As a result of the amended assessment demand of Rs.93.445 million has been created. The Holding Company has filed appeal and application for stay of tax demand before the CIR(A) against the above assessment order. The Holding Company has also filed a petition against the said order before the Honourable Sindh High Court which is pending adjudication.

Pursuant to the appeal, the learned CIR(A) vide combined appellate order No.21 and 22/A-1 dated 10 March 2016 has decided all issues in favour of the Holding Company. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

30.2.7 In case of tax year 2011, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR, claim of brought forward loss for the tax year 2008 and refund adjustments for tax years 2004 and 2009 in the amended assessment order . Moreover, Workers' Welfare Fund @ 2% of the accounting profit for the year has also been levied. As a result of the amended assessment demand of Rs.142.414 million has been created. The Holding Company has filed appeal and application for stay of tax demand before the CIR(A) against the above assessment order.

Pursuant to the appeal, the learned CIR(A) vide combined appellate order No. 21 & 22/A-1 dated 10 March 2016 has decided the following issues in favour of the Holding Company:

(a) Chargeability of tax on dividend income and property income at corporate tax rate;
(b) Provision for IBNR;
(c) Levy of Workers' welfare fund for the year.

As regards, credit / adjustment of refunds available to the Holding Company, the CIR(A) has remanded back the issue with the directions to verify the claim of refunds and allow the adjustment as per law. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue(ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

30.2.8 In case of tax year 2012, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR amounting to Rs. 33 million in the amended assessment order. As a result of the amended assessment, demand of Rs. 106.563 million was created. The Holding Company has obtained stay from the Honourable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, the Holding Company also filed an appeal before CIR(A) which is pending adjudication. The stay from the Honourable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed. The learned CIR(A) has passed the appellate order wherein both the aforesaid issues have been decided in favour of the Holding Company.

The department has filed an appeal before Appellate Tribunal, Inland Revenue (ATIR) against the order passed by the CIR(A) which is pending adjudication.

30.2.9 In case of tax year 2013, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR, claim of brought forward loss for the tax year 2012 and has also made an addition on account of disposal of fixed assets at less than fair market value (FMV) in the amended assessment order. As a result of the amended assessment, demand of Rs. 95.008 million was created. Against the aforesaid order, the Holding Company has filed an appeal before CIR(A). Pursuant to the appeal, the learned CIR(A) vide appellate order No. 10/A-1 dated 05 October 2016 has decided the following issues in favour of the Holding Company:

(a) Chargeability of tax on dividend income and property income at corporate tax rate;
(b) Provision for IBNR amounting to Rs. 33 million;
(c) Addition on account of disposal of fixed assets.

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Further the CIR(A) has remanded back the issues in respect of adjustment of brought forward loss for the tax year 2012 and credit of Workers' Welfare Fund paid with the return of income. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue(ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

30.2.10 In case of tax year 2014, case of the Holding Company was selected for audit under section 177 of the ordinance and subsequently, the Deputy Commissioner Inland Revenue (DCIR) has passed an amended assessment order under section 122(1) of the Ordinance wherein tax on dividend income has been charged at corporate tax rate (i.e. 34% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR and has also made an addition on account of disposal of fixed assets at less than Fair Market Value (FMV) and motor car expenses paid in cash under section 21(l) in the amended assessment order. As a result of the amended assessment, demand of Rs. 148.444 million was created. The Holding Company has obtained stay from the Honorable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, the Holding Company has also filed an appeal before CIR(A). The stay from the Honorable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed is finalised.

Pursuant to the appeal before CIR(A), the CIR(A) has passed the appellate order whereby issues in respect of levy of tax on dividend income at corporate tax rates, disposal of vehicles at less than FMV and levy of WWF have been decided in favour of the Holding Company. However, issues in respect of levy of minimum tax under section 113, provision for IBNR and motor car expenses in cash has been decided against the Holding Company. the Holding Company has filed further appeal before the ATIR in respect of the issues decided against the Holding Company except issue of motor car expenses paid in cash, which is pending adjudication.

30.2.11 In case of tax year 2015, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 33% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. Further, the ACIR has levied Super tax under section 4B of the ordinance amounting to Rs. 27.743 million and Workers' Welfare Fund for the year. As a result of the amended assessment, demand of Rs. 234.287 million was created. the Holding Company has obtained stay from the Honourable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, the Holding Company has also filed an appeal before CIR(A). The stay from the Honourable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

Pursuant to the appeal before CIR(A), the CIR(A) has passed the appellate order whereby issue of levy of tax on dividend income at corporate tax rates has been decided in favour of the Holding Company whereas the issue of levy of Super tax under section 4B has been decided against the Holding Company. Furthermore, the CIR(A) has remanded back the issue of levy of WWF. the Holding Company has filed further appeal before the ATIR in respect of the issue of levy of Super tax, which is pending adjudication.

The ACIR also passed an appeal effect order whereby a tax demand of Rs.2.776 million was created. While passing the aforesaid order, the ACIR did not consider the impact of payment of WWF for the year amounting to Rs. 3.635 million. Accordingly, a rectification application was duly filed pursuant to which the ACIR has now passed a rectified order whereby a refund of Rs. 0.859 million has been created.

The ACIR also passed an order under section 221 of the Ordinance charging Super tax under section 4B amounting to Rs 27.912 million. Without prejudice to the stance in appeal, the Holding Company made payment of Rs 20 million in respect of the Super tax liability under section 4B whereas the remaining Super tax demand of Rs 7.912 million was adjusted against the refund of tax year 2008. the Holding Company filed an application with the ACIR requesting to annul the order based on various legal grounds, however, no order was passed in this regard. Moreover, the Holding Company also filed an appeal before the CIR(A) in respect of the order passed under section 221 of the Ordinance. Pursuant to the above appeal, the CIR(A) passed the appellate order wherein the action of the ACIR in charging super tax under section 221 of the Ordinance was annulled. the Holding Company has written a letter to the concerned taxation officer for passing appeal effect order in line with the appellate order passed by the CIR(A), which is pending. The tax department has also filed further appeal before the ATIR against the order passed by the CIR(A), which is pending adjudication.

30.2.12 The case for tax year 2015 was further selected for audit under section 177 of the Ordinance. The Holding Company submitted all the information requested through the Information and Document Request (IDR) pursuant to which a show-cause notice was issued in December 2017. During the year, the Deputy Commissioner Inland Revenue (DCIR) has passed an amended assessment order under section 122(4) of the Income Tax Ordinance, 2001 wherein tax on outstanding commission payable has been imposed on account of being outstanding for more than three years and provision for IBNR has been disallowed. As a result of the amended assessment, demand of Rs. 62.032 million was created. The Holding Company has filed an appeal and stay application before the Commissioner Inland Revenue (Appeals) (CIRA) against the order. While the appeal is pending adjudication, the CIRA has granted stay against the order.

30.2.13 In case of tax year 2016, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend income has been charged at corporate tax rate (i.e. 32% for the year) by treating such income as business income of the Holding Company under Fourth Schedule to the Ordinance. Further, the ACIR has disallowed the claim of expense on account of health administrative services under section 21(c) of the ordinance and has also made an addition on account of disposal of fixed assets at less than Fair Market Value (FMV) in the amended assessment order. As a result of the amended assessment, demand of Rs. 105.190 million was created. the Holding Company has filed stay application in respect of the above tax demand in the Honourable High Court of Sindh and also filed an appeal against the aforesaid order before the CIR(A).

Pursuant to the appeal before CIR(A), the CIR(A) has passed the appellate order whereby issues in respect of levy of tax on dividend income at corporate tax rates and disposal of vehicles at less than FMV have been decided in favour of the Holding Company whereas the issue of non-deduction of tax on payment for health plan administrative services under section 21(c) of the Ordinance has been decided against the Holding Company.

The management and tax advisor of the Holding Company are confident that the above matters will be decided in the Holding Company's favour. Accordingly, no provision has been recognised in these consolidated financial statements.

31 EARNINGS PER SHARE

	2021	2020
	------- (Rupees in '000) -------	
Profit (after tax) for the year	428,102	486,066
	(Number of shares)	
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	191,838,400	191,838,400
	(Rupees)	
Earnings per share	2.23	2.53

32 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associates, related group companies, directors of the Group, key management personnel, post employment benefit plans and other related parties. The Group in the normal course of business carries out transactions with various related parties at agreed / commercial terms and conditions. Amounts due to / from and other significant transactions, other than those disclosed else where in these consolidated financial statements, are as follows:

	Ultimate Parent Company		Post employment benefit plans		Key management personnel (including directors)		Other related parties	
	2021	2020	2021	2020	2021	2020	2021	2020
	------ (Rupees in '000) ------							
Transactions								
Premium underwritten	120	-	-	-	475	505	414,739	385,896
Premium collected	-	-	-	-	475	505	407,782	373,283
Claims expense	-	-	-	-	191	46	27,289	91,751
Claims paid	-	-	-	-	-	-	18,826	97,544
Commission expense	-	-	-	-	-	-	-	1,267
Commission paid	-	-	-	-	-	-	-	3,423
Rental income	-	-	-	-	-	-	30,810	29,918
Dividend paid	360,000	520,000	-	-	-	-	-	-
Key management personnel compensation	-	-	-	-	246,298	234,637	-	-
Charge in respect of gratuity fund	-	-	16,083	15,894	-	-	-	-
Charge in respect of provident fund	-	-	18,573	17,570	-	-	-	-
Contribution to gratuity fund	-	-	14,298	13,975	-	-	-	-
Contribution to provident fund	-	-	10,683	15,352	-	-	-	-
Insurance premium expense	-	-	-	-	-	-	10,123	8,634
Insurance premium paid	-	-	-	-	-	-	10,123	8,634
Donation paid	-	-	-	-	-	-	4,865	5,732
Rent paid	-	-	-	-	-	-	1,747	1,586
Profit received from Window takaful operations							26,677	71,418
Expense allocated to Window takaful operations							71,603	47,543

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	Ultimate Parent Company		Post employment benefit plans		Key management personnel (including directors)		Other related parties	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in '000)							
Balances								
Premium receivable	-	-	-	-	-	-	36,090	29,133
Outsanding claim	-	-	-	-	-	-	8,463	-
Other receivable / (payable)	4,089	4,955	-	-	-	-	145,695	121,296
Payable to gratuity fund	-	-	(6,577)	(17,677)	-	-	-	-
Receivable from / (payable) to provident fund	-	-	15,571	7,681	-	-	-	-

The maximum aggregate amount due from related parties outstanding during the year aggregated to Rs. 128.517 million (2020: Rs. 116.818 million).

