IGI
General

Where there is risk
There is cover

Annual Report 2017

Firmly placed

IGI General Insurance Limited ("IGI General") is a public limited company engaged in the general insurance business. IGI General is a wholly owned subsidiary of IGI Holdings Limited (formerly: IGI Insurance Limited) and is part of Packages Group. Our registered Head Office is in Karachi and a Corporate Office in Lahore. We have branches nationwide.

We offer a wide range of general insurance products including Property Insurance, Motor Vehicle Insurance, Cargo Insurance, Travel Insurance, Health Insurance and Liability Insurance.

At IGI General, we feel pride in having a long term business relationship with leading local and multinational companies.

Our promise to our customers is to provide the best insurance solution in Pakistan. We continue to achieve success through this commitment towards our esteemed customers, prudent underwriting, swift claims settlement and sound management practices.

Contents


IGI
IGI General

Vision

IGI General Insurance is committed to being one of the leading providers of solutions to risk exposures in selected market segments in Pakistan.

Mission

Our vision will be realized through:

Customers
Being the preferred insurer in providing solutions to risk exposure

Shareholders
Consistently delivering above market average return on capital

Employees
Providing the environment necessary to be employer of choice

Community
Compliance with the highest ethical and moral standards


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Core Values

Professionalism
We have a mind-set towards perfection. Our business model works on the philosophy of passion and customer delight. We serve all our stakeholder with dedication, discipline, decisiveness and distinction.

Integrity
In conducting business we are inspired by and comply with the principles of honesty, fairness and transparency.

Commitment to Growth
Through our expertise, analysis and focus, we assure growth for all our stakeholders

Commitment to Excellence
Performing consistently at higher levels, striving continuously for innovation, agility and optimization. Responding vigorously to change is our mark of excellence.

Cover that provides security

Property Insurance

Apart from the standard fire policy, which covers losses due to accidental fire, various additional covers are available which include cover against damages caused by riot & strikes and atmospheric disturbances (rain, floods, hurricanes etc.). This cover is for property insurance like Factories, Offices and Homes and includes perils like, fire, lightning, burglary and earthquake

Working to cover your valuable cargo

Marine Insurance

Marine Cargo transit policies are issued both to cover inland transit risks as well as international transit risks which may include cargo sent by air, sea or by post.


IGI
IGI General

Cover that goes the distance

Auto Insurance

IGI Auto Cover is a complete auto insurance plan for both individuals and corporate offering covering your automobile against various risks.

IGI AUTO COVER

Chalao Befikar

Working hand in glove with you to cover your needs.

Health Insurance

With health being basis of performance, IGI looks after your health so that you can perform to the optimum for yourself and your loved ones.


IGI
IGI General

Cover that provides safe travels

Travel Insurance

The finest travel plan that has been specially tailored according to your traveling needs and in order to make your journey stress free with the assurance that any and all emergencies will be taken care of in a prompt and professional manner.

IGI TRAVEL SURE

Safar Befikar

Cover that provides security

Takaful

Often life puts up the challenge of holding on to your principles and ethics. Now you no longer have to choose how to balance between your firm beliefs and your needs. IGIs Takaful is a Sharia'h compliant product.

Company Information

Board of Directors
Shamim Ahmad Khan (Chairman)
Syed Hyder Ali
Atif Aslam Bajwa
Syed Hasnain Ali
Sajjad Iftikhar
Tahir Masaud

Chief Executive Officer (CEO)
Tahir Masaud

Chief Financial Officer (CFO)
Syed Awais Amjad

Company Secretary (CS)
Yasir Ali Quraishi

Chief Technical Officer
Faisal Khan

Head of Underwriting
Jamshaid Hussain

Audit Committee
Atif Aslam Bajwa (Chairman)
Syed Hasnain Ali
Sajjad Iftikhar
Yasir Ali Quraishi (Secretary)

Investment Committee
Atif Aslam Bajwa (Chairman)
Syed Hasnain Ali
Tahir Masaud
Sajjad Iftikhar
Ms. Saira Amjad
Syed Awais Amjad (Secretary)

Claims Committee
Shamim Ahmad Khan (Chairman)
Tahir Masaud
Syed Awais Amjad
Zahid Mehmood
Kashif Qayyum (Secretary)

Underwriting Committee
Syed Hyder Ali (Chairman)
Syed Hasnain Ali
Tahir Masaud
Sajjad Iftikhar
Faisal Khan
Jamshaid Hussain (Secretary)

Risk Management & Compliance Committee
Shamim Ahmad Khan (Chairman)
Tahir Masaud
Sajjad Iftikhar
Faisal Khan
Syed Awais Amjad
Ali Nadeem
Saira Sheikh (Secretary)

Eithics, Human Resource, Remuneration & Nominations Committee
Syed Hyder Ali (Chairman)
Atif Aslam Bajwa
Syed Hasnain Ali
Tahir Masaud
Muhammad Adnan (Secretary)

Bankers
Allied Bank Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

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Auditors
A.F. Ferguson & Co.
Chartered Accountants

Internal Auditors
Ernts & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisors
Ramday Law Associates
Hassan & Hassan
Lari & Co,

Registered & Head Office
7th Floor, The Forum,
Suite Nos.701-713,
G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan
www.igiinsurance.com.pk

Contact
UAN: 111-308-308
Toll Free No. 0800-2-3434
Fax: 92-21-35301706

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, 2017.

THE PRINCIPAL ACTIVITIES AND THE DEVELOPMENT

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

The Company is a wholly owned subsidiary of IGI Holdings Limited (IGI Holdings) (formerly: IGI Insurance Limited). The general insurance segment of IGI Insurance Limited was transferred to the Company as of January 31, 2017 under the Scheme of Arrangement (Scheme) duly sanctioned by Honorable High Court of Sindh (SHC) on December 16, 2017. Accordingly, the insurance license has been transferred to the Company under the Scheme and IGI Insurance Limited has been renamed as IGI Holdings Limited.

IGI Holdings has injected cash equity of Rs 1,500 million into the Company during the year 2017 in accordance with the Scheme to meet minimum capital and solvency requirements applicable to the general insurance companies under insurance laws.

The Company has also commenced its window takaful operations with effect from July 1, 2017 with the approval of Securities and Exchange Commission of Pakistan (SECP).

PERFORMANCE OF THE COMPANY

Conventional Insurance Business

On conventional business side, the Company has written gross premium of Rs 2,902 million with net premium revenue of Rs 1,645 million. The Company has incurred net claims of Rs. 933 million during the year. As a result, the Company has generated net underwriting profit of Rs. 389 million with profit after tax of Rs. 17 million during the year 2017.

Operating results of the Company could not be compared with 2016 values since the insurance segment has been transferred to the Company only with effect from January 31, 2017 under the Scheme and the financial figures are for eleven (11) months of operations only.

Window Takaful Operation

The Company started Window Takaful Operation during the year with effect from July 1, 2017 and has written contribution of Rs. 36 million with a loss of Rs. 2.5 million, which is in-line with our financial projections for the first six (6) months of its operations.

SEGMENTS AT A GLANCE

FIRE

In 2017, Gross Premium written was Rs 793 million. Net Premium Earned and Net claims were Rs 164 million and Rs 79 respectively. This resulted in underwriting profit of Rs 91million.

MARINE, AVIATION AND TRANSPORT

Marine business gross written premium was Rs 373 million in 2017. Net Premium Earned and Net claims were Rs 189 million and Rs 76 respectively. This resulted in underwriting profit of Rs 115 million.

MOTOR

In 2017, Gross Premium achieved was Rs 870 million. Net Premium Earned and Net claims were Rs 847 million and Rs 433 respectively. This resulted in underwriting profit of Rs 204 million.

HEALTH

In 2017, Gross Premium was Rs 249 million. Net Premium Earned and Net claims were Rs 215 million and Rs 198 respectively. This resulted in underwriting profit of Rs 26 million.

MISCELLANEOUS

Miscellaneous segment includes Engineering and Contractor's All Risk Insurance, Travel, Bond and Pecuniary lines of business. This business line has written gross premium of Rs 617 million in 2017with net premium earned of Rs 230 million. It has incurred net claims of Rs 147 million with underwriting profit of Rs 6 million.

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 remained 57% in FY 2017. Our claims settlement ratio during the year was 90%.

RE-INSURANCE AND RISK MANAGEMENT

We follow a policy of risk optimization through a carefully designed program of re-insurance. We believe in forging 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 engineering service that helps our clients understand the hazards that may threaten their businesses and determine cost-effective loss prevention solutions.

WINDOW TAKAFUL OPERATIONS

The Company has launched Window Takaful Operations (WTO) during 2017 and has written gross contribution of Rs. 36 million and has incurred loss of Rs 2.5 million. The Company expects that this Window would provide growth stimulus to the overall operations of the Company.

APPROPRIATIONS

The Board of Directors has proposed final dividend for the year ended December 31, 2017 of Rs. 0.85 per share (2016: Rs. Nil), amounting to Rs 163 million (2016: Rs Nil).

BOARD OF DIRECTORS MEETINGS

During the year 2017, meetings of the board of directors could not be held on timely basis due to the pendency of the schemes of amalgamation and arrangement before the Court. Attendance by each director in the meetings held was as follows:

Name of Director	
Syed Hyder Ali	2
Shamim Ahmad Khan	2
Khurram Raza Bakhtayari	2
Syed Hasnain Ali	2
Tahir Masaud (CEO)	2
Sajjad Iftikhar	2
Syed Fahad Subhan *	2
Adil Ali Abbasi *	1
Yasir Ali Quraishi *	1
Faisal Khan *	2
Muhammad Amin *	1
Muhammad Adnan *	1
Asfa Anwar *	2
Mohammad Nasir Iqbal *	2

* Directors resigned during the year.

MISCELLANEOUS

Leave of absence was granted to directors who could not attend some of the Board meetings

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 shareholders.

INSURER'S FINANCIAL STRENGTH RATING

Pakistan Credit Rating Agency (Private) Limited (PACRA) has assigned your Company an "Insurer Financial Strength" (IFS) Rating of "AA" (Double A), in December 2017. IFS rating of "AA" (Double A) denotes a very strong capacity to meet policyholder and contract 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 subscribe 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 has maintained its Quality Management Certification ISO 9001:2008.

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.
- The financial statements have been prepared in conformity with the Companies Ordinance 1984 and International Financial Reporting Standards, as applicable in Pakistan. Any departures therefrom has 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, 2016 Rs 74.2 million

  Gratuity fund as at December 31, 2016 Rs 50.4 million

- The statement of pattern of shareholding in the Company as on December 31, 2017 is as follows:

Holding Co	
IGI Holdings Limited	
	150,099,994
Directors	
Syed Hyder Ali	1
Mr Shamim Ahmed Khan	1
Mr Tahir Masaud (Chief Executive Officer)	1
Syed Hasnain Ali	1
Mr Khurram Raza Bakhtayari	1
Mr Sajjad Iftikhar	1
Total	150,100,000

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 Board and management of your Company are cognizant of the fact that we are operating in a highly competitive industry. We believe that we have the right professional team and a modern and efficient operational platform to deliver sustainable and pro table growth in the years to come.

We are investing in digital platforms and modern insurance technology (Insuretech) to come up with new and exciting products for our customers. This will also help us bring in a better customer journey, operational efficiencies and cost controls which should translate into even better underwriting profits. We are continuing on our 'profitable and sustainable growth' strategy with an aim to grow both top and bottom lines.

AUDITORS

The present auditors M/s A.F Ferguson & Co., Chartered Accountants 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, 2018, at a fee to be mutually agreed.

ACKNOWLEDGEMENT

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
March 05, 2018

Statement of Compliance with the Code of Corporate Governance

Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

Auditors' Report

We have audited the annexed financial statements comprising of:

(i) balance sheet;
(ii) profit and loss account;
(iii) statement of changes in equity;
(iv) statement of cash flows;
(v) statement of premiums;
(vi) statement of claims;
(vii) statement of expenses; and
(viii) statement of investment income;

of IGI General Insurance Limited as at December 31, 2017 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

(a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

(b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies as disclosed in note 4 of the financial statements;

(c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company„s affairs as at December 31, 2017, and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with Approved Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

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

Chartered Accountants
Engagement Partner: Noman Abbas Sheikh
Dated: March 8, 2018
Karachi

Balance Sheet

	Note	2017	2016
		(Rupees in '000)	
Share capital and reserves			
Authorised share capital			
[250,000,000 (December 31, 2016: 100,000)			
Ordinary shares of Rs.10/- each]		2,500,000	1,000
Issued, subscribed and paid up share capital	5	1,501,000	1,000
Proposed shares to be issued under scheme of arrangement	17.2	417,384	-
Unappropriated profit		172,622	-
		2,091,006	1,000
Underwriting provisions			
Provision for outstanding claims (including IBNR)		1,226,184	-
Provision for unearned premium		1,185,547	-
Commission income unearned		101,679	-
		2,513,410	-
Creditors, accruals and other liabilities			
Premium received in advance		536	-
Amounts due to other insurers / reinsurers		347,883	-
Accrued expenses		164,302	-
Current portion of long term liabilities		13,339	-
Sundry creditors	6	532,441	-
		1,058,501	-
Borrowings			
Liabilities against assets subject to finance lease	9	64,896	-
Total liabilities of Window Takaful Operations - Operator's Fund	2.1.5	16,725	-
TOTAL LIABILITIES		3,653,532	-
TOTAL EQUITY AND LIABILITIES		5,744,538	1,000
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes 1 to 36 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

As at December 31, 2017

	Note	2017	2016
		(Rupees in '000)	
Cash and bank deposits			
Cash and other equivalents	11	2,684	-
Current and other accounts	12	1,505,058	1,000
Deposits maturing within 12 months		960,000	-
		2,467,742	1,000
Deferred taxation	13	13,902	
Investments	14	321,211	-
Investment property	21	179,346	-
Current assets - others			
Premiums due but unpaid - unsecured - net	15	432,211	-
Amounts due from other insurers / reinsurers - unsecured - net	16	269,603	-
Accrued income on investments and deposits		13,688	-
Reinsurance recoveries against outstanding claims		723,743	-
Deferred commission expense		127,569	-
Prepayments:			
- prepaid reinsurance premium ceded		481,956	-
- others		27,736	-
Taxation - payments less provision		137,883	-
Sundry receivables	18	203,942	-
		2,418,331	-
Fixed assets			
Operating assets - Tangible	19		
Furniture, fixtures and office equipments		53,776	-
Buildings		110,559	-
Motor vehicles- Owned		30,837	-
Motor vehicles- Leased		78,963	-
		274,135	-
Capital work-in-progress		492	-
Intangibles			
Computer software	20	5,193	-
Total assets of Window Takaful Operations - Operator's Fund	2.1.5	64,186	-
TOTAL ASSETS		5,744,538	1,000

