IGI GENERAL INSURANCE LIMITED

ANNUAL REPORT 2020

IGI General

DIRECTORS REPORT TO THE SHAREHOLDERS

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

PRINCIPAL ACTIVITES OF THE COMPANY

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

PERFORMANCE OF THE COMPANY

On conventional business side, the Company has written gross premium of Rs 5,477 million compared with Rs 5,177 million during 2019 i.e. 6% higher than last year. The net premium revenue stood at Rs 2,321 million compared to Rs 2,397 million during 2019, the decrease is mainly due to motor business resulting from COVID-19 lockdown.

The Company incurred net claims of Rs 1,097 million during the year compared to Rs 1,203 million in the corresponding period. The Company reversed Rs 21.1 million premium deficiency reserve on its health business due to significant improvement in combined ratio of its health business compared to Rs 20.5 million in the corresponding period.

Net commission expense stood at Rs 72 million compared to Rs 36 million during last year.

Investment income declined by Rs 122 million during the year mainly due to decline in interest rates.

On window takaful business side, the Company has written gross contribution of Rs 537 million compared to Rs 435 million in the corresponding period and earned Rs 37 million from its Takaful operations compared to that of Rs 71 million in the corresponding period. The decline in the current period is mainly due to allocation of expenses to takaful business based on the time spent by the management on operating the window takaful business.

As a result, the Company generated profit before tax of Rs 685 million with profit after tax of Rs 486 million during the year compared to Rs 807 million and Rs 573 million respectively in the corresponding period.

Earnings per share (EPS) of the Company stood at Rs 2.54 per share as compared to Rs 2.99 per share in corresponding period. The decline is mainly attributable to decline in investment income due to lower interest rates.

IGI General Insurance Limited
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SEGMENTS AT A GLANCE

FIRE

Gross Premium written was Rs 1,967 million compared to Rs 1,897 million during 2019. Net Premium Earned and Net claims were Rs 210 million and Rs 98 million respectively compared to Rs 183 million and Rs 23 million respectively during 2019. This resulted in underwriting loss of Rs 196 million compared to that of Rs 64 million during 2019. The increase in underwriting loss is due to increase in net claims expense and decrease in commission income.

MARINE, AVIATION AND TRANSPORT

Marine business gross written premium was Rs 668 million in 2019 compared to Rs 629 million during 2019. Net Premium Earned and Net claims were Rs 260 million and Rs 112 respectively compared to Rs 253 million and Rs 82 million respectively during 2019. This resulted in underwriting profit of Rs 88 million compared to Rs 97 million during 2019.

MOTOR

Motor business gross Premium was Rs 1,451 million compared to Rs 1,548 million during 2019. Net Premium Earned and Net claims were Rs 1,290 million and Rs 537 million respectively. This resulted in underwriting profit of Rs 386 million compared to Rs 285 million during 2019.

HEALTH

Gross Premium was Rs 437 million compared to Rs 353 million during 2019. Net Premium Earned and Net claims were Rs 403 million and Rs 303 million respectively. During the year, Company has reversed premium deficiency reserve amounting to Rs 21.1 million due to decrease in combined ratio of health business. This resulted in underwriting profit of Rs 38 million compares to loss of underwriting loss of Rs 58 million in 2019.

MISCELLANEOUS

Miscellaneous segment includes Engineering and Contractor's All Risk Insurance, Trade credit, Travel, Bond and Pecuniary lines of business. During the year, this business line has written gross premium of Rs 954 million compared to Rs 751 million during 2019. Net premium earned and net claims amounted to Rs 159 million and Rs 46 million respectively with underwriting loss of Rs 16 million compared to that of Rs 27 million in 2019.

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 47% during the year compared to 50% during 2019.