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

S. No.	Name of related party	Basis of association / relationship
1	IGI Life Insurance Limited	Subsidiary of Ultimate Parent Company
2	IGI Finex Securities Limited	Subsidiary of Ultimate Parent Company
3	IGI Investment (Pvt.) Limited	Subsidiary of Ultimate Parent Company
4	DIC Pakistan Limited	Associate
5	Bulleh Shah Packaging (Pvt.) Limited	Associate
6	Tri Pack Films Limited	Associate
7	Packages Real Estate (Pvt.) Limited	Associate
8	Packages Limited	Associate
9	Omypack (Pvt.) Limited	Associate
10	Syed Babar Ali	Other related party
11	Syed Hyder Ali	Other related party
12	Shamim Ahmed Khan	Other related party
13	Packages Foundation	Associate

33 COMPENSATION FOR DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Fee for attending board meeting	-	-	5,475 *	4,850 *	-	-
Managerial remuneration	17,384	15,804	-	9,551	80,505	66,102
Bonus	10,384	15,222	-	4,215	42,864	36,645
Retirement benefits (including provident fund)	1,738	1,580	-	784	7,855	6,610
Housing and utilities	9,612	8,744	-	4,385	43,887	37,993
Medical expenses	1,738	1,580	-	-	4,265	2,467
Conveyance allowance	623	703	-	304	9,110	7,263
Others	4,088	3,658	-	653	6,770	5,524
	45,567	47,291	5,475	24,742	195,256	162,604
Number of persons	1	1	5	5	28	24

* This includes fee for attending Board meeting of directors.

33.1 Chief Executive and executives of the Holding Company are provided with Holding Company's maintained cars, mobile phones and residential telephones.

34 SEGMENT REPORTING

The Company has five primary business segments for reporting purposes namely fire and property damage, marine, aviation and transport, motor, accident and health and miscellaneous.

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

Particulars	2021					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	(Rupees in '000)					
Premium receivable (inclusive of Sindh sales tax, federal insurance fee and administrative surcharge)	2,769,248	1,051,651	1,935,606	883,974	1,830,587	8,471,066
Less: Federal Excise Duty	(344,000)	(119,206)	(254,497)	(18,730)	(224,159)	(960,592)
Federal Insurance Fee	(23,357)	(8,768)	(16,663)	(8,624)	(15,881)	(73,293)
Stamp duty	(118)	(45,345)	(1,547)	(9)	(1,338)	(48,357)
Gross written premium (inclusive of administrative surcharge)	2,401,773	878,332	1,662,899	856,611	1,589,209	7,388,824
Gross direct premium	2,393,129	863,253	1,609,167	855,559	1,556,136	7,277,244
Administrative surcharge	8,644	15,079	53,732	1,052	33,073	111,580
	2,401,773	878,332	1,662,899	856,611	1,589,209	7,388,824
Insurance premium earned	2,237,805	864,732	1,557,005	588,631	1,379,447	6,627,620
Insurance premium ceded to reinsurers	(2,015,027)	(569,041)	(171,148)	-	(1,156,442)	(3,911,658)
Net insurance premium	222,778	295,691	1,385,857	588,631	223,005	2,715,962
Commission income	322,472	184,415	37,995	-	101,011	645,893
Net underwriting income	545,250	480,106	1,423,852	588,631	324,016	3,361,855
Insurance claims	(1,278,006)	(422,518)	(759,183)	(526,011)	(649,137)	(3,634,855)
Insurance claims recovered from reinsurers	1,238,384	292,265	65,289	-	541,525	2,137,463
Net claims	(39,622)	(130,253)	(693,894)	(526,011)	(107,612)	(1,497,392)
Commission expense	(278,239)	(107,753)	(190,095)	(23,335)	(105,189)	(704,611)
Management expenses	(276,250)	(101,025)	(191,266)	(98,528)	(182,789)	(849,858)
Net insurance claims and expenses	(594,111)	(339,031)	(1,075,255)	(647,874)	(395,590)	(3,051,861)
Premium deficiency	-	-	-	(1,345)	-	(1,345)
Underwriting result	(48,861)	141,075	348,597	(60,588)	(71,574)	308,649
Investment income						144,434
Rental income						30,810
Other income						103,774
Other expenses						(58,454)
Result of operating activities						529,213
Finance cost on right-of-use assets						(12,714)
Profit from window takaful operations						86,756
Profit before tax						603,255
Segment assets	2,697,287	605,079	843,598	316,181	1,593,509	6,055,654
Unallocated assets	-	-	-	-	-	5,162,325
Assets of Window Takaful Operations - Operator's Fund						440,158
						11,658,137
Segment liabilities	2,592,647	706,693	1,458,944	733,918	1,582,050	7,074,252
Unallocated liabilities	-	-	-	-	-	1,345,117
Total liabilities of Window Takaful Operations - Operator's Fund						328,561
						8,747,930

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Particulars	2020					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	(Rupees in '000)					
Premium receivable (inclusive of Sindh sales tax, federal insurance fee and administrative surcharge)	2,271,992	788,943	1,688,731	447,837	1,102,999	6,300,502
Less: Federal Excise Duty	(285,933)	(91,532)	(222,207)	(7,112)	(138,251)	(745,035)
Federal Insurance Fee	(19,235)	(6,697)	(14,500)	(4,362)	(9,598)	(54,392)
Stamp duty	(105)	(22,325)	(1,343)	(8)	(703)	(24,484)
Gross written premium (inclusive of Administrative Surcharge)	1,966,719	668,389	1,450,681	436,355	954,447	5,476,591
Gross direct premium	1,960,113	657,062	1,405,479	435,667	948,627	5,406,948
Administrative surcharge	6,606	11,327	45,202	688	5,820	69,643
	1,966,719	668,389	1,450,681	436,355	954,447	5,476,591
Insurance premium earned	1,939,284	667,422	1,441,105	402,522	973,624	5,423,957
Insurance premium ceded to reinsurers	(1,729,708)	(407,612)	(151,394)	-	(814,499)	(3,103,213)
Net insurance premium	209,576	259,810	1,289,711	402,522	159,125	2,320,744
Commission income	229,912	121,360	33,756	-	82,960	467,988
Net underwriting income	439,488	381,170	1,323,467	402,522	242,085	2,788,732
Insurance claims	(1,586,636)	(338,398)	(638,052)	(303,386)	(429,740)	(3,296,212)
Insurance claims recovered from reinsurers	1,488,851	226,087	101,147	-	383,325	2,199,410
Net claims	(97,785)	(112,311)	(536,905)	(303,386)	(46,415)	(1,096,802)
Commission expense	(223,750)	(74,535)	(169,284)	(12,772)	(59,245)	(539,586)
Management expenses	(313,783)	(106,639)	(231,451)	(69,619)	(152,279)	(873,771)
Net insurance claims and expenses	(635,318)	(293,485)	(937,640)	(385,777)	(257,939)	(2,510,159)
Premium deficiency	-	-	-	21,111	-	21,111
Underwriting result	(195,830)	87,685	385,827	37,856	(15,854)	299,684
Net investment income						344,294
Rental Income						29,918
Other income						44,134
Other expenses						(54,227)
Result of operating activities						663,803
Finance cost on right-of-use assets						(16,142)
Profit from window takaful operations						36,673
Profit before tax						684,334
Segment assets	2,693,783	491,379	783,352	153,746	1,105,416	5,227,676
Unallocated assets	-	-	-	-	-	5,026,172
Assets of Window Takaful Operations - Operator's Fund						202,904
						10,456,752
Segment liabilities	2,799,138	603,310	1,367,163	369,016	1,218,375	6,357,002
Unallocated liabilities	-	-	-	-	-	1,194,095
Total liabilities of Window Takaful Operations - Operator's Fund						126,227
						7,677,324

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35 MOVEMENT IN INVESTMENTS

	2021		
	Held to maturity	Fair value through profit or loss	Total
	(Rupees in '000)		
As at January 1, 2021	-	2,903,657	2,903,657
Additions	651,000	8,925,666	9,576,666
Disposals (sale and redemptions)	(651,000)	(8,854,760)	(9,505,760)
Net fair value gains (excluding net realised gains)	-	(84,676)	(84,676)
Amortisation of premium / discount	-	78,140	78,140
Total	-	2,968,027	2,968,027

	2020		
	Held to maturity	Fair value through profit or loss	Total
	(Rupees in '000)		
As at January 1, 2020	622,219	2,529,257	3,151,476
Additions	-	6,732,614	6,732,614
Disposals (sale and redemptions)	(629,066)	(6,490,526)	(7,119,592)
Net fair value gains (excluding net realised gains)	-	(4,368)	(4,368)
Amortisation of premium / discount	6,847	136,680	143,527
Total	-	2,903,657	2,903,657

36 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

The Group issue contracts that transfer insurance risk or financial risk or both. This section summarises the insurance risks and the way the Group manages them.