Chairman	Director	Director	Principal Officer and Chief Executive

Profit and Loss Account For the year ended December 31, 2017

	Note	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	2017 Aggregate	For the period from November 18, 2016 to December 31, 2016
		(Rupees in '000)						
Revenue account								
Net premium revenue		163,805	189,076	846,892	215,203	230,164	1,645,140	-
Net claims		(79,188)	(76,111)	(432,922)	(198,037)	(146,986)	(933,244)	-
Management expenses	22	(108,094)	(50,758)	(164,149)	(37,728)	(84,003)	(444,732)	-
Net commission		114,083	52,500	(46,140)	(5,755)	7,147	121,835	-
Underwriting result		90,606	114,707	203,681	(26,317)	6,322	388,999	-
Investment income							64,037	-
Rental income							22,117	-
Other income	23						8,595	-
Financial charges	24						(3,539)	-
General and administrative expenses	25						(228,872)	-
							(137,662)	
Loss from Window Takaful Operations							(2,539)	-
Profit before taxation							248,798	
Taxation	26						(74,919)	-
Profit after taxation							173,879	
Other comprehensive income/(loss)							(1,257)	-
Total comprehensive income							172,622	
Balance of unappropriated profit at the commencement of the year / period							-	-
Profit after taxation							172,622	-
Transferred from general reserve							-	-
							172,622	-
Balance of unappropriated profit at the end of the year / period							172,622	-

The annexed notes 1 to 36 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Statement of Changes In Equity For the year ended December 31, 2017

	Issued, subscribed and paid-up share capital	Proposed shares to be issued under scheme of arrangement (note 17)	Unappro-priated profit	Total
	(Rupees in '000)			
Balance as at January 1, 2017	1,000	-	-	1,000
Profit after taxation for the year ended December 31, 2017	-	-	173,879	173,879
Other comprehensive income / (loss) for the year	-	-	(1,257)	(1,257)
Total comprehensive income for the year ended December 31, 2017	-	-	172,622	172,622
Issue of paid-up share capital	1,500,000	-	-	1,500,000
Proposed issue of share capital under scheme of arrangement	-	417,384	-	417,384
Balance as at December 31, 2017	1,501,000	417,384	172,622	2,091,006

The annexed notes 1 to 36 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Statement of Cash Flows

	2017	2016
	(Rupees in '000)	
OPERATING ACTIVITIES		
a) Underwriting activities		
Premiums received	3,261,063	-
Reinsurance premiums paid	(1,337,939)	-
Claims paid	(1,195,945)	-
Reinsurance and other recoveries received	494,470	-
Commissions paid	(197,424)	-
Commissions received	290,002	-
Net cash generated from underwriting activities	1,314,227	-
b) Other operating activities		
Income tax paid	(111,699)	-
General management expenses paid	(664,811)	-
Operating payments - net	(64,082)	-
Net cash used in other operating activities	(840,592)	-
Total cash generated from operating activities	473,635	-
INVESTMENT ACTIVITIES		
Profit / return received	53,177	-
Payments for investments	(196,093)	-
Cash transfer to Window Takaful Operations	(50,000)	-
Fixed capital expenditure- own use and intangible assets	(41,478)	-
Proceeds from disposal of fixed assets- own use	11,997	-
Total cash used in investing activities	(222,397)	-
FINANCING ACTIVITIES		
Net cash inflow on hive down under scheme of arrangement	728,960	1,000
Issue of capital	1,500,000	-
Financial charges paid	(3,539)	-
Repayment of liability against assets subject to finance lease	(9,917)	-
Total cash generated from financing activities	2,215,504	1,000
Net cash inflow from all activities	2,466,742	1,000
Cash at the beginning of the year / period	1,000	-
Cash at the end of the year / period	2,467,742	1,000

Chairman   Director   Director   Principal Officer and Chief Executive

	2017	2016
	(Rupees in '000)	
Reconciliation to profit and loss account		
Operating cash flows	473,635	-
Depreciation and amortisation expense	(48,103)	-
Depreciation expense- leased assets	(10,239)	-
Financial charges	(3,539)	-
Gain on disposal of fixed assets	8,567	-
Increase in assets other than cash	(131,450)	-
Decrease in liabilities	(176,490)	-
Return on bank balances	49,450	-
Dividend and other investment income	14,587	-
Loss from Window Takaful Operations	(2,539)	
Profit after taxation	173,879	-
Definition of cash		
Cash comprises of cash in hand and at banks, stamps in hand, short term placements with banks and short term running finance		
Cash for the purpose of statement of cash flows consists of:		
Cash and other equivalents		
- stamps in hand	2,684	-
Current and other accounts	1,505,058	1,000
Deposits maturing within 12 months	960,000	-
	2,467,742	1,000

The annexed notes 1 to 36 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Statement of Premiums For the year ended December 31, 2017

Business underwritten inside Pakistan

	Premiums written	Unearned premium reserve			Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded			Reinsurance ceded	Net premium revenue	
		Opening	Balances transferred under scheme of arrangement (note 17)	Closing			Opening	Balances transferred under scheme of arrangement (note 17)	Closing		Year ended December 31, 2017	For the period from November 18, 2016 to December 31, 2016
Direct and facultative												
Fire and property damage	793,431	-	489,865	378,976	904,320	621,846	-	435,795	317,126	740,515	163,805	-
Marine, aviation and transport	372,574	-	57,148	19,623	410,099	209,172	-	22,308	10,457	221,023	189,076	-
Motor	870,168	-	412,011	430,176	852,003	5,323	-	-	212	5,111	846,892	-
Health	248,790	-	84,097	117,684	215,203	-	-	-	-	-	215,203	-
Miscellaneous	616,597	-	183,973	239,088	561,482	367,607	-	117,872	154,161	331,318	230,164	-
Total	2,901,560	-	1,227,094	1,185,547	2,943,107	1,203,948	-	575,975	481,956	1,297,967	1,645,140	-

The annexed notes 1 to 36 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Statement of Claims For the year ended December 31, 2017

Business underwritten inside Pakistan

	Claims paid	Unearned premium reserve			Claims expense	Reinsurance and other recoveries received	Prepaid reinsurance premium ceded			Reinsurance and other recoveries revenue	Net premium revenue	
		Opening	Balances transferred under scheme of arrangement (note 17)	Closing			Opening	Balances transferred under scheme of arrangement (note 17)	Closing		Year ended December 31, 2017	For the period from November 18, 2016 to December 31, 2016
Direct and facultative												
Fire and property damage	248,183	-	255,784	409,088	401,487	209,694	-	240,262	352,867	322,299	79,188	-
Marine, aviation and transport	189,080	-	108,448	165,530	246,162	129,912	-	60,446	100,585	170,051	76,111	-
Motor	362,188	-	134,825	205,559	432,922	-	-	14,687	14,687	-	432,922	-
Health	178,293	-	48,466	68,210	198,037	-	-	-	-	-	198,037	-
Miscellaneous	218,201	-	354,807	377,797	241,191	154,864	-	316,263	255,604	94,205	146,986	-
Total	1,195,945	-	902,330	1,226,184	1,519,799	494,470	-	631,658	723,743	586,555	933,244	-

The annexed notes 1 to 36 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Statement of Expenses For the year ended December 31, 2017

Business underwritten inside Pakistan

	Commissions paid or payable	Unearned premium reserve: Opening	Unearned premium reserve: Balances transferred under scheme of arrangement (note 17)	Unearned premium reserve: Closing	Net commission expense	Other management expenses	Underwriting expense	Commis-sions from reinsurers *	Net premium revenue: Year ended December 31, 2017	Net premium revenue: For the period from November 18, 2016 to December 31, 2016
Direct and facultative										
Fire and property damage	98,470	-	-	45,895	52,575	108,094	160,669	166,658	(5,989)	-
Marine, aviation and transport	45,304	-	-	2,744	42,560	50,758	93,318	95,060	(1,742)	-
Motor	87,811	-	-	41,648	46,163	164,149	210,312	23	210,289	-
Health	11,451	-	-	5,696	5,755	37,728	43,483	-	43,483	-
Miscellaneous	95,867	-	-	31,586	64,281	84,003	148,284	71,428	76,856	-
	338,903	-	-	127,569	211,334	444,732	656,066	333,169	322,897	-

* Commissions from reinsurers is arrived after taking impact of opening and closing unearned commission.

The annexed notes 1 to 36 form an integral part of these financial statements.

Chairman

Director

Director

Principal Officer and Chief Executive

Statement of Investment Income For the year ended December 31, 2017

	2017	2016
	(Rupees in '000)	
Income from non-trading investments		
Return on bank balances and deposits	49,450	-
Held to maturity		
Return on government securities	14,587	-
Net investment income	64,037	-

The annexed notes 1 to 36 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Notes to and Forming Part of the Financial Statements

1 STATUS AND NATURE OF BUSINESS

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. 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 objects of the Company include providing general insurance services (in spheres of Fire, Marine, Motor, Health and Miscellaneous) and general takaful services.

The Company is a wholly owned subsidiary of IGI Holdings Limited (formerly: IGI Insurance Limited) and has 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 has been made effective from January 31, 2017, which has 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.

The Company commenced its window takaful operations with effect from July 1, 2017 after getting the approval from the SECP.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the format of financial statements prescribed under the Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002].

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, Takaful Rules, 2012 and the directives issued by the SECP. Wherever the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, Takaful Rules 2012 or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, Takaful Rules, 2012 or the said directives prevail.

2.1.2 The Companies Act, 2017 (the Act) has been enacted on May 30, 2017 superseding the Companies Ordinance, 1984. Subsequent to the promulgation of the Companies Act, 2017, the SECP through a circular dated July 20, 2017 has allowed companies whose financial year closes on or before December 31, 2017 to prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, the financial statements of the Company for the year ended December 31, 2017 have been prepared in accordance with the provisions of the repealed Ordinance. The management is currently in the process of assessing the impact of the provisions of the Act on the financial statements of the Company.

2.1.3 The Securities and Exchange Commission of Pakistan (SECP) through its notification SRO 89 (1) / 2017 dated February 9, 2017 has issued Insurance Rules, 2017 which have come into force at once. Further, the SECP through SRO 88 (1) / 2017 dated February 9, 2017 has also issued Insurance Accounting Regulations, 2017. The Insurance Accounting Regulations are applicable from April 1, 2017. However, the SECP on application of the Company has allowed to apply Insurance Accounting Regulation, 2017 effective from the accounting year commencing from January 1, 2018. Accordingly, impacts of Insurance Accounting Regulations, 2017 have not been considered in the preparation of these financial statements.

2.1.4 In terms of the requirements of the Takaful Rules, 2012, read with SECP Circular 25 of 2015 dated July 9, 2015, the assets, liabilities and profit and loss of the Operator Fund of the General Takaful operations of the Company have been presented as a single line item in the balance sheet and profit and loss account of the Company respectively.

2.1.5 A separate set of financial statements of the General Takaful operations has been annexed to these financial statements as per the requirements of the Takaful Rules, 2012.

2.2 Basis of presentation

These financial statements have been prepared in accordance with the format of financial statements prescribed under the Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002].

2.3 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2017 but are considered not be to relevant or do not have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

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

Standard, Interpretations or Amendments	Effective date (annual periods beginning on or after)
- IFRS 9 - Financial Instruments	July 01, 2018
- IFRS 15 - Revenue from contracts	July 01, 2018
- IFRS 16 - Leases	January 1, 2019

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

3 BASIS OF MEASUREMENT

These financial statements have been prepared on the basis of historical cost convention, except for investments which are carried at lower of cost or market value and defined benefit obligation carried at amortised cost.

3.1 Critical accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting 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 (note 4.6);
- Provision for taxation and deferred tax (note 4.11 and 13);
- Defined benefit plan (note 4.17.2 and 6.1);
- Useful lives and residual values of fixed assets and investment property (note 4.16, 19, 20 and 21);
- Premium deficiency reserve (note 4.9);
- Classification of investments and its impairment (note 4.13 and 14);
- Reinsurance recoveries against outstanding claims (note 4.7); and
- Provision against premium due but unpaid and amount due from other insurers / reinsurers (note 15.3 and 16.1)

3.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these 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 financial statements.

4.1 Business Combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the profit and loss account.

4.2 Goodwill

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGU, that is expected to benefit from the synergies of the combination. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

4.3 Insurance contracts

Insurance contracts are those contracts where the Company (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 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).

4.4 Premium

Premium written under a policy is recognised as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is 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 SEC (Insurance) Rules, 2002.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at the rate of 5% of the premium written restricted to a maximum of Rs. 5,000 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 objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable and recognises that impairment loss in the profit and loss account.

4.5 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 profit and loss account.

4.6 Claims expense

General insurance claims include all claims occurring during the period, 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 balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims 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 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.

4.7 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.

4.8 Commission and other acquisition costs

Commission expense and other acquisition costs are charged to the profit and loss account at the time the policies are accepted. This expense is deferred and brought to account as 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 recognised at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account 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.

4.9 Premium deficiency reserve

The Company is required as per SEC (Insurance) Rules, 2002 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 balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense / income in profit and loss account for the year.

At each balance sheet 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 balance sheet date in respect of policies in force at balance sheet 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 movement in the premium deficiency reserve is recognised as an expense or income in the profit and loss account for the period. The expected ultimate net claim ratios for the unexpired periods of policies in force at balance sheet date for each class of business is as follows:

Fire and property damage	84%
Marine, aviation and transport	44%
Motor	70%
Health	0%
Miscellaneous	61%

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 period end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in those classes of business in force at the balance sheet date.

4.10 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.

4.11 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 liability method in respect of all temporary differences at the balance sheet 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 balance sheet date. Deferred tax is charged or credited to the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.12 Cash and cash equivalents

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

4.13 Investments

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

- Investment in subsidiaries
- Investment in associates
- Investment at fair value through profit and loss - held for trading
- Held to maturity
- Available for sale

4.13.1.1 Investment in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses, if any.

4.13.1.2 Investment in associates

Investments in associates are presented in the financial statements on the basis of direct equity interest (i.e. at cost less accumulated impairment losses; if any) . In addition dividend income is accounted for when the Company's right to receive such dividend is established.

4.13.1.3 Investments at fair value through profit or loss - held for trading

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.

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

4.13.1.4 Loans and 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.

4.13.1.5 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.

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

The difference between the redemption value and the purchase price of the held to maturity investments is amortised and taken to the profit and loss account over the term of the investment.

4.13.1.6 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. The Company follows trade date accounting for 'regular way purchase and sales' of investments.

Subsequent to initial recognition, these are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP) in December 2002. The Company uses stock exchange quotation at the balance sheet date to determine the market value of its quoted investments and MUFAP rates to compute government securities, whereas, impairment of unquoted investments is computed by reference to net assets of the investee on the basis of the latest available audited / unaudited financial statements.

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 profit and loss account.

4.13.1.7 Derivative financial instruments

Derivatives are initially recorded at cost and are remeasured to fair value at subsequent reporting dates. The fair value of a derivative is the equivalent of the unrealised gain or loss from revaluation of derivative using prevailing market rates. Derivatives are classified as held for trading and the net unrealised gain or loss is included in investment income.

4.13.1.8 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.

4.14 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 sundry receivables. The difference between the sale and repurchase price is recognised as mark-up income and included in other income.

4.15 Investment property

Investment property is held for earning rentals and capital appreciation. Investment property is accounted for under the cost model in accordance with International Accounting Standards (IAS) 40, "Investment property" and S.R.O 938 issued by the Securities and Exchange Commission of Pakistan.

Depreciation policy, subsequent capital expenditures and gain or losses on disposal are accounted for in the same manner as tangible fixed assets.

4.16 Fixed assets

Tangible

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

Depreciation on all fixed assets is charged to profit and loss account 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 of.

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 Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss 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.

Leased Assets

Asset subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of the payment. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Intangible

Software development cost are only capitalised to the extent that future economic benefits are expected to flow to the entity. 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.