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RE-INSURANCE AND RISK MANAGEMENT

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

FORMATION OF A SUBSIDIARY

During the year, the Board of Directors approved the formation of a wholly owned subsidiary IGI FSI (Private) Limited. The subsidiary is engaged in providing technology led business solutions including training services in the market. The company has invested Rs 5 million in the ordinary share capital of IGI FSI.

APPROPRIATIONS

The Board of Directors has proposed final dividend for the year ended December 31, 2020 of Rs 0.57 per share (2019: Rs 0.78 per share), amounting to Rs 110 million (2019: Rs 150 million). This is in addition to accumulated interim dividend of Rs 1.93 per share (2019: 1.61) amounting to Rs 370 million (2019: 310 million) declared and disbursed during the year.

BOARD OF DIRECTORS MEETINGS

During the year 2020, meetings of the board of directors were held on timely basis. Attendance by each director in the meetings held was as follows:

	Attendance
Syed Hyder Ali	5
Shamim Ahmad Khan	5
Syed Hasnain Ali	5
Tahir Masaud (CEO)	5
Sajjad Iftikhar	5
Faisal Khan	5

RELATED PARTY TRANSACTIONS

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

CAPITAL MANAGEMENT AND LIQUIDITY

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

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

INSURER'S FINANCIAL STRENGTH RATING

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

RISK MITIGATION

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

MATERIAL CHANGES

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

CODE OF CONDUCT

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

CORPORATE SOCIAL RESPONSIBILITY

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

ISO CERTIFICATION AND ITS VALUE TO OUR CUSTOMERS

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

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

- The financial statements prepared by the management of the Company present the state of its affairs, the results of its operations, cash flows and changes in equity, fairly.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The financial statements have been prepared in conformity with the Companies Act 2017and International Financial Reporting Standards, as applicable in Pakistan. Any departures therefrom have been adequately disclosed and explained;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no doubts on the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- Key operating and financial data is separately annexed with the report.
- Outstanding taxes and duties are given in the financial statements.
- The value of investments of based on audited accounts of the respective finds were as follows:

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

- The statement of pattern of shareholding in the Company as on December 31, 2012 is as follows:

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

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

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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 COVID-19 pandemic is still having a general impact on the health and lives of people, the business we have partnered with and rely upon, the economy and the manner in which we do our business. The Board believes that there is a professional team and modern infrastructure to satisfy the changing needs of our customers and partners.

AUDITORS

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

The Board of Directors have recommended their reappointment as Auditors of the Company for the year ending December 31, 2021, at a fee to be mutually agreed.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

Shamim Ahmad Khan
Chairman
Lahore: March 05, 2021

Tahir Masaud
Chief Executive Officer
Lahore: March 05, 2021

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

	2020	2019	2018	2017	2016 *
Gross premium	5,476,591	5,177,105	4,417,930	2,901,560	-
Gross contribution	537,318	435,435	190,078	36,366	-
Total premium/contribution	6,013,909	5,612,540	4,608,008	2,937,926	-
BALANCE SHEET					
Paid up share capital	1,918,384	1,918,384	1,918,384	1,501,000	1,000
Shareholders equity	2,446,797	2,462,112	2,250,039	2,091,006	1,000
Surplus on revaluation of property and equipment	333,025	313,309	-	-	-
Investments	2,903,657	3,151,476	2,564,963	321,211	-
Fixed assets	881,032	858,910	319,313	279,820	-
Total assets	10,458,234	8,928,619	6,858,395	5,744,538	1,000
Underwriting provisions	4,751,965	3,568,308	2,959,309	2,513,410	-
Total liabilities	7,678,412	6,153,198	4,537,136	5,744,538	-
PROFIT AND LOSS ACCOUNT					
Underwriting result	299,684	233,123	242,000	388,999	-
Investment income	344,294	465,848	134,816	64,037	-
Profit / (loss) from Window Takaful Operations	37,573	70,818	23,677	(2,539)	-
Profit before tax	685,556	806,897	467,599	248,798	-
Taxation	(199,096)	(233,740)	(140,213)	(74,919)	-
Profit after tax	486,460	573,157	327,386	173,879	-
CASH FLOW SUMMARY					
Operating activities	(22,090)	452,031	263,180	473,635	-
Investing activities	1,165,935	(454,590)	(1,545,264)	(222,397)	-
Financing activities	(567,897)	(566,492)	(183,497)	2,215,504	1,000
Cash & cash equivalents	1,009,058	433,110	1,002,161	2,467,742	1,000
PROFITABILITY RATIOS					
Earnings per share (Rs.)	2.54	2.99	1.71	1.16	-
Cash dividend per share (Rs.)	2.50	2.39	1.06	0.85	-
Break up value per share (Rs.)	12.75	12.83	11.73	13.93	10.00
Return on equity (%)	19.88	23.28	14.55	8.32	-
Return on assets (%)	4.65	6.42	4.77	3.03	-
Underwriting profit to gross premium (%)	5.47	4.50	5.48	13.41	-
Profit before tax to total gross premium (%)	11.40	14.38	10.15	8.47	-
Profit after tax to total gross premium (%)	8.09	10.21	7.10	5.92	-