36.1 Insurance risk

The Group accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Group is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Group manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Group from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

Further, the Group adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

Concentration of insurance risk

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial businesses. The Group minimises its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

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 with reference to the geographical location, the most important of which is risk survey.

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

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

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, the IT system also assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardising Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualise the risk exposures so the Group determines the appropriate amount of reinsurance coverage to protect the business portfolio.

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

The voyage cards so maintained for the particular set of policies for a single vessel voyage are automatically logged into the system showing actual gross, treaty and net exposure, both in terms of sums insured and premiums.

36.1.1 Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, accumulated losses on net account can also be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Group.

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

The Group's class wise risk exposure (based on maximum loss coverage) in a single policy is as follows:

	2021		
	Maximum sum insured	Reinsurance cover	Highest net liability
	(Rupees in '000)		
Fire and property damage	39,145,571	38,947,836	197,735
Marine, aviation and transport	41,250,000	41,043,750	206,250
Motor	67,500	62,500	5,000
Health	3,257,500	-	3,257,500
Miscellaneous	235,221,468	235,174,424	47,044
Window Takaful Operations	19,110,205	17,345,310	1,764,895
	338,052,244	332,573,820	5,478,424

	2020		
	Maximum sum insured	Reinsurance cover	Highest net liability
	(Rupees in '000)		
Fire and property damage	43,085,169	42,877,996	207,173
Marine, aviation and transport	19,437,010	15,549,608	3,887,402
Motor	58,000,000	57,995,000	5,000
Health	3,187,500	-	3,187,500
Miscellaneous	45,171,809	45,135,809	36,000
Window Takaful Operations	20,181,688	18,526,887	1,654,801
	189,063,176	180,085,300	8,977,876

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The table below sets out the concentration of insurance contract liabilities by type of contract:

	2021		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	(Rupees in '000)		
Fire and property damage	2,592,647	2,697,287	(104,640)
Marine, aviation and transport	706,693	605,079	101,614
Motor	1,458,944	843,598	615,346
Health	733,918	316,181	417,737
Miscellaneous	1,582,050	1,593,509	(11,459)
Window Takaful Operations	328,561	440,158	(111,597)
	7,402,813	6,495,812	907,001

	2020		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	(Rupees in '000)		
Fire and property damage	2,799,138	2,693,783	105,355
Marine, aviation and transport	603,310	491,379	111,931
Motor	1,367,163	783,352	583,811
Health	369,016	153,746	215,270
Miscellaneous	1,218,375	1,105,416	112,959
Window Takaful Operations	126,227	202,904	(76,677)
	6,483,229	5,430,580	1,052,649

36.1.2 Uncertainty in the estimation of future claims payment

Claims on general insurance contracts are payable on a claim occurrence basis. The Group is liable for all insured events that occur during the term of the insurance contract.

An estimated amount of the claim is recorded immediately on intimation to the Group. The estimation of the amount is based on the amount notified by the policyholder, management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims incurred but not reported (IBNR), the Group uses actuarial advice as more fully explained in note 3.4 to these consolidated financial statements.

There are several variable factors which affect the amount and timing of recognised claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. The Group takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from recognised amounts.

36.1.3 Key assumptions

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

36.1.4 Sensitivities

As the Group enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below:

	Effect of 10% increase in claims		Effect of 10% decrease in claims	
	Total comprehen-sive income	Equity	Total comprehen-sive income	Equity
	---------- (Rupees in '000) ----------			
Fire and property damage	(2,813)	(2,813)	2,813	2,813
Marine, aviation and transport	(9,248)	(9,248)	9,248	9,248
Motor	(49,266)	(49,266)	49,266	49,266
Health	(37,347)	(37,347)	37,347	37,347
Miscellaneous	(7,640)	(7,640)	7,640	7,640
Window Takaful Operations	(63,861)	(63,861)	63,861	63,861
	(170,175)	(170,175)	170,175	170,175

36.1.5 Statement of age-wise breakup of unclaimed insurance benefits

Particulars	Total amount	Age-wise breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	---------- (Rupees in '000) ----------					
Claims not encashed						
2021	61,312	5,655	26,453	4,681	7,346	17,177
2020	33,681	5,747	3,294	5,327	4,895	14,418

36.2 Financial risk

(i) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has adopted appropriate policies to minimise its exposure to this risk. The

	2021							
	Interest rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		-----(Rupees in '000)-----						
Financial assets								
Cash and bank	7% to 8.25%	200,459	-	200,459	7,668	-	7,668	208,127
Investments	8.20% to 12.10%	601,056	1,414,249	2,015,305	952,722	-	952,722	2,968,027
Insurance / reinsurance receivables		-	-	-	2,548,993	-	2,548,993	2,548,993
Reinsurance recoveries against outstanding claims		-	-	-	1,914,772	-	1,914,772	1,914,772
Loans and other receivables		-	-	-	362,229	-	362,229	362,229
Salvage recoveries accrued		-	-	-	97,084	-	97,084	97,084
Window Takaful Operations - total assets		22,635	-	22,635	263,054	-	263,054	285,689
		824,150	1,414,249	2,238,399	6,146,522	-	6,146,522	8,384,921
Financial liabilities								
Outstanding claims including IBNR		-	-	-	2,584,937	-	2,584,937	2,584,937
Insurance / reinsurance payables		-	-	-	1,593,114	-	1,593,114	1,593,114
Other creditors and accruals		-	-	-	932,395	-	932,395	932,395
Borrowings	5.36% - 14.92%	30,335	117,440	147,775	-	-	-	147,775
Window Takaful Operations - total liabilities		-	-	-	112,092	-	112,092	112,092
		30,335	117,440	147,775	5,222,538	-	5,222,538	5,370,313
		793,815	1,296,809	2,090,624	923,984	-	923,984	3,014,608

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	Interest Rates	Interest / mark-up bearing: Maturity upto one year	Interest / mark-up bearing: Maturity after one year	Interest / mark-up bearing: Sub total	Non-interest / mark-up bearing: Maturity upto one year	Non-interest / mark-up bearing: Maturity after one year	Non-interest / mark-up bearing: Sub total	Total
		2020						
		(Rupees in '000)						
Financial assets								
Cash and bank	5.5% to 6.5%	219,665	-	219,665	13,406	-	13,406	233,071
Investments	6.45% - 13.29%	1,428,945	977,476	2,406,421	497,236	-	497,236	2,903,657
Insurance / reinsurance receivables		-	-	-	1,873,832	-	1,873,832	1,873,832
Reinsurance recoveries against outstanding claims		-	-	-	2,165,642	-	2,165,642	2,165,642
Loans and other receivables		-	-	-	316,708	-	316,708	316,708
Salvage recoveries accrued		-	-	-	108,104	-	108,104	108,104
Window Takaful Operations - total assets		1,707	-	1,707	169,103	-	169,103	170,810
		1,650,317	977,476	2,627,793	5,144,031	-	5,144,031	7,771,824
Financial liabilities								
Outstanding claims including IBNR		-	-	-	2,626,867	-	2,626,867	2,626,867
Insurance / reinsurance payables		-	-	-	1,603,918	-	1,603,918	1,603,918
Other creditors and accruals	5.36% - 14.92%	-	-	-	788,771	-	788,771	788,771
Borrowings		30,712	131,578	162,290	-	-	-	162,290
Window Takaful Operations - total liabilities		-	-	-	66,219	-	66,219	66,219
		30,712	131,578	162,290	5,085,775	-	5,085,775	5,248,065
		1,619,605	845,898	2,465,503	58,256	-	58,256	2,523,759

Sensitivity analysis

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. Borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes. The table below summarises Group's interest rate risk as of December 31, 2021 and 2020 and shows the effects of a hypothetical 1% increase and a 1% decrease in interest rates as at the year end.

	Profit and Loss: Increase	Profit and Loss: Decrease
	(Rupees in '000)	
2021		
Cash flow sensitivity - Variable rate financial liabilities	(1,478)	1,478
Cash flow sensitivity - Variable rate financial assets	12,642	(12,642)
2020		
Cash flow sensitivity - Variable rate financial liabilities	(1,623)	1,623
Cash flow sensitivity - Variable rate financial assets	8,275	(8,275)

(b) Foreign currency risk

Currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As of the reporting date, the Group does not have material assets or liabilities which are exposed to foreign currency risk.

(c) Price risk

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

The Group is exposed to equity price risk because of investments held by the Group and classified on the consolidated statement of financial position at 'fair value through profit and loss'.

In case of 5% increase / (decrease) in Net Asset Value on December 31, 2021, with all other variables held constant, net assets for the year would increase / (decrease) by Rs 47.636 million (2020: Rs 24.862 million) as a result of gains / (losses) on equity securities classified 'at fair value through profit and loss'.