4.17 Staff retirement benefits

4.17.1 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.

4.17.2 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, 2017 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 Balance Sheet immediately, with a charge or credit to 'Other Comprehensive Income' in the periods in which they occur.

4.17.3 Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

4.18 Financial instruments

Financial assets and financial liabilities within the scope of IAS 39 are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and are de-recognised 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 the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet mainly include cash and bank deposits, investments, accrued investment income, sundry receivables, accrued expenses, amount due from / to other insurers / reinsurers, sundry creditors, short term finance, long term finance and unclaimed dividend. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.19 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 Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.20 Asset classified as held for sale

Assets and groups of assets and liabilities which comprise disposal groups are classified as 'held for sale' when all of the following criteria are met: a decision has been made to sell, the assets are available for sale immediately, the assets are being actively marketed, and a sale has been or is expected to be concluded within twelve months of the balance sheet date. Assets and disposal groups 'held for sale' are valued at lower of the carrying amount and fair value less disposal costs.

4.21 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 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and 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 health, 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. The accounting policies of operating segment are the same as those described in the summary of significant accounting policies.

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.

4.22 Impairment

The carrying values of the Company'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 profit and loss account.

4.23 Foreign currency transactions and translations

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

4.24 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

4.25 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which costs such costs are capitalised as part of the cost of that asset. Currently, the Company does not have any borrowing costs directly attributable to the acquisition of or construction of qualifying assets.

4.26 Share capital

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

4.27 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.

4.28 Dividends and appropriations to reserves

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

4.29 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.

5 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2017	2016		2017	2016
Number of shares			(Rupees in '000)	
150,100,000	100,000	Ordinary shares of Rs. 10 each issued as fully paid in cash	1,501,000	1,000
150,100,000	100,000		1,501,000	1,000

5.1 The Company is a wholly owned subsidiary of IGI Holdings (formerly IGI Insurance Limited).

6 SUNDRY CREDITORS

	Note	2017	2016
		(Rupees in '000)	
Federal excise duty		21,656	-
Federal insurance fee		1,397	-
Agent commission payable		124,347	-
Cash margin		219,424	-
Payable to defined benefit plan	6.1	12,419	-
Others		153,198	-
		532,441	-

6.1 Defined benefit plan - approved gratuity fund

6.1.1 Salient features

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, Trust Deed and Rules of Fund, the Income Tax Ordinance, 2001 , the Income Tax Rules, 2002 and the applicable local regulations.

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.

6.1.2 Valuation results

The Company operates an approved funded gratuity scheme for all eligible employees. The liabilty is determined using actuarial valuation and the latest valuation was carried out as at December 31, 2017. The information provided in notes 6.1.1 to 6.1.14 has been obtained from the actuarial valuation carried out as at December 31, 2017. The following significant assumptions have been used for valuation of this scheme:

	2017	2016
	Per annum	
a) Expected rate of increase in salary level	9.5%	-
b) Discount rate	9.5%	-
c) Expected return on plan assets	9.5%	-
d) Normal retirement age (years)	58	-

e) Assumptions regarding future mortality experience are based on actuarial recommendations and published statistics.

6.1.3 Amounts recognised in the balance sheet:

	Note	2017	2016
		(Rupees in '000)	
Present value of defined benefit obligation	6.1.5	84,971	-
Less: Fair value of plan assets	6.1.5	(72,552)	-
Payable to defined benefit plan		12,419	-

6.1.4 Movement in liability / (asset) during the year

	2017	2016
Assumed (asset) / obligation under Scheme of Arrangement	9,588	-
Charge to profit and loss account	9,829	-
Other comprehensive loss / (income)	1,795	-
Contribution to the fund during the year	(8,793)	-
Obligation at the end of the year	12,419	-

6.1.5 Movement in defined benefit obligation

	2017		
	Present value of obligation	Fair value of plan assets	Total
	(Rupees in '000)		
As at January 1	-	-	-
Balances transferred under Scheme of Arrangement	68,205	(58,617)	9,588
Current service cost	9,336	(5,986)	3,350
Past service cost	-	-	-
Interest expense / (income)	6,479	-	6,479
	84,020	(64,603)	19,417
Remeasurements:			
- Gain from change in financial assumptions	-	-	-
- Loss from change in financial assumptions	951	844	1,795
- Loss on actual salary increase	-	-	-
- Loss from change in experience adjustments	-	-	-
	951	844	1,795
Contributions during the year	-	(8,793)	(8,793)
Benefit payments	-	-	-
As at December 31	84,971	(72,552)	12,419

	Present value of obligation	Fair value of plan assets	Total
	(Rupees in '000)		
As at January 1	-	-	-
Current service cost	-	-	-
Interest expense / (income)	-	-	-
	-	-	-
Remeasurements:			
- Return on plan assets, excluding amounts included in interest income	-	-	-
- Loss on actual salary increase	-	-	-
- Gain from change in financial assumptions	-	-	-
- Gain from change in experience adjustments	-	-	-
	-	-	-
Contributions during the year	-	-	-
Benefit payments	-	-	-
As at December 31	-	-	-

6.1.6 Amounts recognised in the profit and loss account:

	2017	2016
	(Rupees in '000)	
Current service cost	9,336	-
Interest cost	493	-
Past service cost	-	-
Expense for the year	9,829	-

6.1.7 Actual return on plan assets

Expected return on assets	5,142	-
Actuarial (loss) / gain	(844)	-
	4,298	-

6.1.8 Analysis of present value of defined benefit obligation

Split by vested / non-vested		
(i) Vested benefits	84,971	-
(ii) Non-vested benefits	-	-
	84,971	-

6.1.9 Sensitivity analysis

Particulars	As at December 31, 2017			As at December 31, 2016		
	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%	-10.13%	(76,367)	-	-	-
	-1%	11.86%	95,050	-	-	-
Salary increase rate	+1%	12.24%	95,368	-	-	-
	-1%	-10.60%	(75,960)	-	-	-
Life expectancy / withdrawal rate	+10%	-0.26%	(84,751)	-	-	-
	-10%	0.26%	85,195	-	-	-

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.

6.1.10 Plan assets comprise of the following:

	2017	Percentage composition	2016	Percentage composition
	(Rupees in '000)		(Rupees in '000)	
Equity investments	14,869	20.49%	-	-
Cash and bank deposits	9,045	12.47%	-	-
Government securities	48,638	67.04%	-	-
Fair value of plan assets	72,552	100.00%	-	-

6.1.11 As per the actuarial recommendations, the expected return on plan assets was taken as 9.50% (2016: Nil), 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.

6.1.12 Based on actuarial advice, the Company intends to charge an amount of Rs 9.130 million in the financial statements for the year ending December 31, 2018.

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

At December 31, 2017	Less than one year	Between 1-2 Years	Between 2-5 Years	Over 5 Years	Total
	(Rupees in '000)				
Gratuity	4,347	1,738	17,200	287,336	310,621

At December 31, 2016	Less than one year	Between 1-2 Years	Between 2-5 Years	Over 5 Years	Total
	(Rupees in '000)				
Gratuity	-	-	-	-	-

6.1.14 5 year data on the deficit / (surplus) of the plan is as follows:

	2017	2016	2015	2014	2013
	(Rupees in '000)				
Present value of defined benefit obligation	84,971	-	-	-	-
Fair value of plan assets	(72,552)	-	-	-	-
Deficit / (surplus)	12,419	-	-	-	-

7 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 227 of the repealed Companies Ordinance, 1984. The total charge against provident fund for the year ended December 31, 2017 was Rs. 10.219 million . The net assets based on audited financial statements of Provident Fund as at June 30, 2017 are Rs. 96.069 million out of which 79% was invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose. The fair value and carrying value of investments of the provident fund as at June 30, 2017 were Rs. 77.771 million and Rs. 75.999 million respectively. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose.

Break up of investments

	Note	2017 (Rupees in '000)	2017 % of the size of the fund
Government securities		68,836	79.58%
Listed securities		5,334	6.17%
Bank deposits		12,330	14.25%
Total		86,500	100.00%

8 STAFF STRENGTH

	2017	2016
	(Number of employees)	
Number of employees as at December 31	149	-
Average number of employees during the year	149	-

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2017	2016
		(Rupees in '000)	
Present value of minimum lease payments		78,235	-
Less: Current maturity shown under current liabilities	9.3	(13,339)	-
		64,896	-

9.1 The Company has entered into lease agreements with various leasing companies for lease of motor vehicles. The liabilities under these agreements are payable by the year 2018 - 2021 and are subject to finance charge at rates ranging from 3.98% - 4.16% per annum (December 31, 2016: Nil).

9.2 The Company intends to exercise its option to purchase these assets upon the termination of the lease term. The cost of operating and maintaining the leased assets is borne by the Company.

9.3 The amount of future payments for the finance lease and the period in which these payments will become due are as follows:

	Minimum Lease Payments	Future Finance Charges	2017	2016
			(Rupees in '000)	
Not later than one year	16,190	2,851	13,339	-
Later than one year and not later than five years	70,220	5,324	64,896	-
	86,410	8,175	78,235	-

10 CONTINGENCIES AND COMMITMENTS

10.1 The following contingencies were transferred to and vested into IGI General Insurance Limited with effect from close of business on January 31, 2017 that have been retained by the Company as part of scheme of arrangement:

10.2 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 advice of the legal counsel, is confident that the outcome of the case is likely to be in favor of the Company.

10.3 The Company is defending a suit filed against it and the beneficiary 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 will be decided in favor of the Company.

10.4 An appeal was filed before the Commissioner - Appeals, 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. Against the order of the Commissioner - Appeals, further appeal has been filed before the Appellate Tribunal, SRB on January 16, 2015, which was also decided against the Company. The Company has filed an appeal in the Honourable High Court which is pending adjudication. The management, based on a advice of the legal counsel, is hopeful that the outcome of the case will be decided in favor of the Company.

10.5 The Company has filed Suit 1249 of 2016 before the Honourable High Court of Sindh at Karachi. Through this Suit, the Company has impugned show cause notice dated 26.04.2016 issued by the Assistant Commissioner-2 SRB alleging that that the Company has received reinsurance services amounting to Rs. 2,717 million from foreign reinsurance companies for the period July 2011 to December 2014 and demanding Sindh Sales Tax on Services thereon under Tariff Heading 98.13.1000 and its sub-heading 98.13. 6000 in the Second Schedule read with Section 3(2) and Section 9(2) of the Sindh Sales Tax on Services Act, 2011. The Company has prayed, inter alia, that it is not liable to pay Sindh Sales Tax on Services on the reinsurance services it receives from foreign reinsurance companies and that the show cause notice dated April 26, 2016 is ultra vires the Constitution and the Sindh Sales Tax on Services Act, 2011. In addition, the Company has also challenged the constitution of the Sindh Revenue Board and the appointment of its Chairman. On May 23, 2016, the Honorable Sindh High Court passed an interim Order suspending the operation of the show cause notice and restraining coercive action against the Company in pursuance thereof. The management, based on a advice of the legal counsel, is hopeful that the outcome of the case will be decided in favor of the Company.

10.6 The contingencies relating to taxation are given in note 26 to the financial statements.

11 CASH AND OTHER EQUIVALENTS

	Note	2017	2016
		(Rupees in '000)	
Policy stamps in hand		2,684	-
		2,684	-

12 CURRENT AND OTHER ACCOUNTS

	Note	2017	2016
Current accounts		1,488,024	1,000
PLS savings accounts	12.1	17,034	-
		1,505,058	1,000

12.1 The balances in PLS savings accounts carry mark-up ranging between 3.5% to 4.75% per annum.

13 DEFERRED TAXATION

	Note	2017	2016
		(Rupees in '000)	
Deferred tax asset arising on deductible temporary difference:			
- Provision for doubtful receivables		45,248	-
- Defined benefit plan		3,725	-
- Liabilities against assets subject to finance lease		23,471	-
		72,444	-
Deferred tax liabilities arising on taxable temporary differences:			
- Accelerated tax depreciation		(34,853)	-
- Assets subject to finance lease		(23,689)	-
		(58,542)	-
		13,902	-

14 INVESTMENTS

	Note	2017	2016
Held to maturity			
Government securities	14.1	321,211	-

14.1 Government securities

Held to maturity	Maturity year	Effective yield % per annum	Profit payment	2017	2016
				(Rupees in '000)	
Pakistan Investment Bonds	2019	13.22%	Half yearly	14,726	-
Pakistan Investment Bonds	2021	13.08%	Half yearly	14,551	-
Pakistan Investment Bonds	2020	13.98%	Half yearly	23,915	-
Pakistan Investment Bonds	2022	12.00%	Half yearly	60,525	-
Pakistan Investment Bonds	2022	11.25%	Half yearly	1,028	-
Pakistan Investment Bonds	2022	12.76%	Half yearly	10,914	-
Pakistan Investment Bonds	2019	6.34%	Half yearly	195,552	-
				321,211	-

14.1.1 The Pakistan Investment Bonds are placed as statutory deposit with State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of Insurance Ordinance, 2000.

14.1.2 Market value of Pakistan Investment Bonds carried at amortised cost amounts to Rs. 339.538 million (2016: Rs. Nil) at December 31, 2017.

15 PREMIUMS DUE BUT UNPAID

	Note	2017	2016
		(Rupees in '000)	
Unsecured			
- Considered good		432,211	-
- Considered doubtful		102,741	-
		534,952	-
Provision for doubtful receivables	15.3	(102,741)	-
		432,211	-

15.1 This includes an amount of Rs 21.496 million (2016: Nil) receivable from related parties.

15.2 The aggregate amount due by directors, chief executive and executives of the Company amounts to Rs. 0.355 million.

15.3 Provision for doubtful receivables

	Note	2017	2016
		(Rupees in '000)	
Balance transferred as part of Scheme of Arrangement		83,894	-
Provision made during the year		18,847	-
Balance as at December 31		102,741	-

16 AMOUNTS DUE FROM OTHER INSURERS / REINSURERS

	Note	2017	2016
Unsecured			
- Considered good		269,603	-
- Considered doubtful		41,423	-
		311,026	-
Provision for doubtful receivables	16.1	(41,423)	-
		269,603	-

16.1 Provision for doubtful receivables

	2017	2016
Balance transferred as part of Scheme of Arrangement	41,423	-
Provision made during the year	-	-
Balance as at December 31	41,423	-

17 TRANSFER OF ASSETS UNDER SCHEME OF ARRANGEMENT

17.1 Proposed Shares To Be Issued On Amalgamation

During the current year, a Scheme of Arrangement of IGI Insurance Limited, after amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited, under sections 284 to 288 of the Companies Ordinance, 1984 has been sanctioned by the High Court of Sindh through its order dated December 16, 2017. The Scheme of Arrangement was effective from January 31, 2017 and entailed the transfer of the following assets and liabilities into IGI General Insurance Limited:

	IGI Insurance Limited's carrying amounts as at January 31, 2017 (based on audited financial statements)
Non current assets	
Fixed assets	
- Tangible operating assets	258,552
- Capital work in progress	4,236
Intangible assets	2,110
Investment property	170,257
Investments	125,118
Deferred taxation	7,165
	567,438
Current assets	
Premiums due but unpaid - unsecured	791,510
Amounts due from other insurers / reinsurers - unsecured	296,679
Accrued income on investments and deposits	2,828
Reinsurance recoveries against outstanding claims	631,658
Prepayments:	
- prepaid reinsurance premium ceded	575,975
- others	23,630
Taxation - payments less provision	107,302
Sundry receivables	117,333
Cash and bank balances	728,960
	3,275,875
TOTAL ASSETS	3,843,313
Non current liabilities	
Liabilities against assets subject to finance lease	37,130
Current Liabilities	
Provision for outstanding claims (including IBNR)	902,330
Provision for unearned premium	1,227,094
Commission income unearned	144,846
Premium received in advance	332
Amounts due to other insurers / reinsurers	508,950
Sundry creditors	420,422
Accrued expenses	178,108
Current portion of liabilities against assets subject to finance lease	6,717
	3,388,799
TOTAL LIABILITIES	3,425,929
NET ASSETS	417,384

17.2 The aforesaid net assets at their respective book values were vested / transferred into IGI General Insurance Limited against an issuance of 41,738,400 ordinary shares amounting to Rs. 417.384 million to IGI Holdings Limited (formerly IGI Insurance Limited) which have been allotted subsequent to the year end.