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

IGI GENERAL INSURANCE LIMITED

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the members of IGI General Insurance Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

Afferguson&co

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: March 30, 2021

IGI GENERAL INSURANCE LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	2020	2019
		(Rupees in '000)	
Assets			
Property and equipment	5	864,290	840,747
Intangible assets	6	16,742	18,163
Investment properties	7	377,797	376,995
Investment in subsidiary	8	5,000	-
Investments			
- Equity securities	9	497,236	497,577
- Government securities	10	2,256,421	2,159,874
- Debt securities	11	150,000	194,025
- Term deposits	12	-	300,000
Loans and other receivables	13	392,697	401,341
Insurance / reinsurance receivables	14	1,873,832	1,424,867
Reinsurance recoveries against outstanding claims	25	2,165,642	1,012,984
Salvage recoveries accrued		108,104	59,885
Deferred commission expense	26	186,464	178,261
Tax recoverable		97,636	72,478
Prepayments	16	1,031,863	1,010,753
Cash and bank	17	231,606	133,110
		10,255,330	8,681,060
Total assets of Window Takaful Operations - operator's fund		202,904	247,559
Total assets		10,458,234	8,928,619
Equity and liabilities			
Capital and reserves attributable to Company's equity holders			
Authorised capital			
250,000,000 (2019: 250,000,000) ordinary shares of Rs 10 each		2,500,000	2,500,000
Issued, subscribed and paid-up share capital			
191,838,400 (2019: 191,838,400) ordinary shares of Rs 10 each		1,918,384	1,918,384
Unappropriated profit		528,413	543,728
Total equity		2,446,797	2,462,112
Surplus on revaluation of property and equipment - net of tax	18	333,025	313,309
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	25	2,626,867	1,512,227
Unearned premium reserves	24	1,913,043	1,860,409
Premium deficiency reserve		-	21,111
Unearned reinsurance commission	26	212,055	174,561
Retirement benefit obligations	15	17,677	19,363
Borrowings	19	162,290	177,519
Premium received in advance		1,118	282
Insurance / reinsurance payables	20	1,603,918	1,314,758
Deferred taxation	21	181,700	175,104
Other creditors and accruals	22	833,517	771,723
		7,552,185	6,027,057
Total liabilities of Window Takaful Operations - operator's fund		126,227	126,141
Total liabilities		7,678,412	6,153,198
Total equity and liabilities		10,458,234	8,928,619
Contingencies and commitments	23		