The analysis is based on the assumption that equity index had increased / (decreased) by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible change in Net Asset Value. Accordingly, the sensitivity analysis prepared as of December 31, 2021 is not necessarily indicative of the effect on the Group's profitability.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Group maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained.

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date on an undiscounted cash flow basis.

	2021			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	---- (Rupees in '000) ----			
Outstanding claims including IBNR	2,584,937	2,584,937	2,584,937	-
Insurance / reinsurance payables	1,593,114	1,593,114	1,593,114	-
Other creditors and accruals	932,395	932,395	932,395	-
Borrowings	147,775	161,634	30,335	131,299
Window Takaful Operations - total liabilities	112,092	112,092	112,092	-
	5,370,313	5,384,172	5,252,873	131,299

	2020			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	---- (Rupees in '000) ----			
Outstanding claims including IBNR	2,626,867	2,626,867	2,626,867	-
Insurance / reinsurance payables	1,603,918	1,603,918	1,603,918	-
Other creditors and accruals	788,771	788,771	788,771	-
Borrowings	162,290	177,510	30,712	146,798
Window Takaful Operations - total liabilities	66,219	66,219	66,219	-
	5,248,065	5,263,285	5,116,487	146,798

36.3 Credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group 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.

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. The Group's credit risk exposure is not significantly different from that reflected in the consolidated financial statements. The management monitors and limits the Group's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

		2021	2020
		------- (Rupees in '000) -------	
	Investments		
-	Equity	952,722	497,236
-	Debt securities	150,000	150,000
-	Loans and other receivables	362,229	316,708
	Insurance / reinsurance receivables		
-	Insurance / reinsurance receivables	2,548,993	1,873,832
-	Reinsurance recoveries against outstanding claims	1,914,772	2,165,642
-	Salvage recoveries accrued	97,084	108,104
-	Cash and bank	206,747	232,515
-	Window Takaful Accounts - total assets	285,689	170,810
		6,518,236	5,514,847

The Group did not hold any collateral against the above during the year. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery. The movement in the provision for doubtful debt account is shown in notes 13.3 and 13.4. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no recent history of default.

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

	Rating Agency	Rating	
		Short Term	Long Term
Bank deposits and term deposit receipts			
Faysal Bank Limited	PACRA	A1+	AA
JS Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Bank Al-Habib Limited	PACRA	A1+	AAA
MCB Bank Limited	PACRA	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Bank of Punjab	PACRA	A1+	AA+
Soneri Bank Limited	PACRA	A1+	AA-
United Bank Limited	VIS	A1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	A+
National Bank of Pakistan	PACRA	A1+	AAA
Samba Bank Limited	VIS	A1	AA
Mobilink Microfinance Bank Limited	PACRA	A1	A
Khushali Microfinance Bank Limited	VIS	A1	A+
Telenor Microfinance Bank	PACRA	A1	A+
Finca Microfinance Bank Limited	PACRA	A1	A
NRSP Microfinance Bank Limited	PACRA	A1	A
Habib Bank Limited	VIS	A1+	AAA
Summit Bank Limited	VIS	Not rated	Not rated
Allied Bank Limited	PACRA	A1+	AAA
First Microfinance Bank Limited	PACRA	A1	A+
U Microfinance Bank Limited	VIS	A1	A

The age analysis of premiums due but unpaid and amounts due from other insurers / reinsurers is as follows:

	2021	2020
	------- (Rupees in '000) -------	
Upto 1 year	2,222,244	1,484,991
1-2 years	147,906	225,826
2-3 years	124,062	117,099
Over 3 years	248,112	230,266
	2,742,324	2,058,182

	2021	2020
	(Rupees in '000)	
Window Takaful Operations		
Upto 1 year	233,981	149,574
Upto 1 - 2 years	36,246	13,620
Upto 2 - 3 years	13,613	4,995
Over 3 years	3,846	-
	287,686	168,189

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial assets subject to credit risk is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

	2021	2020
	(Rupees in '000)	
Sector wise analysis of premiums due but unpaid		
Foods and beverages	14,186	17,074
Financial services	48,007	57,871
Pharmaceuticals	31,120	36,646
Textile and composites	86,155	72,775
Plastic industries	307	1,254
Engineering	29,844	35,567
Other manufacturing	407,551	424,164
Miscellaneous	632,192	368,670
	1,249,362	1,014,021
Window Takaful Operations		
Textile	18,669	17,262
Financial services	47,067	32,265
Engineering	2,016	1,462
Pharmaceuticals	8,552	7,112
Food	20,478	14,882
Other manufacturing	35,955	24,943
Others	77,228	34,650
	209,965	132,576

The credit quality of amount due from other insurers and reinsurers can be assessed with reference to external credit ratings as follows:

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2021	2020
	(Rupees in '000)				
A- or above (including PRCL)	1,423,019	1,825,068	1,265,470	4,513,557	2,267,444
BBB and B+	39,402	50,534	35,040	124,976	111,977
Others	30,541	39,170	27,159	96,870	379,474
Total	1,492,962	1,914,772	1,327,669	4,735,403	2,758,895

	Due from other insurers / re-takaful operators	Re-takaful recoveries against outstanding claims	Prepaid re-takaful contribution ceded	2021	2020
	(Rupees in '000)				
A or above	72,816	89,988	79,465	242,269	79,650
BBB	21	26	23	70	-
Others	4,884	6,036	5,330	16,250	87,610
	77,721	96,050	84,818	258,589	167,260

36.4 **Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

37 **FINANCIAL INSTRUMENTS BY CATEGORY**

	2021	2020
	------- (Rupees in '000) --------	
Financial assets and financial liabilities		
Financial assets		
Loans and receivables		
Cash and bank	206,747	232,515
Insurance / reinsurance receivables	2,548,993	1,873,832
Reinsurance recoveries against outstanding claims	1,914,772	2,165,642
Loans and other receivables	362,229	316,708
Salvage recoveries accrued	97,084	108,104
Window takaful operations - total assets	285,689	170,810
	5,415,514	4,867,611
Investments - fair value through profit or loss		
Equity securities	952,722	497,236
Commercial paper and term finance certificate	150,000	150,000
Government securities	1,865,305	2,256,421
	2,968,027	2,903,657
Financial liabilities		
Amortised cost		
Outstanding claims including IBNR	2,584,937	2,626,867
Insurance / reinsurance payables	1,593,114	1,603,918
Other creditors and accruals	932,395	788,771
Borrowings	147,775	162,290
Window Takaful Operations - total liabilities	112,092	66,219
	5,370,313	5,248,065

38 **FAIR VALUES MEASUREMENT**

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 Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Group has no items to report in this level.

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The Group held the following financial instruments measured at fair value:

	2021		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets - measured at fair value			
Fair value through profit or loss			
Mutual funds	-	952,722	-
Term finance certificate	-	150,000	-
Government securities	-	1,865,305	-
Non - financial assets - measured at fair value			
Property and equipment (Buildings and leasehold improvements) *	-	-	600,139
Investment properties *	-	-	399,575

	2020		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets - measured at fair value			
Fair value through profit or loss			
Mutual funds	-	497,236	-
Commercial paper and term finance certificate	-	150,000	-
Government securities	-	2,256,421	-
Non - financial assets - measured at fair value			
Property and equipment (Buildings and leasehold improvements) *	-	-	564,313
Investment properties *	-	-	377,797

Item	Valuation approach and input used
Government securities	The fair value of Government securities is derived using PKRV rates. PKRV rate is average of the yield-to-maturity on government securities traded in the secondary market and determined at the end of day. The yield-to-maturity on government securities is quoted by the six (06) brokerage houses keeping in view the yield-to-maturity on government securities traded in the secondary market.
Mutual funds	The fair value of mutual funds is derived from using rates published on Mutual Funds Association of Pakistan.
Property and equipment (Buildings and leasehold improvements)	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.
Investment properties	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.

* Buildings including leasehold improvements and investment properties are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 5 and 7 to these consolidated financial statements. The valuation experts used a market based approach to arrive at the fair value of the Holding Company's properties. The approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these consolidated financial statements.

The carrying amounts of all other financial assets and liabilities reflected in these consolidated financial statements approximate their fair values.

39 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue by the Board of Directors of the Holding Company on 21 MAR 2022.

40 EVENTS AFTER REPORTING DATE

The Board of Directors of the Holding Company has proposed a final dividend for the year ended December 31, 2021 of Re.1.26 per share, amounting to Rs 50 million in its meeting held on 21-3-2022. The effect of this distribution will be incorporated in the consolidated financial statements of the Group for the year ending December 31, 2022.

41 GENERAL

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

Chairman	Director	Director	Chief Executive Officer

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A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of IGI General Insurance Limited

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

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

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Code as applicable to the Company for the year ended December 31, 2021.

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A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: April 2, 2022
UDIN: CR202110068EWDMnXtb5

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

KARACHI ▪ LAHORE ▪ ISLAMABAD

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

IGI GENERAL INSURANCE LIMITED
for the year ended 31st December 2021

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

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

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

Category	Names
Independent Directors	None
Executive Directors	Mr. Chaudhry Tahir Masaud
Non-Executive Directors	Mr. Shamim Ahmad Khan Mr. Syed Hyder Ali Mr. Sajjad Iftikhar Mr. Syed Hasnain Ali Ms. Arjumand Ahmed Shah

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies in which each one of them is a director).