18 SUNDRY RECEIVABLES

	2017	2016
	(Rupees in '000)	
Advances - considered good	5,671	-
Security deposits	39,933	-
Sales tax recoverable	19,475	-
Salvage recoverable	78,889	-
Others	59,974	-
	203,942	-

19 TANGIBLE FIXED ASSETS

	Furniture, fixtures and office equipment				Buildings	Motor vehicles	Motor vehicles	Total
	Furniture and fixtures	Office equipment	Computer equipment	Sub total		Own	Leased	
	(Rupees in '000)							
As at January 1, 2017								
Cost	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Net book value as at January 1, 2017	-	-	-	-	-	-	-	-
For the year ended December 31, 2017								
Opening net book value	-	-	-	-	-	-	-	-
Transferred as part of Scheme of Arrangement (note 17)								
Net book value	20,229	18,840	6,728	45,797	121,697	46,161	44,897	258,552
Additions / Transfer								
- Cost	6,505	4,033	10,385	20,923	4,378	538	44,305	70,144
Disposals / Transfer								
- Net book value	(473)	(250)	-	(723)	-	(4,673)	-	(5,396)
- Depreciation charge for the year	14	17	-	31	-	1,935	-	1,966
	(459)	(233)	-	(692)	-	(2,738)	-	(3,430)
Depreciation charge	(2,515)	(4,465)	(5,272)	(12,252)	(15,516)	(13,124)	(10,239)	(51,131)
Net book value as at December 31, 2017	23,760	18,175	11,841	53,776	110,559	30,837	78,963	274,135
As at December 31, 2017								
Cost	26,261	22,623	17,113	65,997	126,075	42,026	89,202	323,300
Accumulated depreciation	(2,501)	(4,448)	(5,272)	(12,221)	(15,516)	(11,189)	(10,239)	(49,165)
Net book value as at December 31, 2017	23,760	18,175	11,841	53,776	110,559	30,837	78,963	274,135
Annual rate of depreciation	10%-16.67%	10%-28%	33.33%-50%		5%-33%	20%-40%	20%-25%	

19.1 The cost of fully depreciated property and equipment still in use amounts to Rs. 60.626 million.

19.2 Disposal of operating fixed assets

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal	Particulars of buyer
	(Rupees in '000)					
Assets with book value of more than Rs. 50,000						
Motor Vehicles-					**Own**	**Employees / Agents**
Suzuki Alto	917	795	122	452	Company policy	Muhammad Imran
Suzuki Alto	908	681	227	558	Company policy	Mohsin Bilal Bari
Suzuki Alto	966	708	258	734	Negotiation	Abdul Hafiz
Suzuki Alto	895	358	537	771	Negotiation	Muhammad Aleem
Toyota Corolla	2,309	845	1,464	1,668	Company policy	Abdul Haseeb Kabasti
Honda CG 125	91	6	85	106	Company policy	Amjad Dildar
	6,086	3,393	2,693	4,289		
Furniture and Fixtures						
Various Furniture	1,607	1,250	357	236	Negotiation	Abdul Quddus
Various Furniture	414	312	102	-	Donation**	Ali Institute
	2,021	1,562	459	236		
Office Equipment						
Samsung S7 Edge	160	50	110	53	Company policy	Al-Falah Insurance
Other assets with book value of less than Rs. 50,000						
						Employees / Agents
Motor Vehicles- Own						
Suzuki Alto	682	682	-	470	Negotiation	Perwaz Majeed
Suzuki Cultus	1,016	1,016	-	451	Company policy	Bilal Liaqat
Suzuki Cultus	1,022	1,022	-	454	Company policy	Hafeez
Suzuki Alto	753	753	-	334	Company policy	Sadia Kamran
Honda City	947	947	-	650	Company policy	Syed Mazhar
Honda Civic	2,216	2,216	-	1,017	Company policy	Faisal Khan
Toyota Corolla	1,445	1,445	-	1,025	Negotiation	Tahir Nadeem
Toyota Corolla	1,626	1,626	-	850	Company policy	Muhammad Arif
Toyota Corolla	1,829	1,829	-	925	Company policy	Rana Jamil
Toyota Corolla	1,731	1,731	-	768	Company policy	Nadeem Akhtar
CD-70	70	70	-	31	Company policy	Qaiser Khan
CD-70	69	69	-	31	Company policy	Faisal Khursheed
CD-70	42	42	-	7	Company policy	Asif Masih
Honda CD 70	40	36	4	-	Company policy	Tariq Mahmood
Unique UD 70	49	18	31	22	Company policy	Abdul Saboor
Star 5	41	41	-	-	Donation**	Zameer
Metro Dabang Bike	44	34	10	12	Company policy	Ali Raza Zaidi
	13,622	13,577	45	7,047		
Office equipments						
Various Office Equipment	1,850	1,840	10	284	Negotiation	Abdul Quddus
Samsung S7 Edge	75	38	37	60	Company policy	Al-Falah Insurance
Apple I Phone	70	23	47	20	Negotiation	Muhammad Nadeem
HTC One Mobile	48	19	29	8	Company policy	Suhail Mustafa
	2,043	1,920	123	372		
2017	23,932	20,502	3,430	11,997		
2016	-	-	-	-		

** These assets were charged off as donation expense during the year.

20 INTANGIBLES

2017

	Cost				Accumulated Depreciation				WDV as at Dec 31, 2017	Useful life
	As at Jan 01, 2017	Transferred as part of Scheme of Arrangement	Additions / transfer	As at Dec 31, 2017	As at Dec 1, 2017	Transferred as part of Scheme of Arrangement	For the year / transfer	As at Dec 31, 2016		
	(Rupees in '000)									
Computer Software	-	15,100	4,355	19,455	-	12,990	1,272	14,262	5,193	5 years
	-	15,100	4,355	19,455	-	12,990	1,272	14,262	5,193	

2016

	Cost				Accumulated Depreciation				WDV as at Dec 31, 2017	Useful life
	As at Jan 01, 2017	Transferred as part of Scheme of Arrangement	Additions / transfer	As at Dec 31, 2017	As at Dec 1, 2017	Transferred as part of Scheme of Arrangement	For the year / transfer	As at Dec 31, 2016		
	(Rupees in '000)									
Computer Software	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-		

20.1 Movement in net book value

	2017	2016
	(Rupees in '000)	
Net book value as at January 1	-	-
Assets acquired as part of Scheme of Arrangement	2,110	-
Addition	4,355	-
Amortisation	(1,272)	-
Net book value as at December 31	5,193	-

20.2 The cost of fully amortised intangibles still in use amounts to Rs. 11.983 million.

21 INVESTMENT PROPERTY

2017

	Cost				Accumulated Depreciation				WDV as at Dec 31, 2017	Useful life
	As at Jan 01, 2017	Transferred as part of Scheme of Arrangement	Additions / transfer	As at Dec 31, 2017	As at Dec 1, 2017	Transferred as part of Scheme of Arrangement	For the year / transfer	As at Dec 31, 2016		
	(Rupees in '000)									
Building	-	213,357	15,028	228,385	-	43,100	5,939	49,039	179,346	20 years

2016

	Cost				Accumulated Depreciation				WDV as at Dec 31, 2017	Useful life
	As at Jan 01, 2017	Transferred as part of Scheme of Arrangement	Additions / transfer	As at Dec 31, 2017	As at Dec 1, 2017	Transferred as part of Scheme of Arrangement	For the year / transfer	As at Dec 31, 2016		
	(Rupees in '000)									
Building	-	-	-	-	-	-	-	-	-	-

21.1 The market value of the investment properties is Rs. 692.903 million as per valuation carried out by various independent professional valuers as at December 31, 2017.

22 MANAGEMENT EXPENSES

	Note	2017	For the period from November 18,2016 to December 31, 2016
		(Rupees in '000)	
Salaries, wages and benefits	22.1	316,170	-
Rent, rates and taxes		30,269	-
Utilities		8,892	-
Repairs and maintenance		4,385	-
Education and training		5,399	-
Computer expenses		4,530	-
Communication		7,972	-
Provision for doubtful debts	15.3	18,847	-
Inspection fee		2,666	-
Security expenses		45,602	-
		444,732	-

22.1 This includes charge for defined benefit and defined contribution plans amounting to Rs. 9.130 million and Rs. 10.219 million respectively.

23 OTHER INCOME

	Note	2017	For the period from November 18,2016 to December 31, 2016
		(Rupees in '000)	
Income on NCCPL Deposit		28	-
Gain on disposal of fixed assets		8,567	-
		8,595	-

24 FINANCIAL CHARGES

Markup on lease vehicles		2,691	-
Bank charges		848	-
		3,539	-

25 GENERAL AND ADMINISTRATIVE EXPENSES

Salaries, wages and benefits		23,910	-
Repairs and maintenance		3,882	-
General office premium		10,596	-
Motor car expenses		23,357	-
Tour and travelling		29,611	-
Entertainment expenses		7,153	-
Stationery and printing		7,320	-
Depreciation and amortisation	19, 20 & 21	58,342	-
Donations		162	-
Auditors remuneration	25.1	2,952	-
Advertisement expenses		9,805	-
Legal and professional		49,494	-
Sundry expenses		2,288	-
		228,872	-

25.1 Auditors remuneration

Fee for statutory audit		1,150	-
Fee for interim review		500	-
Fee for audit of regulatory return		350	-
Special certifications and sundry services		750	-
Out of pocket expenses		202	-
		2,952	-

25.2 Administration expenses and management expenses include an amount of Rs 2.154 million on account of group shared services cost charged to the Company under group shared services agreement between the Company and other group companies.

26 TAXATION

	2017	For the period from November 18,2016 to December 31, 2016
	(Rupees in '000)	
For the year		
- Current	81,118	-
- Deferred	(6,199)	-
	74,919	-

26.1 Tax charge reconciliation

	2017	2016
Profit before tax	248,798	-
Tax calculation at the rate of 30%	74,639	-
Effect of permanent differences	49	-
Effect of items taxable under lower rates	231	-
Others	(247)	-
	74,919	-

26.2 Taxation

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:

26.2.1 While finalising the assessment for the year 1999-2000 the Taxation Officer has 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 have 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.

26.2.2 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.

26.2.3 In case of tax year 2008, the Additional Commissioner Audit Division-11 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 High Court of Sindh which has restrained the department to take up the amended proceedings.

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.

26.2.4 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 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 31 August 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.

26.2.5 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 dated 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.

26.2.6 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. 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 & 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 p er 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.

26.2.7 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 which is pending adjudication.

26.2.8 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.

26.2.9 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) which is pending adjudication.

26.2.10 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 Rest. 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) 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 which is pending adjudication.

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 20.000 million in respect of the Super tax liability under section 4B whereas the remaining Super tax demand of Rs 7.913 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.

26.2.11 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. The company has submitted its response in respect of the issues raised in the show-cause notice, however, no assessment order has yet been passed.

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. 206.542 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) which are pending adjudication.

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 financial statements.

27 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the Company during the year are as follows:

	Chief Executive		Directors		Executives*	
	2016	2015	2016	2015	2016	2015
	(Rupees in '000)					
Fee for attending board meeting	-	-	1,425 **	-	-	-
Managerial remuneration	9,780	-	1,980	-	72,680	-
Bonus	10,860	-	-	-	29,995	-
Retirement benefits	-					
(including provident fund)	1,697	-	-	-	12,610	-
Housing and utilities	5,459	-	-	-	41,520	-
Medical expenses	978	-	-	-	5,371	-
Conveyance allowance	588	-	-	-	9,880	-
Others	6,324	-	-	-	6,322	-
	35,686	-	3,405	-	178,378	-
Number of persons	1	-	5	-	60	-

27.1 Chief Executive and executives of the Company are provided with Company maintained cars and residential telephones.

**This includes fee for attending Board meeting of all the seven directors.

Notes to and Forming Part of the Consolidated Financial Statements

28 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Holding Company, associates, related group companies, directors of the Company, key management personnel, major shareholders, 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. Remuneration of key management personnel is disclosed in note 28. Amounts due to / from and other significant transactions, other than those disclosed else where in these financial statements, are as follows:

	Parent		Associates		Post employment benefit plans		Directors		Key Management personnel		Other related parties	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Transactions												
Premium Underwritten	-	-	-	-	-	-	73	-	-	-	218,956	-
Premium Collected	-	-	-	-	-	-	479	-	-	-	404,117	-
Claims Expense	-	-	-	-	-	-	174	-	-	-	54,688	-
Commission Expense	-	-	-	-	-	-	-	-	-	-	17,358	-
Commission Paid	-	-	-	-	-	-	-	-	-	-	16,422	-
Rental Income	-	-	-	-	-	-	-	-	-	-	21,627	-
Charge in respect of Gratuity Fund	-	-	-	-	9,129	-	-	-	-	-	-	-
Charge in respect of Provident Fund	-	-	-	-	10,219	-	-	-	-	-	-	-
Contribution to Gratuity Fund	-	-	-	-	8,093	-	-	-	-	-	-	-
Contribution to Provident Fund	-	-	-	-	6,400	-	-	-	-	-	-	-
Key Management Personnel												
Compensation	-	-	-	-	-	-	38,266	-	84,687	-	-	-
Balances												
Premium Receivable	-	-	-	-	-	-	144	-	-	-	21,496	-
Commission Payable	-	-	-	-	-	-	-	-	-	-	5,234	-
Other Receivable	6,639	-	-	-	-	-	-	-	-	-	43,581	-
(Payable to)/ receivable from												
Gratuity Fund	-	-	-	-	(12,419)	-	-	-	-	-	-	-
(Payable to)/ receivable from												
Provident Fund	-	-	-	-	(4,027)	-	-	-	-	-	-	-

29 OPERATING SEGMENT

The Company's business is organised and managed separately according to the nature of services provided with the following segments:

- Fire and property insurance provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.
- Marine, aviation and transport insurance provides coverage against cargo risk, war risk, damages occurring in inland transit and other related perils.
- Motor insurance provides comprehensive car coverage, indemnity against third party loss and other related coverage.
- Accident and health insurance provides coverage against personal accident, hospitalization and other medical benefits.
- Miscellaneous insurance provides coverage against burglary, loss of cash in safe and cash in transit, engineering losses, travel and other coverage.