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

4. During the year one casual vacancy occurred on the Board which was filled up by the appointment of a female director within prescribed time limits.

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

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

7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, 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 all the meetings were appropriately recorded and circulated.

9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.

10. The Board arranaged orientation session for newly appointed director to apprise her of duties and responsibilities.

11. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms & conditions of employment.

12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

14. The directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.

15. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.

16. The Board has formed the following Management Committees:

UNDERWRITING, RE-INSURANCE & CO-INSURANCE COMMITTEE	
Name of the Member	**Category**
Mr. Syed Hyder Ali	Chairman
Mr. Chaudhry Tahir Masaud	Member
Mr. Faisal Khan	Member
Mr. Syed Hasnain Ali	Member
Mr. Sajjad Iftikhar	Member
Mr. Jamshaid Hussain	Member

CLAIM SETTLEMENT COMMITTEE	
Name of the Member	**Category**
Mr. Shamim Ahmad khan	Chairman
Mr. Chaudhry Tahir Masaud	Member
Mr. Syed Awais Amjad	Member
Mr. Kashif Qayyum	Member
Mr. Zahid Mehmood	Member

RISK MANAGEMENT & COMPLIANCE COMMITTEE	
Name of the Member	**Category**
Mr. Shamim Ahmad khan	Chairman
Mr. Chaudhry Tahir Masaud	Member
Mr. Sajjad Iftikhar	Member
Mr. Faisal Khan	Member
Mr. Syed Awais Amjad	Member
Ms. Saira Sheikh	Member

17. The Board has formed the following Board Committees:

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE	
Name of the Member	**Category**
Mr. Syed Hyder Ali	Chairman
Mr. Syed Hasnain Ali	Member
Mr. Chaudhry Tahir Masaud	Member

INVESTMENT COMMITTEE	
Name of the Member	**Category**
Mr. Syed Hasnain Ali	Chairman
Mr. Chaudhry Tahir Masaud	Member
Mr. Sajjad Iftikhar	Member
Mr. Syed Awais Amjad	Member

18. The Board has formed an Audit Committee. It comprises of three (3) members, all of whom are non-executive directors. The chairman of the Committee is a non-executive director. The composition of the Audit Committee is as follows:

AUDIT COMMITTEE	
Name of the Member	**Category**
Mr. Syed Hasnain Ali	Chairman
Mr. Syed Hyder Ali	Member
Mr. Sajjad Iftikhar	Member

19. The meetings of the Committees except Ethics, Human Resource 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 Committees have been formed and advised to the Committees for compliance.

20. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a regular basis.

21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016. Moreover, the persons heading the underwriting, claim, reinsurance, risk management 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**
Mr. Chaudhry Tahir Masaud	Chief Executive Officer
Mr. Syed Awais Amjad	Chief Financial Officer
Ms. Saira Shaikh	Compliance Officer & Head of Grievance Department
Ms. Iqra Sajjad	Company Secretary
Mr. Shahzeb Haider	Head of Internal Audit
Mr. Jamshaid Hussain	Head of Underwriting
Mr. Kashif Qayyum	Head of Claims
Mr. Faisal Khan	Head of Risk Management & Reinsurance

22. 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), 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.

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

24. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.

25. The Board ensures that the risk management system of the Company is in place as per the requirement of the Code.

26. The Company has set up a risk management function, which carries out its tasks as covered under the Code.

27. The Board ensures that as part of the risk management system, the Company gets itself rated from VIS Credit Rating Company Limited and PACRA which is being used by its risk management function and the respective Committee as a risk monitoring tool. The ratings assigned by the said rating agencies on November 5, 2021 and February 25, 2022 are “AA” & “AA” respectively.

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

29. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with.

By Order of the Board

Shamim Ahmad Khan
Chairman

Date: March 21, 2022

Tahir Masaud
Chief Executive Officer

Date: March 21, 2022

IGI GENERAL INSURANCE LIMITED
NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 6th Annual General Meeting of IGI General Insurance Limited (**the "Company"**) will be held on Tuesday, April 26, 2022, at 11:00 am. at the Registered Office of the Company/video link located at 7th Floor, The Forum, G-20, Block 9, Khyaban-e-Jami, Clifton, Karachi, to transact the following business:

<u>ORDINARY BUSINESS</u>:

1. To confirm the minutes of Annual General Meeting of the Company held on April 22, 2021.

2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2021 together with the Directors' and Auditors report thereon.

3. To consider and approve the payment of final cash dividend of Rs.50 million @ Rs. 0.26 per share for the financial year ended December 31, 2021 as recommended by the Board. This is in addition to the interim cash dividend of Rs. 250 million @ Rs. 1.30 per share paid already to the members during the year.

4. To appoint auditors for the ensuing year and to fix their remuneration. The current Auditors, M/s A.F. Ferguson & Co., Chartered Accountants have consented to be appointed as Auditors for the Financial Year 2022 and the Board of Directors has recommended their appointment.

ANY OTHER BUSINESS:

5. To consider any other business with the permission of the Chairman.

By Order of the Board

Nadia Hussain

IGI GENERAL INSURANCE
IGI GENERAL

Nadia Hussain
Company Secretary
Karachi: April 5, 2022

<u>Distribution</u>:

1. All Directors
2. A.F. Ferguson & Co., (Ext. Auditor)

IGI General Insurance Limited
Head Office
7th Floor, The Forum, Suite No. 701 - 713, G-20, Block-9, Khayaban-e-jami, Clifton, Karachi-75600, Pakistan.
UAN: +92(21) 111-234-234 I Fax: +92(21) 111-567-567

Notes:

1. The Share Transfer Books of the Company will remain closed from **April 19, 2022 to April 26, 2022**, 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.

3. Every proxy shall be appointed in writing under the hand of the appointer or by an agent duly authorized under a Power of Attorney or if such appointer is a company or corporation under the Common Seal of the company or corporation or the hand of its Attorney who may be the appointer.

4. The instrument of proxy in order to be effective must reach the Company's registered address at 7th Floor, The Forum, G-20, Block 9, Khyaban-e-Jami, Clifton, Karachi not less than 48 hours before the time for holding of the Meeting.

5. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

6. The signature on the instrument of proxy must conform to the specimen signature recorded with the Company.

7. The proxy shall produce his/her original NIC or original passport at the time of the Meeting.

8. Shareholders are requested to notify change in their address, if any, to the Company Secretary.

9. SECP vide SRO No. 787(1)2014 dated 8th September, 2014 has allowed companies to circulate the audited financial statements and notice of Annual General Meeting to shareholders through their email address subject to their written consent. Desiring shareholders are requested to provide their complete email address through a duly signed letter along with copy of valid CNIC or passport. Shareholders are also required to notify immediately any change in email address in writing to the Company Secretary.

IGI General Insurance Limited
Head Office
7th Floor, The Forum, Suite No. 701 - 713, G-20, Block-9, Khayaban-e-jami, Clifton, Karachi-75600, Pakistan.
UAN: +92(21) 111-234-234 I Fax: +92(21) 111-567-567

IGI GENERAL INSURANCE LIMITED

7th Floor, The Forum, Suite No. 701-713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi-75600, Pakistan

FORM OF PROXY

Annual General Meeting

The Company Secretary
IGI General Insurance Ltd
7th Floor, The Forum,
Suite Nos. 701-713, G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan.

I/We ____ of ____

being member (s) of **IGI General Insurance Limited** and holder of_________________Ordinary Shares as per Share Register Folio No__________________ hereby appoint______________________________of_ ____________________________________or failing him / her ____ of_________________________as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on **Tuesday,** the **26th** day of **April 2022,** at **11:00 am.** at the Registered Office of the Company/video link and at any adjournment thereof.

Signed this________________day of___________2022

1) Witness:

Signature ______________________

Name ______________________

Address ______________________

____

CNIC or ______________________

Passport No. ______________________

Signature:

Please affix
Rupees five
revenue
stamp

2) Witness:

Signature ______________________

Name ______________________

Address ______________________

____

CNIC or ______________________

Passport No. ______________________

(Signature should agree with the specimen signature registered with the Company)

Note: Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.