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

	2017					
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
	(Rupees in '000)					
Segment assets	959,302	228,086	323,504	82,021	630,515	2,223,428
Unallocated assets	-	-	-	-	-	3,456,924
Window Takaful Operations - segment assets	23,051	1,257	13,830	-	1,015	39,153
Window Takaful Operations - unallocated assets	-	-	-	-	-	94,476
Consolidated total assets						5,813,981
Segment liabilities	1,042,393	280,315	847,045	246,310	801,956	3,218,019
Unallocated liabilities	-	-	-	-	-	418,788
Window Takaful Operations - segment liabilites	28,604	1,823	30,609	-	1,670	62,706
Window Takaful Operations - unallocated liabilties	-	-	-	-	-	19,218
Consolidated total liabilities						3,718,731

30 FINANCIAL INSTRUMENTS BY CATEGORY

	2017	2016
	(Rupees in '000)	
Financial assets and financial liabilities		
Financial assets		
Loans and receivables - amortised cost		
Cash and bank deposits		
Cash and other equivalents	2,684	-
Current and other accounts	1,505,058	1,000
Deposits maturing within 12 months	960,000	-
	2,467,742	1,000
Current assets - others		
Premiums due but unpaid - unsecured	432,211	-
Amounts due from other insurers / reinsurers - unsecured	269,603	-
Accrued income on investments and deposits	13,688	-
Reinsurance recoveries against outstanding claims	723,743	-
Sundry receivables	184,467	-
Window Takaful Operations - total assets	111,160	-
	1,734,872	-

	2017	2016
	(Rupees in '000)	
Investments - held to maturity	321,211	-
Financial Liabilities		
Amortised cost		
Provision for outstanding claims (including IBNR)	1,226,184	-
Amounts due to other insurers / reinsurers	347,883	-
Accrued expenses	164,302	-
Sundry creditors	509,388	-
Liabilities against assets subject to finance lease	78,235	-
Window Takaful Operations - total liabilities	73,072	-
	2,399,064	-

31 RISK MANAGEMENT

31.1 Risk management framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

31.2 Insurance risks

31.2.1 Insurance risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Company manages its risk via its underwriting and 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 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 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.

31.2.2 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:

	2017		
	Maximum sum insured	Reinsurance cover	Highest net liability
	(Rupees in '000)		
Fire and property damage	37,272,240	37,230,977	41,263
Marine, aviation and transport	12,077,761	5,193,437	6,884,324
Motor	74,555	-	74,555
Health	1,000	-	1,000
Miscellaneous	13,500,000	8,100,000	5,400,000
Window Takaful Operations	6,254,766	5,863,987	390,779
	69,180,322	56,388,401	12,791,921

	2016		
	Maximum sum insured	Reinsurance cover	Highest net liability
	(Rupees in '000)		
Fire and property damage	-	-	-
Marine, aviation and transport	-	-	-
Motor	-	-	-
Health	-	-	-
Miscellaneous	-	-	-
	-	-	-

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

	2017		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	(Rupees in '000)		
Fire and property damage	1,042,393	959,302	83,091
Marine, aviation and transport	280,315	228,086	52,229
Motor	847,045	323,504	523,541
Health	246,310	82,021	164,289
Miscellaneous	801,956	630,515	171,441
Window Takaful Operations	62,706	39,153	23,553
	3,218,019	2,223,428	994,591

	2016		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	(Rupees in '000)		
Fire and property damage	-	-	-
Marine, aviation and transport	-	-	-
Motor	-	-	-
Health	-	-	-
Miscellaneous	-	-	-
	-	-	-

31.2.3 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 policy holder, 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 4.6 to these 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.

31.2.4 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.

31.2.5 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	
	Profit and Loss	Equity	Profit and Loss	Equity
	(Rupees in '000)			
Fire and property damage	(5,543)	(5,543)	5,543	5,543
Marine, aviation and transport	(5,328)	(5,328)	5,328	5,328
Motor	(30,305)	(30,305)	30,305	30,305
Health	(13,863)	(13,863)	13,863	13,863
Miscellaneous	(10,289)	(10,289)	10,289	10,289
Window Takaful Operations	(336)	(336)	336	336
	(65,664)	(65,664)	65,664	65,664

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

	2013	2014	2015	2016	2017	Total
	(Rupees in '000)					
Estimate of ultimate claims cost:						
At end of accident year	322,760	232,592	324,613	332,103	363,401	1,575,469
One year later	321,070	216,453	371,882	358,703	-	1,268,108
Two years later	315,575	220,697	370,112	-	-	906,384
Three years later	316,198	217,108	-	-	-	533,306
Four years later	311,939	-	-	-	-	311,939
Estimate of cumulative claims	311,939	217,108	370,112	358,703	363,401	1,621,263
Cumulative payments to date	(305,825)	(207,512)	(263,625)	(357,908)	(170,366)	(1,305,236)
Liability recognised in the balance sheet	6,114	9,596	106,487	795	193,035	316,027

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

31.3 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.

Notes to and Forming Part of the Consolidated Financial Statements

The Company is exposed to interest / mark-up rate risk in respect of the following:

	2017							
	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 deposits	3.5% - 4.75%	977,034	-	977,034	1,490,708	-	1,490,708	2,467,742
Investments	6.34%-13.22%	210,278	110,933	321,211	-	-	-	321,211
Premium due but unpaid		-	-	-	432,211	-	432,211	432,211
Amounts due from other insurers / reinsurers - unsecured		-	-	-	269,603	-	269,603	269,603
Accrued income on investments and deposits		-	-	-	13,688	-	13,688	13,688
Reinsurance recoveries against outstanding claims		-	-	-	723,743	-	723,743	723,743
Sundry receivables		-	-	-	184,467	-	184,467	184,467
Window Takaful Operations - total assets		-	-	-	111,160	-	111,160	111,160
		1,187,312	110,933	1,298,245	3,225,580	-	3,225,580	4,523,825
Financial liabilities								
Provision for outstanding claims [including IBNR]		-	-	-	1,226,184	-	1,226,184	1,226,184
Amounts due to other insurers / reinsurers		-	-	-	347,883	-	347,883	347,883
Accrued expenses		-	-	-	164,302	-	164,302	164,302
Sundry creditors		-	-	-	509,388	-	509,388	509,388
Liabilities against assets subject to finance lease	3.98% - 4.16%	64,896	13,339	78,235	-	-	-	78,235
Window Takaful Operations - total liabilities		-	-	-	73,072	-	73,072	73,072
		64,896	13,339	78,235	2,320,829	-	2,320,829	2,399,064
		1,122,416	97,594	1,220,010	904,751	-	904,751	2,124,761

	2016							
	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 deposits		-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-
Premium due but unpaid		-	-	-	-	-	-	-
Amounts due from other insurers /		-						
reinsurers - unsecured		-	-	-	-	-	-	-
Accrued income on investments and deposits		-	-	-	-	-	-	-
Reinsurance recoveries against outstanding claims		-	-	-	-	-	-	-
Sundry receivables		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Financial liabilities								
Provision for outstanding claims [including IBNR]		-	-	-	-	-	-	-
Amounts due to other insurers / reinsurers		-	-	-	-	-	-	-
Accrued expenses		-	-	-	-	-	-	-
Sundry creditors		-	-	-	-	-	-	-
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-

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, 2017 and 2016 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	Decrease
As at December 31, 2017	(Rupees in '000)	
Cash flow sensitivity - Variable rate financial liabilities	(782)	782
Cash flow sensitivity - Variable rate financial assets	12	(12)
Window Takaful Operations - Variable rate financial liabilities	-	-
Window Takaful Operations - Variable rate financial assets	-	-
As at December 31, 2016		
Cash flow sensitivity-Variable rate financial liabilities	-	-
Cash flow sensitivity-Variable rate financial assets	-	-

(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 balance sheet date, the Company does not have material assets or liabilities which are exposed to foreign currency risk.

(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 maintained.

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 balance sheet date to the contractual maturity date on an undiscounted cash flow basis.

	2017			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Provision for outstanding claims	1,226,184	1,226,184	1,226,184	-
Amount due to other insurers / reinsurers	347,883	347,883	347,883	-
Accrued expenses	164,302	164,302	164,302	-
Liabilities against assets subject to finance lease	78,235	78,235	13,339	64,896
Sundry creditors	532,441	532,441	532,441	-
Window Takaful Operations - total liabilities	73,072	73,072	73,072	
	2,422,117	2,422,117	2,357,221	64,896

(iii) 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 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.

	2017	2016
	(Rupees in '000)	
- Current and other accounts	1,505,058	-
- Deposits maturing within 12 months	960,000	-
- Investments	-	-
- Premiums due but unpaid	432,211	-
- Amount due from other insurers / reinsurers	269,603	-
- Accrued income on investments and deposits	13,688	-
- Prepaid reinsurance premium ceded	481,956	-
- Reinsurance recoveries against outstanding claims	723,743	-
- Sundry receivables	203,942	-
- Window Takaful Accounts - total assets	64,186	-
	4,654,387	-

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. During the period no receivables were further impaired. The movement in the provision for doubtful debt account is shown in note 15.3 and 16.1. 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 Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating Agency	Rating	
		Short Term	Long Term
Bank deposits			
Allied Bank	PACRA	A1+	AA+
Bank Al Habib	PACRA	A1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	AA-
Bank Islami	PACRA	A1	A+
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank	PACRA	A1+	AAA
Summit Bank Limited	JCR VIS	A1	A-
Bank of Punjab	PACRA	A1+	AA
United Bank Limited	JCR VIS	A1+	AAA
Meezan Bank	JCR VIS	A1+	AA
Certificate of Deposits			
Standard Chartered Bank	PACRA	A1+	AAA
Bank Al Habib Limited	PACRA	A1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
Summit Bank Limited	JCR VIS	A1	A-

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

	2017	2016
	(Rupees in '000)	
Upto 1 year	551,904	-
1-2 years	131,404	-
2-3 years	41,909	-
Over 3 years	120,761	-
	845,978	-
Window Takaful Operations		
Upto six months	10,949	-

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.

	2017	2016
	(Rupees in '000)	
Sector wise analysis of premiums due but unpaid		
Foods and beverages	15,416	-
Financial services	37,244	-
Pharmaceuticals	42,417	-
Textile and composites	89,354	-
Plastic industries	305	-
Engineering	29,268	-
Other manufacturing	27,047	-
Miscellaneous	293,901	-
	534,952	-
Window Takaful Operations		
Textile	2,625	-
Engineering	2,144	-
Pharmaceuticals	480	-
Food	300	-
Others	5,400	-
	10,949	-

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	2017	2016
	(Rupees in '000)				
A- or above (including PRCL)	284,613	603,820	386,130	1,274,563	-
BBB and B+	1,968	84,045	66,619	152,632	-
Others	24,445	35,878	29,207	89,530	-
Total	311,026	723,743	481,956	1,516,725	-

Window Takaful Operations

	Amount due from re-takaful operators	Re-takaful recoveries against outstanding claims	Prepaid re-takaful contribution ceded	2017	2016
	(Rupees in '000)				
A or above	8,799	-	8,796	17,595	-
BBB	143	-	1,951	2,094	-
Others	682	-	-	682	-
	9,624	-	10,747	20,371	-

32 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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). The Company has no items to report in this level.

- 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 carrying amounts of all other financial assets and liabilities reflected in the financial statements approximate their fair values. In case of available for sale investments, the equity securities are carried at lower of cost or market value in line with SECP's SRO.

33 CAPITAL MANAGEMENT

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

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

34 CORRESPONDING FIGURES

Corresponding figures have been reclassified, wherever necessary, to facilitate comparison. No significant reclassification / restatement was made during the current year.

35 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 05, 2018 by the Board of Directors of the Company.

36 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors has proposed a final dividend for the year ended December 31, 2017 of Rs. 0.85 per share (2016: Rs. Nil), amounting to Rs 163.063 million (2016: Rs Nil) in its meeting held on March 5, 2018 for the approval of the members at the annual general meeting. The financial statements for the year ended December 31, 2017 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending December 31, 2018.

Chairman	Director	Director	Principal Officer and Chief Executive

Window Takaful Operations
Financial Statments

Statement of Shariah Compliance with the Shariah Principles

For the Period from July 1, 2017 to December 31, 2017

The financial arrangements, contracts and transactions, entered into by Window Takaful Operations of IGI General Insurance Limited ('the Company') for the year ended December 31, 2017 are in compliance with the Takaful Rules, 2012.

Further, we confirmed that:

- The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors have been implemented.

- The Company has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisor/ Board of Directors to maintain the adequate level of awareness, capacity and sensitisation of the staff and management;

- All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the policies approved by Shariah Advisor; and

- The assets and liabilities of Window Takaful Operations (Participants' Takaful Fund and Operator's fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

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

Tahir Masaud
Chief Executive Officer

Auditors' Report to the Members of IGI General Insurance Limited (WTO)

We have audited the annexed financial statements comprising of:

(i) balance sheet;
(ii) profit and loss account;
(iii) statement of comprehensive income;
(iv) statement of cash flows;
(v) statement of contributions;
(vi) statement of claims;
(vii) statement of expenses; and
(viii) statement of investment income

of IGI General Insurance Limited – Window Takaful Operations ("the Operator") as at December 31, 2017 together with the notes forming part thereof, for the period then ended.

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

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

In our opinion:

(a) proper books of accounts have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

(b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Operator and are further in accordance with accounting policies as disclosed in note 3 of the financial statements;

(c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Operator's affairs as at December 31, 2017, and of the profit, its comprehensive income, its cash flows and changes in equity for the period then ended in accordance with Approved Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

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

Chartered Accountants
Engagement Partner: Noman Abbas Sheikh
Dated: March 8, 2018
Karachi

Window Takaful Operations
Balance Sheet

	Note	2017		
		Operator's Fund	Participant's Takaful Fund	Aggregate
		(Rupees in '000)		
FUNDS AND LIABILITIES				
OPERATOR'S FUND (OPF)				
Statutory reserve		50,000	-	50,000
Accumulated losses		(2,540)	-	(2,540)
		47,460	-	47,460
WAQF / PARTICIPANTS' TAKAFUL FUND (PTF)				
Cede money		-	500	500
Accumulated surplus		-	3,744	3,744
		-	4,244	4,244
PTF UNDERWRITING PROVISIONS				
Provision for outstanding claims		-	3,826	3,826
Provision for unearned contribution		-	22,030	22,030
Provision for unearned retakaful reward	11	-	2,342	2,342
Total underwriting provision		-	28,198	28,198
CREDITORS AND ACCRUALS				
Amount due to co-takaful / retakaful operators		443	22,912	23,355
Contribution received in advance		-	69	69
Wakala fees payable		-	11,526	11,526
Deferred Wakalah Fee		7,832	-	7,832
Accrued expenses (OPF)		500	-	500
Other creditors and accruals	5	7,951	2,494	10,445
		16,726	37,001	53,727
TOTAL FUNDS AND LIABILITIES		64,186	69,443	133,629

Chairman

Director

Director

Principal Officer
and Chief Executive

As at December 31, 2017

	Note	2017		
		Operator's Fund	Participant's Takaful Fund	Aggregate
		(Rupees in '000)		
ASSETS				
CASH AND BANK DEPOSITS	6			
Current and other accounts		23,947	29,614	53,561
Deposits maturing within 12 months		25,000	500	25,500
		48,947	30,114	79,061
CURRENT ASSETS - OTHERS				
Contribution due but unpaid		-	10,949	10,949
Amount due from other takaful / retakaful operators		-	9,624	9,624
Prepaid retakaful contribution ceded		-	10,747	10,747
Prepaid Wakalah Fee		-	7,832	7,832
Deferred commission expense		3,623	-	3,623
Wakala fees receivable		11,526	-	11,526
Sundry receivables	7	44	177	221
		15,193	39,329	54,522
FIXED ASSETS				
Tangible				
Computer equipment	8	46	-	46
Total fixed assets		46	-	46
TOTAL ASSETS		64,186	69,443	133,629
CONTINGENCIES AND COMMITMENTS	9			

The annexed notes 1 to 20 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Window Takaful Operations
Profit and Loss Account
For the Period from July 1, 2017 to December 31, 2017

	Note	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	2017 Aggregate
		(Rupees in '000)				
PTF revenue account						
Net contribution revenue		1,859	197	6,814	89	8,959
Wakalah fee expense		(1,476)	(534)	(1,589)	(95)	(3,694)
Net claims		(96)	(7)	(3,222)	(31)	(3,356)
Direct expenses	10	-	-	(1)	-	(1)
Reward from re-takaful operators	11	814	311	649	61	1,835
Surplus / (Deficit) before investment income		1,101	(33)	2,651	24	3,743
Net investment income						1
Surplus for the period						3,744
OPF revenue account						
Wakalah fee income		1,476	534	1,589	95	3,694
Commission expense		(1,041)	(88)	(999)	(35)	(2,163)
Management expenses	12	(1,544)	(166)	(1,726)	(81)	(3,517)
		(1,109)	280	(1,136)	(21)	(1,986)
Net investment income						446
General and administrative expenses	13					(1,000)
Loss for the period						(2,540)
Other comprehensive income						-
Total comprehensive income						(2,540)

The annexed notes 1 to 20 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Window Takaful Operations
Statement of Changes in Funds
For the Period from July 1, 2017 to December 31, 2017

	Operator's Fund		
	Statutory fund	Accumulated losses	Total
	(Rupees in '000)		
Balance as at July 1, 2017	-	-	-
Contribution made during the period	50,000	-	50,000
Total comprehensive income / (loss) for the period	-	(2,540)	(2,540)
Balance as at December 31, 2017	50,000	(2,540)	47,460

	Participant's Takaful Fund		
	Cede money	Accumulated deficit	Total
	(Rupees in '000)		
Balance as at July 1, 2017	-	-	-
Contribution received during the period	500	-	500
Surplus for the period	-	3,744	3,744
Balance as at December 31, 2017	500	3,744	4,244

The annexed notes 1 to 20 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Window Takaful Operations
Statement of Cash Flows

	2017		
	Operator's Fund	Participant's Takaful Fund	Aggregate
	(Rupees in '000)		
OPERATING CASH FLOWS			
(a) Takaful activities			
Contributions received	-	25,486	25,486
Re-takaful contribution paid	-	(2,836)	(2,836)
Claims paid	-	(659)	(659)
Commission paid	(955)	-	(955)
Re-takaful and other recoveries received	-	1,129	1,129
Re-takaful reward received	-	4,177	4,177
Net cash inflow from takaful activities	(955)	27,297	26,342
(b) Other operating activities			
Other operating receipts	-	2,318	2,318
Income tax paid	(44)	-	(44)
Total cash generated from / (used in) all operating activities	(999)	29,615	28,616
INVESTMENT ACTIVITIES			
Profit / return received	446	-	446
Financial charges paid	-	(1)	(1)
Fixed capital expenditure	-	-	-
Total cash (used in) / generated from investing activities	446	(1)	445
FINANCING ACTIVITIES			
Contribution to Operators' Fund	50,000	-	50,000
Ceded amount to PTF	(500)	500	-
Total cash generated from / (used in) financing activities	49,500	500	50,000
Net cash inflows from all activities	48,947	30,114	79,061
Cash at beginning of the year	-	-	-
Cash at end of the period	48,947	30,114	79,061

Chairman	Director	Director	Principal Officer and Chief Executive

	2017		
	Operator's Fund	Participant's Takaful Fund	Aggregate
	(Rupees in '000)		
Reconciliation to profit and loss account			
Operating cash flows	(999)	29,615	28,616
Depreciation expenses	(9)	-	(9)
Financial charges	-	(1)	(1)
Investment income	446	-	446
Ceded amount to PTF	(500)	-	(500)
Increase in liabilities	(16,671)	(65,199)	(81,870)
Increase in assets	15,193	39,329	54,522
Loss for the period	(2,540)	3,744	1,204
Attributed to			
Operators' Fund	(2,540)	-	(2,540)
Participants' Takaful Fund	-	3,744	3,744
	(2,540)	3,744	1,204
Definition of cash			
Cash for the purposes of the statement of cash flows consists of:			
- Current and other accounts	23,947	29,614	53,561
- Deposits maturing within 12 months	25,000	500	25,500
	48,947	30,114	79,061

The annexed notes 1 to 20 form an integral part of these financial statements.

Chairman

Director

Director

Principal Officer
and Chief Executive

Window Takaful Operations
Statement of Contribution
For the Period from July 1, 2017 to December 31, 2017

Business underwritten inside Pakistan

Class	Contribution written	Wakalah fee	Contribution (net off Wakalah)	Unearned premium reserve		Contribution earned	Retakaful ceded	Prepaid retakaful ceded		Retakaful expense	Net contribution revenue
				Opening	Closing			Opening	Closing		For the period July 1, 2017 to December 31, 2017
Direct and facultative											
Fire and property	15,973	5,355	10,618	-	10,377	5,596	13,873	-	10,136	3,737	1,859
Marine, aviation											
and transport	1,712	615	1,097	-	151	1,561	1,572	-	208	1,364	197
Motor	17,840	5,325	12,515	-	11,026	6,814	-	-	-	-	6,814
Miscellaneous	841	231	610	-	476	365	679	-	403	276	89
Total	36,366	11,526	24,840	-	22,030	14,336	16,124	-	10,747	5,377	8,959

The annexed notes 1 to 20 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Window Takaful Operations
Statement of Claims
For the Period from July 1, 2017 to December 31, 2017

Class	Claims paid	Provision for outstanding claims		Claims expense	Retakaful and other recoveries received	Retakaful and other recoveries in respect of outstanding claims		Retakaful and other recoveries revenue	Net contribution revenue
		Opening	Closing			Opening	Closing		For the period July 1, 2017 to December 31, 2017
Direct and facultative									
Fire and property	5	-	865	870	774	-	-	774	96
Marine, aviation and transport	78	-	-	78	71	-	-	71	7
Motor	568	-	2,654	3,222	-	-	-	-	3,222
Miscellaneous	8	-	307	315	284	-	-	284	31
Total	659	-	3,826	4,485	1,129	-	-	1,129	3,356

The annexed notes 1 to 20 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Window Takaful Operations
Statement of Expenses - PTF
For the Period from July 1, 2017 to December 31, 2017

Class	Gross Wakalah Fee	Wakalah Fee		Net Wakalah Fee	Direct expenses	Takaful expense	Reward from retakaful operators (Note 12)	Net contribution revenue
		Opening	Closing					For the period July 1, 2017 to December 31, 2017
Direct and facultative								
Fire and property	5,355	-	3,879	1,476	-	1,476	814	662
Marine, aviation and transport	615	-	81	534	-	534	311	223
Motor	5,325	-	3,736	1,589	1	1,590	649	941
Miscellaneous	231	-	136	95	-	95	61	34
	11,526	-	7,832	3,694	1	3,695	1,835	1,860

The annexed notes 1 to 20 form an integral part of these financial statements.

Chairman

Director

Director

Principal Officer
and Chief Executive

Window Takaful Operations
Statement of Expenses - OPF
For the Period from July 1, 2017 to December 31, 2017

Class	Commission paid or payable	Deferred commission		Net commission expense	Management expenses	Total OPF expenses
		Opening	Closing			For the period July 1, 2017 to December 31, 2017
Direct and facultative						
Fire and property	2,973	-	1,932	1,041	1,544	2,585
Marine, aviation and transport	96	-	8	88	166	254
Motor	2,637	-	1,638	999	1,726	2,725
Miscellaneous	79	-	44	35	81	116
	5,785	-	3,623	2,163	3,517	5,680

The annexed notes 1 to 20 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Window Takaful Operations
Statement of Investment Income

For the Period from July 1, 2017 to December 31, 2017

	For the period July 1, 2017 to December 31, 2017
	(Rupees in '000)
PARTICIPANTS' TAKAFUL FUND	
Profit on bank deposit	1
OPERATOR'S FUND	
Profit on bank deposit	446

The annexed notes 1 to 20 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Window Takaful Operations
Notes to and Forming Part of the Financial Statements

1 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 Companies Ordinance, 1984. 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 objects of the Operator include providing general takaful services in spheres of Fire, Marine, Motor, Health and Miscellaneous business segments.

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 01, 2017.

2 BASIS OF PREPARATION

These financial statrements have been prepared in line with the format issued by the SECP through SEC (Insurance) Rules, 2002, vide SRO 938 dated December 12, 2002 and circular 25 of 2015 dated July 9, 2015.

These financial statements reflect the financial position and results of operations of both the Operator's Fund ("OPF") and Participant Takaful Fund ("PTF") in a manner that the assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable. These are the first set of financial statements of the IGI General Insurance Limited - Window Takaful Operations, therefore comparative information has not been presented.

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, Takaful Rules, 2012 and the directives issued by the SECP. Wherever the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 the SEC (Insurance) Rules, 2002, Takaful Rules, 2012 or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, Takaful Rules, 2012 or the said directives prevail.

The Companies Act, 2017 (the Act) has been enacted on May 30, 2017 superseding the Companies Ordinance, 1984. Subsequent to the promulgation of the Companies Act, 2017, the SECP through a circular dated October 04, 2017 has allowed companies whose financial year closes on or before December 31, 2017 to prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, the financial statements of the Operator for the period ended December 31, 2017 have been prepared in accordance with the provisions of the repealed Ordinance. The management is currently in the process of assessing the impact of the provisions of the Act on the financial statements of the Operator.

The Securities and Exchange Commission of Pakistan (SECP) through its notification SRO 89 (1) / 2017 dated February 9, 2017 has issued Insurance Rules, 2017 which have come into force at once. Further, the SECP through SRO 88 (1) / 2017 dated February 9, 2017 has also issued Insurance Accounting Regulations, 2017. The Insurance Accounting Regulations are applicable from April 1, 2017. However, the SECP on application of the Operator has allowed to apply Insurance Accounting Regulation, 2017 effective from the accounting year commencing from January 1, 2018. Accordingly, impacts of Insurance Accounting Regulations, 2017 have not been considered in preparation of these financial statements.

2.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Operator operates. The financial statements are presented in Pakistani Rupees, which is the Operator's functional and presentation currency and has been rounded off to the nearest thousand of rupees.

2.3 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year:

There are certain amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2017 but are considered not to be relevant or do not have any significant effect on the Operator's operations and are, therefore, not detailed in these financial statements.

2.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

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

Standard, Interpretations or Amendments	Effective date (annual periods beginning on or after)
- IFRS 9 – Financial Instruments: Classification and Measurement	July 1, 2018
- IFRS 15 - Revenue from contracts	July 1, 2018
- IFRS 16 - Leases	January 1, 2019

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

3 BASIS OF MEASUREMENT

3.1 These financial statements have been prepared on the basis of historical cost convention, except as otherwise disclosed.

3.2 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting 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) classification of takaful contracts (note 4.1)
ii) provision for unearned contribution (note 4.2)
iii) provision for contribution due but unpaid and amount due from other takaful / re-takaful operators (note 4.2)
iv) provision for outstanding claims inclduing IBNR and re-takaful recoveries there against (note 4.4)
v) contribution deficiency reserve (note 4.7)
vi) provision for unearned wakala fee (note 4.9)
vii) classification of investments (note 4.15)
viii) residual values and useful lives of fixed assets (note 4.17 and 8)

ix) allocation of management expenses (note 4.22 and 12)
x) taxation (note 4.13)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these financial statements are set out below.

4.1 Takaful contracts

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

Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the 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:

4.1.1 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.

4.1.2 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.

4.1.3 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.

4.1.4 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.

4.2 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, contribtuion 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 SEC (Insurance) Rules, 2002.

4.3 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.

4.4 Claims expense

General takaful claims include all claims occurring during the period, 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 balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an 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 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 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.

4.5 Re-takaful recoveries against claims

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

4.6 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. 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 account 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.

4.7 Contribution deficiency reserve

The Operator is required as per SEC (Insurance) Rules, 2002, 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 in the profit and loss account.

No provision has been made as the unearned contribution reserve for each class of business as at the reporting date is adequate to meet the expected future liability after re-takaful from claims and other expenses, expected to be incurred after the reporting date in respect of takaful contracts in force at reporting date.

4.8 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 period.

4.9 Wakalah fee

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

Class	Percentage
Fire and property	33.5%
Marine, aviation and transport	35.0%
Motor	30.0%
Miscellaenous	27.5%

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

4.10 Mudarib's share - PTF

The Operator also manages the participants' investment as Mudarib and charges 25% 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.

4.11 Qard-e-Hasan

Qard-e-Hasan is provided by Operator's fund to PTF in case of deficit or fulfill cash flow requirements.

4.12 Creditors, accruals and provisions

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

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

4.13 Taxation

The profit of the Operator is taxed as part of total profit of the IGI General Insurance Limited as the Operator is not separately registered for tax purposes.

4.14 Cash and cash equivalents

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

4.15 Investments

4.15.1 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 held for trading investments in which case transaction costs are charged to the profit and loss account. These are classified into the following categories:

- Investment at fair value through profit and loss - held for trading
- Held to maturity
- Available for sale

4.15.2 Investments at fair value through profit or loss - held for trading

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.

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

4.15.3 Loans and 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.

4.15.4 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.

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

The difference between the redemption value and the purchase price of the held to maturity investments is amortised and taken to the profit and loss account over the term of the investment.

4.15.5 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. It also includes investments in associated undertakings where the Operator does not have significant influence. The Operator follows trade date accounting for 'regular way purchase and sales' of investments.

Subsequent to initial recognition, these are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP) in December 2002. The Operator uses stock exchange quotation at the balance sheet date to determine the market value of its quoted investments whereas, impairment of unquoted investments is computed by reference to net assets of the investee on the basis of the latest available audited / unaudited financial statements.

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 the profit and loss account.

4.15.6 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.

4.15.7 Sale and repurchase agreements

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

4.16 Investment property

Investment property is held for earning rentals and capital appreciation. Investment property is accounted for under the cost model in accordance with International Accounting Standards (IAS) 40, "Investment property" and S.R.O 938 issued by the Securities and Exchange Commission of Pakistan.

Depreciation policy, subsequent capital expenditures and gain or losses on disposal are accounted for in the same manner as tangible fixed assets.

4.17 Fixed assets

Tangible

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

Depreciation on all fixed assets is charged to profit and loss account 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 profit and loss 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.

Intangible

Software development cost are only capitalised to the extent that future economic benefits are expected to flow to the entity. 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.

4.18 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.

4.19 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 the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting provided to Board of Directors which is 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 four primary business segments for reporting purposes namely fire, marine, motor and miscellaneous.