تشکیل نیابت داری

برائے سالانہ اجلاس عام

دی کمپنی سیکریٹری
آئی جی آئی جنرل انشورنس لمیٹڈ
7ویں منزل، دی فورم
سوئٹ نمبر 713-701، جی-20، بلاک 9
خیابان جامی، کلفٹن، کراچی- 75600، پاکستان

میں / ہم ________________ بابت ________________ بحیثیت ممبر (ممبران) برائے آئی جی آئی جنرل انشورنس لمیٹڈ اور ہولڈر بابت ________________ عمومی شیئرز بمطابق شیئر رجسٹر فولیو نمبر ________________

بذریعہ ہٰذا ________________ بابت ________________ یا ان کی عدم حاضری پر ________________

کو اپنا/ ہمارا پراکسی مقرر کررہا ہوں/ کررہے ہیں جو کمپنی کے سالانہ اجلاس عام منعقدہ بروز منگل 26 اپریل 2022 بوقت 11:00 بجے صبح بمقام کمپنی کے ہیڈ آفس یا کسی زیرالتوا تاریخ پر منعقد ہونے والے اجلاس میں میری/ ہماری غیر موجودگی کی صورت میں میری/ ہماری جگہ شرکت کرنے اور ووٹ دینے کے لئے بطور نیابت داری شریک ہوں گے۔

دستخط مورخہ ________________ 2022

-1 گواہ:

دستخط: ________________

نام: ________________

پتہ: ________________

____

سی این آئی سی یا ________________

پاسپورٹ نمبر ________________

-2 گواہ:

دستخط: ________________

نام: ________________

پتہ: ________________

____

سی این آئی سی یا ________________

پاسپورٹ نمبر ________________

ریونیو ٹکٹ چسپاں کریں۔

(دستخط کمپنی میں پہلے سے موجود نمونہ کے مطابق ہونے چاہئے)

نوٹ: نیابت داری کے موثر ہونے کے لئے لازمی ہے کہ وہ اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جائیں۔

گزارشات :

1. کمپنی کی حصص کی منتقلی کی کتابیں 19 اپریل 2022 سے 26 اپریل 2022 تک، دونوں دنوں سمیت بند رہیں گی-
2. سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کا حقدار رکن اس کے بجائے کسی دوسرے شخص کو شرکت کرنے اور ووٹ دینے کے لیے بطور پراکسی مقرر کرنے کا حقدار ہے-
3. ہر پراکسی کا تقرر تحریری طور پر تقرر کنندہ کے ہاتھ یا کسی پاور آف اٹارنی کے تحت بااختیار کسی ایجنٹ کے ذریعے کیا جائے گا یا اگر ایسا تقرر کرنے والا کمپنی یا کارپوریشن کی مشترکہ مہر کے تحت کمپنی یا کارپوریشن ہے یا اس کے اٹارنی کے ہاتھ سے جو تقرر کرنے والا ہو سکتا ہے-
4. پراکسی کا آلہ کارآمد ہونے کے لیے کمپنی کے رجسٹرڈ ایڈریس پر 7 فلور، The Forum, G-20, Block 9, Khyaban-e-jami, Clifton, کراچی پہنچنا چاہیے انعقاد کے وقت سے کم از کم 48 گھنٹے اجلاس سے پہلے-
5. کارپوریٹ ادارے کی صورت میں، میٹنگ کے وقت بورڈ آف ڈائریکٹرز کی ریزولیوشن/پاور آف اٹارنی جس میں نامزد شخص کے نمونے کے دستخط ہوں گے (جب تک کہ اسے پہلے فراہم نہ کیا گیا ہو) پیش کیا جائے گا-
6. اکسی کے آلے پر دستخط کمپنی کے ساتھ ریکارڈ کردہ نمونہ دستخط کے مطابق ہونے چاہئیں-
7. پراکسی میٹنگ کے وقت اپنا اصل NIC یا اصل پاسپورٹ پیش کرے گا-
8. شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے ایڈریس میں تبدیلی، اگر کوئی ہو، تو کمپنی سیکرٹری کو مطلع کریں-
9. ایس ای سی پی نے ایس آر او نمبر 787(1)2014 مورخہ 8 ستمبر 2014 کے ذریعے کمپنیوں کو اجازت دی ہے کہ آڈٹ شدہ مالیاتی گوشواروں اور سالانہ جنرل میٹنگ کے نوٹس شیئر ہولڈرز کو ان کے ای میل ایڈریس کے ذریعے ان کی تحریری رضامندی سے مشروط کریں- خواہشمند حصص یافتگان سے درخواست کی جاتی ہے کہ وہ اپنا مکمل ای میل پتہ ایک درست دستخط شدہ خط کے ساتھ ساتھ درست CNIC یا پاسپورٹ کی کاپی فراہم کریں- شیئر ہولڈرز سے یہ بھی ضروری ہے کہ وہ ای میل ایڈریس میں ہونے والی کسی بھی تبدیلی کو فوری طور پر کمپنی سیکرٹری کو تحریری طور پر مطلع کریں-

اطلاع برائے سالانہ اجلاس عام

اطلاع دی جاتی ہے کہ IGI جنرل انشورنس لمیٹڈ ("کمپنی") کا 6واں سالانہ اجلاس منگل 26 اپریل 2022 کو صبح 11:00 بجے منعقد ہوگا- کمپنی کے رجسٹرڈ آفس / ویڈیو لنک پر جو 7ویں منزل، دی فورم، جی-20، بلاک 9، خیابانِ جامی، کلفٹن، کراچی میں واقع ہے، درج ذیل کاروبار کے لیے:

عمومی کاروائی

1. 22 اپریل 2021 کو ہونے والی کمپنی کی سالانہ اجلاس عام کی کاروائی کی توثیق-
2. ڈائریکٹرز اور آڈیٹرز کی رپورٹ کے ساتھ 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کی وصولی، غوروخوص اور منظوری-
3. 31 دسمبر 2021 کو ختم ہونے والے مالی سال کے لیے50ملین روپے (0.26 روپے فی شیئر) حتمی نقد ڈیویڈنڈ کی ادائیگی پر غور کرنا اور اسے منظور کرنا جیسا کہ بورڈ نے تجویز کیا ہے- یہ روپے 250 ملین (روپے 1.30 فی شیئر) کے عبوری نقد منافع کے علاوہ ہے جو پہلے ہی سال کے دوران ممبران کو ادا کیا جاچکا ہے-
4. آنے والے سال کے لیے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین کرنا- موجودہ آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی نے مالی سال 2022 کے لیے بطور آڈیٹر مقرر کیے جانے پر رضامندی دی ہے اور بورڈ آف ڈائریکٹرز نے ان کی تقرری کی سفارش کی ہے-

دیگر امور

5. چیئرمین کی اجازت سے کسی بھی دیگر امور کی انجام دہی-

بحکم بورڈ

Nadia Hussain

نادیہ حسین

کمپنی سیکرٹری

مورخہ 5 اپریل 2022

کراچی

تقسیم

تمام ڈائریکٹرز

اے ایف فرگوسن اینڈ کمپنی

انشورنس آرڈیننس 2000 کے سیکشن (6)46 کے تحت مطابقت کا بیانیہ

ڈائریکٹرز تصدیق کرتے ہیں کہ ان کے مطابق:

-اس رپورٹ سے منسلک کمپنی کے سالانہ قانونی اکاؤنٹس آرڈیننس اوراس کے تحت بنائے گئے کسی بھی قواعد کے مطابق تیار کیے گئے ہیں۔

-کمپنی نے اس مدت کے دوران آرڈیننس کی دفعات اوراس کے تحت ادائیگی شدہ سرمایہ، سالوینسی اوردوبارہ انشورنس انتظامات سے متعلق قوانین کی تعمیل کی ہے۔اور

-جیسا کہ بیان کی تاریخ تک، کمپنی آرڈیننس کی دفعات اوراس کے تحت ادائیگی شدہ سرمایہ، سالوینسی اوردوبارہ انشورنس انتظامات سے متعلق قوانین کی تعمیل کرتی رہتی ہے۔

مستقبل کے امکانات

بیمہ کی صنعت معمولی ترقی کا مشاہدہ کرے گی جس کا اثر زیادہ ترچیلنجنگ معاشی ماحول، بین الاقوامی اجناس کی قیمتوں اورشرح مبادلہ کی وجہ سے افراط زر سے ہوگا۔تاہم، شرح سود میں کوئی بھی اضافہ سرمایہ کاری کی آمدنی پر مثبت اثر ڈال سکتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ سبکدوش ہورہے ہیں اورانہوں نے خودکو دوبارہ تقرری کے لئے پیش کیا ہے۔انہوں نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کی جانب سے اطمینان بخش درجہ بندی حاصل کرنے اورآئی سی اے پی کے ذریعہ بین الاقوامی فیڈریشن آف اکاؤنٹنٹس (IFAC) کے ضابطہ اخلاق کے رہنما اصولوں کی تعمیل کی تصدیق کی ہے۔

بورڈ آف ڈائریکٹرز نے باہمی رضامندی سے طے کردہ معاوضے پر 31 دسمبر 2022 کو ختم ہونے والے سال کے لئے کمپنی کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کی سفارش کی ہے۔

اعتراف

ہم اپنے صارفین کی وفاداری اوراعتماد کے لئے ان کا شکریہ ادا کرنا چاہتے ہیں۔ہم اپنے کاروباری شراکت داروں اورتمام اسٹیک ہولڈرز کی طرف سے توسیع کی حمایت اورسرپرستی کی بھی قدر کرتے ہیں۔ہم اپنے ملازمین کی سرشار اورمخلصانہ کوششوں کو سراہتے ہیں۔

ہم سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ان کی مسلسل رہنمائی کے لئے بھی شکریہ ادا کرنا چاہیں گے۔

منجانب بورڈ آف ڈائریکٹرز

شمیم احمد خان

چیئرمین

لاہور: 21 مارچ 2022ء

طاہر مسعود

چیف ایگزیکٹو آفیسر

لاہور، 21 مارچ 2022ء

کارپوریٹ گورننس کے کوڈ کے ساتھ تعمیل

-کمپنی کی انتظامیہ کی جانب سے تیارکردہ مالیاتی گوشوارے اس کے امور ،آپریشنز کے نتائج ،نقد بہاؤ اور ایکویٹی میں تبدیلی کو شفاف انداز میں پیش کرتے ہیں۔

-کمپنی کی طرف سے مالیاتی کھاتوں کا باقاعدہ ریکارڈ رکھا جاتا ہے۔

-مالی گوشواروں کی تیاری کے لئے مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔

-مالیاتی گوشوارے کمپنیز آرڈیننس مجریہ 2017ء اور بین الاقوامی مالیاتی رپورٹنگ معیارات ،جیسا کہ پاکستان میں لاگو ہیں، کے مطابق تیار کیے گئے ہیں اور ان سے کسی بھی روگردانی کی مناسب طور پر وضاحت کی گئی ہے۔

-اندرونی کنٹرول کا نظام ڈیزائن مستحکم ہے اور اسے موثر انداز میں نافذ کر کے اس کی اور نگرانی کی گئی ہے۔

-کمپنی کی کاروبار جاری رکھنے کی صلاحیت پر کوئی شک نہیں ہے۔

-کارپوریٹ گورننس کے بہترین طریقہ کار سے کسی قسم کی روگردانی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔

-کلیدی آپریٹنگ اور مالی اعداد و شمار کو الگ الگ رپورٹ کے ساتھ جوڑ دیا گیا ہے۔

-مالیاتی بیانات میں بقایا ٹیکس اور ڈیوٹی دی جاتی ہے۔

-متعلقہ فنڈز کے آڈٹ شدہ کھاتوں پر مبنی سرمایہ کاری کی مالیت مندرجہ ذیل کے مطابق ہے۔

30جون،2019 تک کا پروویڈنٹ فنڈ	-	92.0 ملین روپے
31دسمبر،2019 تک کا گریچوئٹی فنڈ	-	86.3 ملین روپے

-کمپنی میں حصص یافتگی کے انداز کا بیان 31دسمبر 2021ء کو مندرجہ ذیل ہے۔

ہولڈنگ کمپنی	
آئی جی آئی ہولڈنگز لمیٹڈ	191,838,394
ڈائریکٹرز	
سید حیدر علی	1
جناب طاہر مسعود (چیف ایگزیکٹو آفیسر)	1
جناب سجاد افتخار	1
سید حسنین علی	1
جناب شمیم احمد خان	1
ارجمند احمد شاہ	1
کل	191,838,400

آئی جی آئی ہولڈنگز کے نامزد کردہ ڈائریکٹرز کمپنی میں ہر ایک شیئر رکھتے ہیں۔

سید حسنین علی	3
طاہر مسعود (سی ای او)	4
سجاد افتخار	4
ارجمند احمد شاہ	3

متعلقہ پارٹی سے لین دین

بورڈ آف ڈائریکٹرز نے ایسوسی ایٹڈ کمپنیوں/متعلقہ فریقوں کے ساتھ کمپنی کے لین دین کی منظوری دی ہے۔ متعلقہ فریقوں کے ساتھ انجام پانے والے سارے لین دین تجارتی شرائط وضوابط پر تھے۔

کیپٹل مینجمنٹ اور لیکویڈیٹی

کمپنی اپنے وعدوں کے خلاف اپنے اثاثوں کی پوزیشن کے مماثلت کے ساتھ، اہداف کے خلاف متنوع اور کریڈٹ معیار کے ساتھ فعال طور پر انتظام اور نگرانی کرتی ہے۔ کمپنی کے فنڈز کا بنیادی ذریعہ آپریٹنگ سرگرمیوں یعنی انشورنس بزنس کے ذریعہ فراہم کردہ نقد رقم ہے۔ کمپنی کی سرمایہ کاری کی آمدنی پیدا کرنے کے لئے خالص آپریٹنگ کیش فلو پر بھی سرمایہ کاری کی گئی ہے۔ کمپنی کے خالص کیش فلو کا استعمال کاروباری وعدوں، توسیع اور حصص یافتگان کو منافع کی ادائیگی کے لئے کیا جاتا ہے۔

انشورر کی مالی مضبوطی کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی (پرائیوٹ) لمیٹڈ (PACRA) اور وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (جے سی آر) نے آپ کی کمپنی کو "انشورنس مالیاتی طاقت" (آئی ایف ایس) کی درجہ بندی "اے اے" (ڈبل اے) تفویض کی ہے۔ "اے اے" (ڈبل اے) کی آئی ایف ایس کی درجہ بندی پالیسی ہولڈر اور معاہدہ کی ذمہ داریوں، معمولی رسک عوامل، اور اس توقع کی تکمیل کے لئے ایک بہت ہی مضبوط صلاحیت کی نشاندہی کرتی ہے اور یہ توقع کرتی ہے کہ کسی بھی منفی کاروبار اور معاشی عوامل کا اثر بہت محدود ہوگا۔

خطرات کی تخفیف

چیف ایگزیکٹو آفیسر کی سربراہی میں سینئر مینجمنٹ ٹیم، خطرات کم کرنے کے اقدامات کی ذمہ دار ہے۔ کمپنی کا فعال رسک مینجمنٹ پروگرام بروقت بنیاد پر کاروباری اور ریگولیٹری تقاضوں میں بدلاؤ اور ان کے جواب دینے میں مدد کرتا ہے۔

ٹھوس تبدیلیاں

سال کے دوران کوئی ٹھوس تبدیلیاں نہیں ہوئی ہیں جس سے کمپنی کی مالی حیثیت متاثر ہو۔

ضابطہ اخلاق

بورڈ نے اخلاقیات اور کاروباری طریقہ کار کا ایک ضابطہ اخلاق رائج کیا ہے۔ ضابطہ اخلاق پر تمام ملازمین نے دستخط کیے ہیں اور یقین دہانی کی ہے کہ وہ اعلیٰ اخلاقی اقدار کو برقرار رکھیں گے۔ ہماری تمام کاروباری سرگرمیاں اخلاقیات کے ضابطہ اخلاق کے مطابق شفاف انداز میں انجام دی جاتی ہیں۔

کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی اپنی کارپوریٹ سماجی ذمہ داریوں سے واقف ہے اور تعلیم، صحت اور ماحولیات کے شعبوں میں سماجی شعبے کی تنظیموں کی حمایت کررہی ہے۔ کمپنی کالجوں اور یونیورسٹیوں کے طلبا کو سال بھر انٹرن شپ بھی پیش کرتی ہے۔

ISO کی تصدیق اور ہمارے صارفین کی قدر ہے

آپ کی کمپنی مستقل بنیادوں پر اپنی صلاحیتیں اور کارکردگی کو بہتر بنانے پر توجہ مرکوز کرتی رہتی ہے اور کوالٹی مینجمنٹ سرٹیفکیشن ISO 9001:2015 اس بات کا ثبوت ہے۔

میرین، ایوی ایشن اور ٹرانسپورٹ

میرین بزنس کا مجموعی تحریری پریمیم 2020ء میں 668 ملین روپے کے مقابلے میں 2021ء میں 878 ملین روپے ریکارڈ کیا گیا۔نیٹ حاصل شدہ پریمیم اور نیٹ کلیمز 2020ء کے دوران بالترتیب 260 ملین روپے اور 112 ملین روپے کے مقابلے میں بالترتیب 296 ملین روپے اور 130 ملین روپے حاصل ہوا۔اس کے نتیجے میں 2020ء کے دوران 88 ملین روپے کے مقابلے میں 141 ملین روپے کا انڈر رائٹنگ منافع ہوا۔

موٹر

مجموعی موٹر بزنس پریمیم 2020ء کے دوران 1,451 ملین روپے کے مقابلے میں 1,663 ملین روپے حاصل ہوا۔نیٹ حاصل شدہ پریمیم اور نیٹ کلیمز بالترتیب 1,386 ملین اور 694 ملین روپے رہے۔اس کے نتیجے میں 2020ء کے دوران 386 ملین روپے کے مقابلے میں 349 ملین روپے کا انڈر رائٹنگ منافع حاصل کیا۔

صحت

2020ء کے دوران 437 ملین روپے کے مقابلے میں مجموعی پریمیم 857 ملین روپے رہا۔ خالص حاصل شدہ پریمیم اور خالص کلیمز بالترتیب 589 ملین روپے اور 526 ملین روپے رہے۔اس کے نتیجے میں 2020ء کے دوران 38 ملین روپے انڈر رائٹنگ نقصان کے مقابلے میں 61 ملین روپے کا انڈر رائٹنگ منافع ہوا۔

متفرق

متفرق شعبے میں انجینئرنگ اور کنٹریکٹرز آل رسک انشورنس، تجارتی ساکھ، ٹریول، بانڈ اور کاروباری خصوصی پیشے شامل ہیں۔رواں سال کے دوران، اس کاروباری لائن نے مجموعی طور پر 1,589 ملین روپے کا مجموعی پریمیم حاصل ہوا جبکہ 2020ء کے دوران 954 ملین روپے تھا۔نیٹ حاصل شدہ پریمیم اور نیٹ کلیمز بالترتیب 159 ملین روپے اور 46 ملین روپے بشمول 2020ء کے 16 ملین روپے کے مقابلے میں 71 ملین روپے انڈر رائٹنگ نقصان ہوا۔

کلیم

ہماری توجہ کلیمز کی تیزی سے ادائیگی کرنے پر مرکوز ہے۔اس مقصد کے لئے، کمپنی نے کلیمز کے تصفیے کے وقت کو مزید کم کرنے کے لئے متعدد اقدامات اٹھائے ہیں۔2020ء کے دوران 55 فیصد کے مقابلے میں رواں سال میں نقصان کا تناسب 47 فیصد رہا۔