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.

4.20 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 profit and loss account.

4.21 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.

4.22 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 contribution. Expenses not allocable to the underwriting business are charged as administrative expenses.

5 OTHER CREDITORS AND ACCRUALS

	Note	2017		
		Operator's Fund	Participant's Takaful Fund	Aggregate
		(Rupees in '000)		
Commission payable		4,244	-	4,244
Federal excise duty and sales tax		-	895	895
Federal takaful fee		-	56	56
Payable to IGI General Insurance Limited		3,560	56	3,616
Others		147	1,487	1,634
		7,951	2,494	10,445

6 CASH AND BANK DEPOSITS

	Note	Operator's Fund	Participant's Takaful Fund	Aggregate
Current and other accounts				
Current account		23,947	29,614	53,561
Savings account		-	-	-
		23,947	29,614	53,561
Deposits maturing within 12 months	6.10	25,000	500	25,500
		48,947	30,114	79,061

6.10 This represent term deposit receipts carrying expected profit rates ranging from 5.50% to 5.75% per annum.

7 SUNDRY RECEIVABLES

	Operator's Fund	Participant's Takaful Fund	Aggregate
Others	44	177	221
	44	177	221

8 FIXED ASSETS - Tangible

	2017	
	Computer equipment	Total
	(Rupees in '000)	
As at July 1, 2017		
Cost	-	-
Accumulated depreciation	-	-
Net book value as at July 1, 2017	-	-
For the period ended December 31, 2017		
Opening net book value	-	-
Additions	55	55
Disposals / Transfer		
- Cost	-	-
- Accumulated depreciation	-	-
	-	-
Depreciation charge	(9)	(9)
Net book value as at December 31, 2017	46	46
Annual rate of depreciation	33.33%	

9 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at December 31, 2017.

10 DIRECT EXPENSES

	For the period July 1, 2017 to December 31, 2017
	(Rupees in '000)
Bank charges	1
	1

11 REWARD FROM RE-TAKAFUL OPERATORS

	Reward received or receivable	Unearned reward		Reward from re-takaful operators
		Opening	Closing	
Fire and property	3,021	-	2,207	814
Marine, aviation and transport	358	-	47	311
Motor	649	-	-	649
Miscellaneous	149	-	88	61
	4,177	-	2,342	1,835

12 MANAGEMENT EXPENSES - OPF

	For the period July 1, 2017 to December 31, 2017
	(Rupees in '000)
Salaries, allowances and other benefits	2,103
Shariah advisor fees	1,264
Printing and stationery	141
Depreciation expense	9
	3,517

13 GENERAL AND ADMINISTRATIVE EXPENSES

Auditors' remuneration	500
Ceded amount to PTF	500
	1,000

14 SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirements of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets and liabilities as at December 31, 2017.

	2017				
	Fire and property	Marine, aviation and transport	Motor	Miscellaneous	Total
	(Rupees in '000)				
Segment assets					
Segment assets	23,051	1,257	13,830	1,015	39,153
Unallocated assets					
- Participants' Takaful Fund	-	-	-	-	30,290
- Operators' Fund	-	-	-	-	64,186
Consolidated total assets					133,629
Segment liabilities					
Segment liabilities					
- Participants' Takaful Fund	28,604	1,823	30,609	1,670	62,706
Unallocated liabilities					
- Participants' Takaful Fund	-	-	-	-	2,493
- Operators' Fund	-	-	-	-	16,726
Consolidated total liabilities					81,925

15 TAKAFUL RISK MANAGEMENT

Takaful Risk

The risk under any one takaful contract is the possibility of the covered event occuring 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

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 four segments: fire, marine, motor 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 claim payments

Claims reported and the development of large losses / catastrophies 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 decided 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 above (b) and (c).

(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 balance sheet 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.

	2017	
	Underwriting results	Balance of Waqf
	(Rupees in '000)	
10% increase in average claim cost		
Fire and property damage	(10)	(10)
Marine, aviation and transport	(1)	(1)
Motor	(322)	(322)
Miscellaneous	(3)	(3)
	(336)	(336)
10% decrease in average claim cost		
Fire and property damage	10	10
Marine, aviation and transport	1	1
Motor	322	322
Miscellaneous	3	3
	336	336

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. 25 million.

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

	2017		
	Gross sum covered	Retakaful cover	Highest net liability
	(Rupees in '000)		
Fire and property damage	4,700,322	4,548,308	152,014
Marine, aviation and transport	1,400,000	1,260,000	140,000
Motor	80,205	-	80,205
Miscellaneous	74,239	55,679	18,560
	6,254,766	5,863,987	390,779

Claims development table

Information regarding claim development table is not presented as this is the first year of the takaful operations and history of claims is not available.

16 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.

16.1 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.

16.1.1 Exposure to credit risk

Credit risk of the Operator arises principally from the deposit and account placement with banks, investment, 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	2017
		(Rupees in '000)
Cash and bank deposits	6	79,061
Contribution due but unpaid		10,949
Amount due from other takaful / retakaful operators		9,624
Wakala fees receivable		11,526
Sundry receivables	7	221
		111,381

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

	Rating		
	Short Term	Long Term	Rating Agency
Meezan Bank Limited	A1+	AA	JCR-VIS
Bank Al Habib Limited	A1+	AA+	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:

	2017	
	(Rupees in '000)	%
Textile	2,625	24%
Engineering	2,144	20%
Pharmaceuticals	480	4%
Food	300	3%
Others	5,400	49%
	10,949	100%

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

	2017	
	Gross	Impairment
	(Rupees in '000)	
Upto six months	10,949	-

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 & Poors or equivalent rating by any other reputed international rating agency, with the balance (20%) being placed with entities rated at least 'BBB' by Standard & Poors or equivalent rating by any other reputed international rating agency. An analysis of all re-takaful assets relating to outward treaty cessions recognised by the rating of the entity from which it is due is as follows:

	2017			
	Amount due from re-takaful operators	Re-takaful recoveries against outstanding claims	Prepaid re-takaful contribution ceded	Total
	(Rupees in '000)			
A or above	8,799	-	8,796	17,595
BBB	143	-	1,951	2,094
Others	682	-	-	682
	9,624	-	10,747	20,371

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

	2017	
	Gross	Impairment
	(Rupees in '000)	
Upto six months	9,624	-

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.

16.1.2 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 balance sheet date to the contractual maturity date on an undiscounted cash flow basis.

	December 31, 2017			
	Carrying amount	Contractual cash flow	Upto six month	Over six month to one year
Financial liabilities	(Rupees in '000)			
Provision for outstanding claims	3,826	3,826	3,826	-
Provision for unearned contribution	22,030	22,030	22,030	-
Provision for unearned re-takaful reward	2,342	2,342	2,342	-
Amount due to co-takaful / retakaful operators	23,355	23,355	23,355	-
Wakala fees payable	11,526	11,526	11,526	
Accrued expenses	500	500	500	
Other creditors and accruals	9,494	9,493	9,493	-
	73,073	73,072	73,072	-

16.1.3 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 balance sheet date there are no financial instruments denominated in foreign currencies. Therefore, the Operator is not exposed to risk from foreign currency exchange rate fluctuations.

16.1.3 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 with reputable banks.

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

	2017							
	Profit Rate	Profit bearing			Non-profit 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 deposits	5.50% - 5.75%	25,500	-	25,500	53,561	-	53,561	79,061
Contribution due but unpaid (PTF)		-	-	-	10,949	-	10,949	10,949
Amount due from other takaful / retakaful operators (PTF)		-	-	-	9,624	-	9,624	9,624
Wakala fees receivable (OF)		-	-	-	11,526	-	11,526	11,526
		25,500	-	25,500	85,660	-	85,660	111,160
Financial liabilities								
Provision for outstanding claims		-	-	-	3,826	-	3,826	3,826
Provision for unearned contribution		-	-	-	22,030	-	22,030	22,030
Provision for unearned re-takaful reward		-	-	-	2,342	-	2,342	2,342
Amount due to co-takaful / retakaful operators		-	-	-	23,355	-	23,355	23,355
Wakala fees payable		-	-	-	11,526	-	11,526	11,526
Accrued expenses (OPF)		-	-	-	500	-	500	500
Other creditors and accruals		-	-	-	9,494	-	9,494	9,494
		-	-	-	73,073	-	73,073	73,073
		25,500	-	25,500	12,587	-	12,587	38,087

Cash flow sensitivity analysis for variable rate instruments

The Operator is exposed to cash flow profit rate risk in respect of its term deposits receipts. In case of 100 basis points (bp) increase / decrease in profit rates at period end, assuming that all other variables remain constant, the net income and equity would have been higher / lower approximately by Rs.0.250 million in operators' fund. Similarly, in case of Participants' Takaful Fund the net income and balance of Waqf / PTF would have been higher / lower approximately by Rs. 0.005 million.

The sensitivity analysis prepared is not necessarily indicative of the effects on deficit / profit for the year and assets / liabilities of the Operator.

16.1.4 Price risk

Price risk is the risk of changes in the fair value of investments. The Operator is not exposed to price risk since it has no investments.

17 FINANCIAL INSTRUMENTS BY CATEGORY

	2017
	(Rupees in '000)
Financial assets and financial liabilities	
Financial assets	
Loans and receivables - amortised cost	
Cash and bank deposits	
Current and other accounts	53,561
Deposits maturing within 12 months	25,500
	79,061
Current assets - others	
Contribution due but unpaid	10,949
Amount due from other takaful / retakaful operators	9,624
Wakala fees receivable	11,526
	32,099
Financial Liabilities	
Amortised cost	
Provision for outstanding claims	3,826
Provision for unearned contribution	22,030
Provision for unearned retakaful reward	2,342
Amount due to co-takaful / retakaful operators	23,355
Wakala fees payable	11,526
Accrued expenses (OPF)	500
Other creditors and accruals	9,494
	73,073

18 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 are disclosed in the relevant notes to these financial statements.

	2017
	(Rupees in '000)
Balances with related parties	
Payable to IGI General Insurance Limited	3,616

19 DATE OF AUTHORISATION FOR ISSUE

These financial statements was authorised for issue by the Board of Directors of the Operator on March 5, 2018.

20 GENERAL

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

Chairman	Director	Director	Principal Officer and Chief Executive

ہولڈنگ کمپنی

آئی جی آئی ہولڈنگز لمیٹڈ	150,099,994
ڈائریکٹرز	
سید حیدر علی	1
جناب شمیم احمد خان	1
جناب طاہر مسعود (چیف ایگزیکٹو آفیسر)	1
سید حسنین علی	1
جناب خرم رضا بختیاری	1
جناب سجاد افتخار	1
ٹوٹل	**150,100,000**

ڈائریکٹرز آئی جی آئی ہولڈنگز کے نامزد کردہ کی حیثیت سے کمپنی کے فی ایک شیئر کے حامل ہیں۔

انشورنس آرڈیننس 2000 کے سیکشن (6)46 کے تحت کمپلائنس کا اسٹیٹمنٹ

ڈائریکٹرز بذریعہ ہٰذا اپنی اس رائے کی توثیق کرتے ہیں کہ:

- کمپنی کے سالانہ قانونی حسابات، جو منسلک ہٰذا ہیں، آرڈیننس اور اس کے تحت مروجہ قوانین کے مطابق تیار کئے گئے ہیں۔
- کمپنی اس مدت کے دوران اداشدہ سرمائے، سالوینسی اور ری انشورنس کے انتظامات کے بارے میں آرڈیننس کی شقوں اور اس کے تحت آنے والے قوانین پر عملدرآمد کرتی آئی ہے اور:
- اس اسٹیٹمنٹ کی تاریخ کے مطابق تک کمپنی نے اداشدہ سرمائے، سالوینسی اور ری انشورنس کے انتظامات کے بارے میں آرڈیننس کی شقوں اور اس کے تحت مروجہ قوانین پر عملدرآمد جاری رکھا ہے۔

مستقبل کا جائزہ

بورڈ اور آپ کی کمپنی کی انتظامیہ اس حقیقت سے بخوبی آگاہ ہیں کہ ہم ایک انتہائی مسابقتی صنعت میں کام کررہے ہیں۔ ہم اس امر پر یقین رکھتے ہیں کہ ہم ایک موزوں ترین پیشہ ورانہ ٹیم اور ایک جدیدترین اور فعال آپریشنل پلیٹ فارم کے حامل ہیں جن سے آنے والے سالوں کے دوران ایک پائیدار و مستحکم شرح نمو حاصل کی جاسکے گی۔

ہم اپنے صارفین کے لئے نئی اور بہترین پروڈکٹس سامنے لانے کے لئے ڈیجیٹل پلیٹ فارمز اور ماڈرن انشورنس ٹیکنالوجی (Insuretech) میں بھی سرمایہ کاری کررہے ہیں۔ اس سے ہمیں بہتر صارف دائرہ کار، آپریشنل کارکردگی اور اخراجات پر کنٹرول میں بھرپور معاونت حاصل ہوگی اور ہم اس کے نتیجے میں اپنے منافع جات کو بڑھا سکیں گے۔ ہم اوپری اور نچلی دونوں سطحوں میں ترقی کے اہداف کے ساتھ اپنی ''منافع بخش اور پائیدار ترقی'' کی حکمت عملی پر عملدرآمد کا سلسلہ جاری رکھے ہوئے ہیں۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس سبکدوش ہورہے ہیں اور انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ انہوں نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کی جانب سے اطمینان بخش ریٹنگ حاصل کرنے اور انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کے ضابطہ اخلاق، جیسا کہ آئی سی اے پی کی جانب سے مروجہ ہے، میں درج رہنما ہدایات پر عملدرآمد کی توثیق کی ہے۔

بورڈ آف ڈائریکٹرز نے 31 دسمبر 2018 کو ختم ہونے والے سال کے لئے باہمی طے کردہ معاوضے پر کمپنی کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کی سفارش کی ہے۔

اعتراف

ہم اپنے کاروباری شراکت کاروں اور اسٹیک ہولڈرز کی جانب سے حاصل سرپرستی اور معاونت پر ان کے مشکور ہیں اور اپنے ملازمین کی لگن اور سنجیدہ کوششوں پر انہیں خراج تحسین پیش کرتے ہیں۔

برائے اور منجانب بورڈ

شمیم احمد خان

چیئرمین

05 مارچ 2018

کیپٹل مینجمنٹ اور لیکویڈیٹی

کمپنی اپنے مالیاتی معاہدوں کے تحت اس کے اثاثہ جات کو برقرار رکھنے کی غرض سے فعال رہتی ہے اور اس کا منظم بندوبست اور نگرانی کرتی ہے، اس کے ساتھ طے کردہ اہداف کے لئے اپنی سرمایہ کاریوں کو مختلف سمتوں میں لگانے اور کریڈٹ کوالٹی پر بھی بھرپور توجہ دیتی ہے۔

کمپنی کے فنڈز کا بنیادی ذریعہ وہ نقد رقم ہے جو آپریٹنگ سرگرمیوں یعنی بیمے کے کاروبار کے ذریعے فراہم کیا جاتا ہے۔ مجموعی آپریٹنگ کیش فلوز کو کمپنی کے لئے سرمایہ کاری کی آمدنی حاصل کرنے کے لئے بھی انویسٹ کیا جاتا ہے۔ کمپنی کے مجموعی کیش فلوز کو کاروباری معاہدوں، توسیع اور شیئر ہولڈرز کو منافع منقسمہ کی ادائیگی کے لئے استعمال کیا جاتا ہے۔

انشورر کے مالیاتی استحکام کی ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی (پرائیویٹ) لمیٹڈ (پیکرا) نے دسمبر 2017 میں آپ کی کمپنی کو 'انشورر فنانشل اسٹرینتھ' (IFS) ریٹنگ "AA" (ڈبل اے) تفویض کی ہے۔ "AA" (ڈبل اے) کی آئی ایف ایس ریٹنگ ایک انتہائی مستحکم کپیسٹی کو واضح کرتی ہے جو پالیسی ہولڈرز اور معاہدے کی مالیاتی ذمے داریوں کو پورا کرنے، خطرات کے عناصر سے نمٹنے اور ان توقعات کو پوری کرنے کی صلاحیت ظاہر کرتی ہے جن سے کاروبار پر پڑنے والے مضر اثرات اور منفی معاشی عوامل انتہائی محدود ہو جاتے ہیں۔

خطرات سے نمٹنے کا طریقہ کار

چیف ایگزیکٹو آفیسر کی سربراہی میں سینئر انتظامی ٹیم خطرات سے نمٹنے کے اقدامات کے لئے ذمے دار ہے۔ کمپنی کا خطرات سے نمٹنے کا محتاط پروگرام ان کی شناخت کرنے اور فوری بنیاد پر تبدیل ہوتی ہوئی کاروباری اور ریگولیٹری ضروریات کو پورا کرنے میں بھرپور معاونت کرتا ہے۔

ضروری ترامیم

سال کے دوران کوئی ایسی ضروری ترامیم نہیں کی گئیں جن سے کمپنی کی مالی حیثیت پر کوئی فرق پڑے۔

ضابطہ اخلاق

بورڈ نے ضابطہ اخلاق اور کاروباری طریقہ کار کا ایک اسٹیٹمنٹ رائج کیا ہے۔ ضابطہ اخلاق پر تمام ملازمین نے اس یقین دہانی کے ساتھ دستخط کئے ہیں کہ وہ تمام بلند تر اخلاقی اقدار کو برقرار رکھیں گے۔ ہماری تمام کاروباری سرگرمیاں ضابطہ اخلاق کے مطابق شفاف انداز میں انجام دی جاتی ہیں۔

کارپوریٹ سوشل ریسپانسیبلٹی

آپ کی کمپنی اپنی تمام تر کارپوریٹ سماجی ذمے داریوں سے بخوبی واقف ہے اور تعلیم، صحت اور ماحولیات کے شعبے میں سماجی شعبے کے اداروں کی معاونت کر رہی ہے۔ کمپنی نے کالجوں اور جامعات کے طلبا کو بھی پورے سال کے دوران انٹرن شپ کی پیشکش کی ہے۔

آئی ایس او سرٹیفکیشن اور ہمارے صارفین کے لئے اس کی اہمیت

آپ کی کمپنی اپنی صلاحیتیں بہتر بنانے اور کارکردگی بڑھانے پر مستقل توجہ دے رہی ہے اور اس نے کوالٹی مینجمنٹ سرٹیفکیشن ISO 9001:2008 پر برقرار رکھا ہے۔

کوڈ آف کارپوریٹ گورنینس پر عمل درآمد

- کمپنی کی انتظامیہ کی جانب سے تیار کئے گئے مالیاتی حسابات اس کے امور، آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کو شفاف انداز میں واضح کرتے ہیں۔
- کمپنی کی جانب سے حسابات کی باقاعدہ کتب تیار کی جاتی ہیں۔
- مالیاتی حسابات اور اکاؤنٹنگ کے تخمینہ جات کی تیاری میں مستقل طور پر لاگو کی جانے والی موزوں اکاؤنٹنگ پالیسیز مناسب اور محتاط فیصلے پر مبنی ہیں۔
- مالیاتی حسابات کمپنیز آرڈیننس 1984 اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں نافذ العمل ہیں، کے مطابق تیار کئے گئے ہیں۔ ان سے کسی بھی روگردانی کو مناسب طور پر بیان اور واضح کر دیا گیا ہے۔
- اندرونی کنٹرول کا نظام مستحکم طور پر ڈیزائن کیا گیا ہے اور موثر طور پر نافذ العمل اور زیر نگرانی رہتا ہے۔
- اس امر میں کوئی شکوک وشبہات نہیں کہ کمپنی میں مستقل آگے بڑھنے کی صلاحیت ہے۔
- کارپوریٹ گورنینس کے بہترین طریقہ کار سے کہیں غیر ضروری انحراف نہیں کیا گیا جیسا کہ لسٹنگ ضوابط میں مفصل درج ہے۔
- کلیدی آپریٹنگ اور مالیاتی تفصیلات رپورٹ کے ساتھ الگ سے منسلک ہیں۔
- واجب الادا ٹیکسز اور ڈیوٹیز کو مالیاتی حسابات میں درج کر دیا گیا ہے۔
- متعلقہ فنڈز کے آڈٹ شدہ حسابات پر مبنی سرمایہ کاریوں کی مالیت درج ذیل کے مطابق ہے:

پراویڈنٹ فنڈ بمطابق 30 جون 2016	74.2 ملین روپے
گریجویٹی فنڈ بمطابق 31 دسمبر 2016	50.4 ملین روپے

- کمپنی میں شیئر ہولڈنگ کے پیٹرن کا اسٹیٹمنٹ بمطابق 31 دسمبر 2017 درج ذیل کے مطابق ہے:

کلیمز

ہماری تمام تر توجہ کلیمز کے سہل اور بلا رکاوٹ سیٹلمنٹ پر ہے۔ اس مقصد کے لئے کمپنی نے بڑی تعداد میں ایسے اقدامات کئے ہیں جن سے کلیمز کو نمٹانے کی مدت میں مزید کمی کی جا سکے۔

مالی سال 2017 میں حاصل خسارے کا تناسب 57 فیصد تھا۔ سال کے دوران ہمارا کلیمز کو نمٹانے کا تناسب 90 فیصد رہا۔

ری انشورنس اور رسک مینجمنٹ

ہم ری انشورنس کے ایک انتہائی احتیاط سے تیار کئے گئے پروگرام کے ذریعے خطرات سے نمٹنے کی پالیسی پر عملدرآمد کرتے ہیں، ہم اپنے کلائنٹس کے ساتھ مستحکم تعلقات کا رقائم کرنے پر یقین رکھتے ہیں تا کہ اپنی انشورنس کی مہارت، ایک جدید ترین ٹیکنالوجی سے آراستہ پلیٹ فارم اور توجہ کی حامل رسک انجینئرنگ سروس استعمال کرنے کے ذریعے خطرات سے نمٹنے کا ایسا طویل مدتی نظام فراہم کر سکیں جو ہمارے کلائنٹس کو ان نقصانات کے سمجھنے میں معاونت فراہم کرے جن سے ان کے کاروبار کو خطرہ لاحق ہو سکتا ہے اور یہ نظام اس کے ساتھ خسارے سے بچنے کے با کفایت حل کا تعین بھی کرتا ہے۔

ونڈو تکافل آپریشنز

کمپنی نے سال 2017 کے دوران ونڈو تکافل آپریشنز (WTO) متعارف کرایا اور 36 ملین روپے کا مجموعی زر شراکت اور 2.5 ملین روپے کا خسارہ حاصل ہوا۔ کمپنی کو توقع ہے کہ یہ ونڈو تکافل کمپنی کے مجموعی آپریشنز کے لئے قابل قدر گروتھ کا حامل ثابت ہوگا۔

اختصاصات (Appropriations)

بورڈ آف ڈائریکٹرز نے 31 دسمبر 2017 کو ختم ہونے والے سال کے لئے 0.85 روپے فی شیئر (2016: کچھ نہیں) کے حتمی منافع منقسمہ مالیتی 163 ملین روپے (2016: کچھ نہیں) کی تجویز دی ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال 2017 کے دوران عدالت کے روبرو انضمام اور ارینجمنٹ کی اسکیموں کے زیر التوا رہنے کے باعث بورڈ آف ڈائریکٹرز کے اجلاس بروقت منعقد نہ کئے جا سکے۔ اجلاسوں میں ہر ایک ڈائریکٹر کی شرکت درج ذیل کے مطابق رہی۔

ڈائریکٹرز کے نام	اجلاس میں شرکت
سید حیدر علی	2
شمیم احمد خان	2
خرم رضا بختیاری	2
سید حسنین علی	2
طاہر مسعود (سی ای او)	2
سجاد افتخار	2
سید فہد سبحان*	2
عادل علی عباسی*	1
یاسر علی قریشی*	1
فیصل خان*	1
محمد امین*	1
محمد عدنان*	1
آصفہ انور*	2
محمد ناصر اقبال*	2

*ڈائریکٹرز نے سال کے دوران استعفے دے دیئے۔

ان ڈائریکٹرز کو غیر حاضری پر رخصت دے دی گئی تھی جو بورڈ کے کچھ اجلاسوں میں شرکت نہیں کر سکے تھے۔

منسلکہ پارٹی کی ٹرانزیکشنز

بورڈ آف ڈائریکٹرز نے منسلکہ کمپنیوں/متعلقہ پارٹیوں کے ساتھ کمپنی کی ٹرانزیکشنز کی منظوری دی۔ متعلقہ پارٹیوں کے ساتھ تمام ٹرانزیکشنز تجارتی شرائط اور ضوابط کے تحت تکمیل دی گئیں۔

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

آئی جی آئی جنرل انشورنس لمیٹڈ (''دی کمپنی'') کے ڈائریکٹر بمسرت سال مختتمہ 31 دسمبر 2017 کے لئے آپ کی کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی حسابات پیش کررہے ہیں۔

بنیادی سرگرمیاں اور ڈیولپمنٹ

کمپنی بحیثیت ایک پبلک لمیٹڈ کمپنی 18 نومبر 2016 کمپنیز آرڈیننس 1984 کے تحت تشکیل دی گئی تھی۔ کمپنی کے اغراض ومقاصد میں فائر، میرین، موٹر، ہیلتھ اور متفرق شعبوں انجینیئرنگ وٹریول کے شعبوں میں عمومی بیمہ سروسز نیز عمومی تکافل خدمات کی فراہمی شامل ہے۔

کمپنی آئی جی آئی ہولڈنگز لمیٹڈ (آئی جی آئی ہولڈنگز) (سابق آئی جی آئی انشورنس لمیٹڈ) کا مکمل ملکیتی ذیلی ادارہ ہے۔ آئی جی آئی انشورنس لمیٹڈ کا جنرل انشورنس کا شعبہ 31 جنوری 2017 کو معزز عدالت عالیہ سندھ (SHC) کی جانب سے باقاعدہ منظور کردہ اسکیم آف ارینجمنٹ (اسکیم) مورخہ 16 دسمبر 2017 کے تحت کمپنی کو منتقل کیا گیا تھا۔ اس کے مطابق انشورنس لائسنس اسکیم کے تحت کمپنی کو منتقل کردیا گیا اور آئی جی آئی انشورنس لمیٹڈ کا نام تبدیل کرکے آئی جی آئی ہولڈنگز لمیٹڈ کردیا گیا۔

آئی جی آئی ہولڈنگز نے اسکیم کے مطابق سال 2017 کے دوران کمپنی میں 1500 ملین روپے کی نقد ایکویٹی شامل کی تاکہ بیمہ قوانین کے تحت جنرل انشورنس کمپنیز کے لئے لاگو کم از کم سرمائے اور سالوینسی کی شرائط کو پورا کیا جاسکے۔

کمپنی نے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی منظوری سے مورخہ یکم جولائی 2017 سے اپنے ونڈو تکافل آپریشنز کا بھی آغاز کیا۔

کمپنی کی کارکردگی

روایتی بیمہ کاروبار

روایتی کاروباری جانب کمپنی نے 2,902 ملین روپے کا مجموعی پریمیم مع 1,645 ملین روپے کی مجموعی پریمیم آمدنی حاصل کی۔ کمپنی نے سال کے دوران مجموعی طور پر 933 ملین روپے کے کلیمز نمٹائے، اس کے نتیجے میں کمپنی نے 389 ملین روپے کا مجموعی انڈر رائٹنگ منافع مع سال 2017 کے دوران 17 ملین روپے کا منافع بعد از ٹیکس حاصل کیا۔

کمپنی کے آپریٹنگ نتائج کا 2016 کے اعداد وشمار سے تقابل نہیں کیا جاسکتا کیونکہ بیمہ کا شعبہ 31 جنوری 2017 سے اسکیم کے تحت کمپنی کے حوالے کیا گیا تھا اور مالیاتی اعداد وشمار صرف آپریشنز کے گیارہ (11) ماہ کے لئے ہیں۔

ونڈو تکافل آپریشن

کمپنی نے ونڈو تکافل آپریشن کا آغاز سال کے دوران یکم جولائی 2017 سے کیا تھا اور 36 ملین روپے کا زر شراکت مع 2.5 ملین روپے کا خسارہ حاصل کیا جو اس کے آپریشنز کے پہلے چھ (6) ماہ کے لئے ہمارے مالیاتی پروجیکشنز کے مطابق ہے۔

شعبہ جات پر ایک نظر

فائر

2017 میں مجموعی پریمیم 793 ملین روپے تھا۔ مجموعی حاصل کردہ پریمیم اور مجموعی کلیمز بالترتیب 164 ملین روپے اور 79 روپے رہے۔ اس کے نتیجے میں انڈر رائٹنگ منافع 91 ملین روپے حاصل ہوا۔

میرین، ایوی ایشن اور ٹرانسپورٹ

میرین بزنس نے 2017 میں 373 ملین کا مجموعی پریمیم حاصل کیا، مجموعی حاصل کردہ پریمیم اور مجموعی کلیمز بالترتیب 189 ملین روپے اور 76 روپے رہے۔ اس کے نتیجے میں 115 ملین روپے کا انڈر رائٹنگ منافع حاصل ہوا۔

موٹر

2017 میں 870 ملین روپے کا مجموعی پریمیم حاصل کیا گیا۔ مجموعی حاصل کردہ پریمیم اور مجموعی کلیمز بالترتیب 847 ملین روپے اور 433 روپے رہے جس کے نتیجے میں 204 ملین روپے کا انڈر رائٹنگ منافع حاصل ہوا۔

ہیلتھ

2017 میں مجموعی پریمیم 249 ملین روپے تھا۔ مجموعی حاصل کردہ پریمیم اور مجموعی کلیمز بالترتیب 215 ملین روپے اور 198 روپے رہے۔ اس کے نتیجے میں 26 ملین روپے کا انڈر رائٹنگ منافع حاصل ہوا۔

متفرق

متفرق شعبے میں انجینیئرنگ اور کنٹریکٹر کا آل رسک انشورنس، ٹریول، بانڈ اور کاروبار کی مالیاتی لائنز شامل ہیں۔ اس بزنس نے 2017 میں 617 ملین روپے کا مجموعی پریمیم حاصل کیا جبکہ 230 ملین روپے کا نیٹ پریمیم حاصل کیا گیا۔ اس نے 147 ملین روپے مجموعی کلیمز پر صرف کئے جبکہ 6 ملین روپے کا انڈر رائٹنگ منافع حاصل کیا۔

IGI

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