ری انشورنس اور رسک مینجمنٹ

احتیاطی تدابیر اختیار کرتے ہوئے کمپنی ری انشورنس پروگرام کے تحت خطرات سے نمٹنے کی پالیسی پر عمل پیرا ہے۔کمپنی انشورنس کی مہارت، آرٹ ٹیکنالوجی کے پلیٹ فارم اور ایک مرکوز رسک مینجمنٹ سروس کا استعمال کرکے اپنے کلائنٹس کے ساتھ طویل مدتی رسک مینجمنٹ حل فراہم کرنے کے لئے شراکت قائم کرنے میں یقین رکھتی ہے جو ہمارے کلائنٹس کو ان خطرات کو سمجھنے میں مدد دیتی ہے جن سے ان کے کاروبار کو خطرہ لاحق ہوسکتا ہے اور یہ نظام اس کے ساتھ خسارے سے بچنے کے با کفایت حل کا تعین بھی کرتا ہے۔

اختصاصات

بورڈ آف ڈائریکٹر نے 31 دسمبر 2021ء کو ختم ہونے والے سال کے لئے 0.26 روپے فی شیئر (2020ء : 0.57 روپے فی شیئر) کے حتمی منافع منقسمہ کی تجویز پیش کی ہے، جو کہ رقم کے طور پر 50 ملین روپے (2020ء :110 ملین روپے) ہے۔یہ 1.3 روپے فی شیئر (2020ء:1.93 روپے فی شیئر) جمع شدہ عبوری منافع کے علاوہ ہے جو کہ 250 ملین روپے (2020ء:370 ملین روپے) سال کے دوران اعلان اور تقسیم کیا گیا ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال 2021ء کے دوران، بورڈ آف ڈائریکٹرز کے اجلاس بروقت بنیاد پر کیے گئے۔منعقدہ اجلاس میں ہر ڈائریکٹر کی حاضری کچھ یوں تھی:

	حاضری
سید حیدر علی	4
شمیم احمد خان	4

ڈائریکٹرز رپورٹ برائے حصص یافتگان

آئی جی آئی جنرل انشورنس لمیٹڈ ("دی کمپنی") کے ڈائریکٹرز 31 دسمبر، 2021ء کو مکمل ہونے والے سال کے لئے آڈٹ شدہ مالیاتی گوشوارے بشمول، آپ کی کمپنی کی سالانہ رپورٹ پیش کرنے میں خوشی محسوس کر رہے ہیں۔

کمپنی کی بنیادی سرگرمیاں

کمپنی کو کمپنیز آرڈیننس مجریہ 1984ء (موجودہ کمپنیز ایکٹ مجریہ 2017ء) کے تحت 18 نومبر، 2016ء کو پبلک لمیٹڈ کمپنی کے طور پر وجود میں لایا گیا تھا۔ کمپنی کے مقاصد میں فائر، میرین، موٹر، صحت اور متنوع شعبوں میں عمومی انشورنس خدمات کی فراہمی شامل ہیں جن میں انجینئرنگ اور سفر کے ساتھ ساتھ عام تکافل خدمات بھی شامل ہیں، جس کا آغاز جولائی 2017ء میں ہوا تھا۔

کمپنی کی کارکردگی

روایتی کاروباری لحاظ سے، کمپنی نے 2020ء کے دوران 5,477 ملین روپے کے مقابلے میں 7,389 ملین روپے کا مجموعی پریمیم حاصل کیا جو کہ گزشتہ سال کے مقابلے میں 35 فیصد زیادہ ہے۔ خالص پریمیم آمدنی 2,716 ملین روپے رہی جو 2020 کے دوران 2,321 ملین روپے تھی جو کہ گزشتہ سال کے مقابلے میں 17 فیصد زیادہ ہے۔

کمپنی نے 2020 کے دوران 1,097 ملین روپے کے مقابلے میں سال کے دوران 1,497 ملین روپے کے نیٹ کلیم کیے ہیں۔ یہ اضافہ بنیادی طور پر موٹر اور صحت کے کاروبار کے کلیمز میں اضافے سے منسوب ہے۔

گزشتہ سال کے 72 ملین روپے کے مقابلے میں نیٹ کمیشن کے اخراجات 59 ملین روپے رہے۔

رواں سال کے دوران سرمایہ کاری کی آمدنی میں 200 ملین روپے کی کمی واقع ہوئی جس کی بنیادی وجہ شرح سود اور ایکویٹی مارکیٹ میں کمی ہے۔

ونڈو تکافل کاروبار کے سلسلے میں، کمپنی نے گزشتہ سال اسی عرصے میں 537 ملین روپے کے مقابلے میں 1,122 ملین روپے کی مجموعی زرتعاون حاصل کیا۔ شرکاء کو 14 ملین روپے کے سرپلس کے مقابلے میں 95 ملین روپے کا خسارہ ہوا، خسارہ بنیادی طور پر صحت کے کاروبار میں زیادہ نقصان کا تناسب ہے جس کے لیے اصلاحی اقدامات کیے گئے ہیں۔

آپریٹر فنڈ نے اپنے تکافل آپریشنز سے 87 ملین روپے آمدنی حاصل کی جو کہ گزشتہ سال اسی مدت میں 38 ملین روپے تھے۔

جس کے نتیجے میں کمپنی نے گزشتہ سال کے اسی عرصے میں بالترتیب 603 ملین روپے قبل از ٹیکس منافع اور 428 ملین روپے بعد از ٹیکس منافع کے مقابلے میں سال کے دوران 686 ملین روپے قبل از ٹیکس منافع اور 486 ملین روپے بعد از ٹیکس منافع حاصل کیا۔

کمپنی کی فی حصص آمدنی (EPS) گزشتہ سال کی اسی مدت میں 2.54 روپے کے مقابلے میں 2.23 روپے فی حصص برقرار رہی۔

شعبہ جات پر ایک نظر

آگ

2020ء کے دوران 1,967 ملین روپے کے مقابلے میں 2,401 ملین روپے مجموعی پریمیم حاصل کیا گیا۔ 2020ء کے دوران نیٹ پریمیم آمدنی اور نیٹ کلیمز بالترتیب 210 ملین روپے اور 98 ملین روپے کے مقابلے میں بالترتیب 223 ملین روپے اور 40 ملین روپے رہے۔ اس کے نتیجے میں 2020 کے دوران 196 ملین روپے کے مقابلے میں 49 ملین روپے کا انڈر رائٹنگ خسارہ ہوا۔

31دسمبر 2021 کوختم ہونے والے سال کیلئے مشترکہ مالیاتی گوشوارے پرڈائریکٹرز کی رپورٹ بنام ممبران

بورڈ کی جانب سے، میں آئی جی آئی جنرل انشورنس لمیٹڈ (آئی جی آئی جنرل) اوراس کا ذیلی ادارہ آئی جی آئی ایف ایس آئی (پرائیوٹ) لمیٹڈ (آئی جی آئی ایف ایس آئی) (اجتماعی طورپر "گروپ" کہاجاتا ہے) کی 31دسمبر 2021ءکوختم ہوئے سال کے لئے مشترکہ مالی گوشوارے پیش کرتے ہوئے انتہائی مسرت محسوس کررہاہوں۔

گروپ کارکردگی جائزہ:

	2021ء	2020ء
	----(روپے ہزار میں)-----	
منافع قبل از ٹیکس	603,255	684,334
ٹیکس کاری	(175,153)	(198,268)
منافع بعد از ٹیکس	**428,102**	**486,066**
آمدنی فی حصص (روپے)	2.23	2.53

رواں سال کے دوران، گروپ نے 2020ء میں حاصل ہونے والے 486 ملین روپے کے مقابلے میں 428 ملین روپے بعد از ٹیکس منافع ریکارڈ کیا۔ سود کی شرح کم ہونے کی وجہ سے ہونے والی کمی، آئی جی آئی جنرل کی سرمایہ کاری کی آمدنی میں کمی کا باعث ہے۔
گروپ نے 2020 کے دوران 2.53 روپے کے مقابلے میں رواں سال 2.23 روپے فی حصص کی آمدنی حاصل کی۔

آئی جی آئی ایف ایس آئی کی مالیاتی جھلکیاں حسب ذیل ہیں:

آئی جی آئی ایف ایس آئی 6 جولائی 2020ء کو پرائیوٹ لمیٹڈ کمپنی کی حیثیت سے تشکیل دیا گیا۔ آئی جی آئی ایف ایس آئی مارکیٹ میں تربیت کی خدمات سمیت ٹیکنالوجی سے چلنے والے کاروباری حل فراہم کرنے میں مصروف عمل ہے۔
چونکہ 2021ء آپریشنز کا پہلا مالی سال تھا، اس لئے آئی جی آئی ایف ایس آئی نے 15 ملین روپے کی آمدنی حاصل کی اور 0.2 ملین روپے بعد از ٹیکس منافع ہوا۔

ہم اپنے کاروباری شراکت داروں اورتمام اسٹیک ہولڈرز کی طرف سے توسیع کی حمایت اور سرپرستی کی قدر کرتے ہیں اوراپنے ملازمین کی سرشار اورمخلصانہ کوششوں کی تعریف کرتے ہیں۔
منجانب بورڈ آف ڈائریکٹرز

SAmKhan

شمیم احمد خان
چیئرمین
لاہور: 21 مارچ 2022ء

طاہر مسعود
چیف ایگزیکٹو آفیسر
لاہور، 21 مارچ 2022ء