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

Chairman	Director	Director	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		---------(Rupees in '000)---------	
Net insurance premium	24	2,320,744	2,396,793
Net insurance claims	25	(1,096,802)	(1,203,473)
Reversal / (charge) for premium deficiency reserve		21,111	(608)
Net commission expense	26	(71,598)	(36,398)
Insurance claims and acquisition expenses		(1,147,289)	(1,240,479)
Management expenses	27	(873,771)	(923,191)
Underwriting results		299,684	233,123
Investment income	28	344,294	465,848
Rental income		29,918	30,374
Other income	29	40,126	49,964
Other expenses	30	(49,897)	(29,168)
Result of operating activities		664,125	750,141
Finance costs against right-of-use assets		(16,142)	(14,062)
Profit from window takaful operations		37,573	70,818
Profit before tax		685,556	806,897
Income tax expense	31	(199,096)	(233,740)
Profit after tax		486,460	573,157
Other comprehensive income			
-Remeasurement gain on defined benefit obligations - net of tax	15.1.4	2,560	5,259
Total comprehensive income		489,020	578,416
Earnings per share - Rupees	32	2.54	2.99

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

Chairman	Director	Director	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	Issued, subscribed and paid-up share capital	Unappropriated profit	Total
	(Rupees in '000)		
Balance as at January 1, 2019	1,918,384	464,563	2,382,947
Profit after taxation for the year ended December 31, 2019	-	573,157	573,157
Other comprehensive income for the year	-	5,259	5,259
Total comprehensive income for the year ended December 31, 2019	-	578,416	578,416
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax (note 18)	-	14,098	14,098
Transactions with owners - directly recognised in equity			
Final dividend at the rate of Rs. 1.06 per share for year ended December 31, 2018 approved on April 23, 2019	-	(203,349)	(203,349)
Interim dividend at the rate of Rs. 1.04 per share for year ending December 31, 2019 declared on August 23, 2019	-	(200,000)	(200,000)
Interim dividend at the rate of Re. 0.57 per share for year ending December 31, 2019 declared on October 24, 2019	-	(110,000)	(110,000)
	-	(513,349)	(513,349)
Balance as at December 31, 2019	1,918,384	543,728	2,462,112
Profit after taxation for the year ended December 31, 2020	-	486,460	486,460
Other comprehensive income for the year	-	2,560	2,560
Total comprehensive income for the year ended December 31, 2020	-	489,020	489,020
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax (note 18)	-	15,665	15,665
Transactions with owners - directly recognised in equity			
Final dividend at rate of Re. 0.78 per share for year ended December 31, 2019 approved on April 14, 2020	-	(150,000)	(150,000)
Interim dividend at rate of Re. 0.99 per share for year ending December 31, 2020 declared on August 18, 2020	-	(190,000)	(190,000)
Interim dividend at rate of Re. 0.94 per share for year ending December 31, 2020 declared on October 26, 2020	-	(180,000)	(180,000)
	-	(520,000)	(520,000)
Balance as at December 31, 2020	1,918,384	528,413	2,446,797

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

Chairman	Director	Director	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		----------(Rupees in '000)----------	
OPERATING CASH FLOWS			
Underwriting activities			
Premiums received		5,299,206	5,021,878
Reinsurance premiums paid		(3,114,163)	(2,354,400)
Claims paid		(2,181,572)	(1,617,607)
Reinsurance and other recoveries received		1,046,752	452,606
Commissions paid		(541,987)	(541,528)
Commissions received		505,482	443,603
Net cash inflow from underwriting activities		1,013,718	1,404,552
Other operating activities			
Income tax paid		(216,612)	(66,863)
Operating receipts - net		61,401	27,916
General management expenses paid		(880,597)	(913,574)
Net cash outflow on operating activities		(1,035,808)	(952,521)
Total cash (outflow on) / inflow from all operating activities		(22,090)	452,031
INVESTMENT ACTIVITIES			
Profit received		377,948	335,364
Proceeds / (payments) against investments		751,109	(723,677)
Amount received from Window Takaful Operations		71,418	-
Fixed capital expenditure - owned		(59,775)	(78,121)
Proceeds from disposal of fixed assets - owned		25,235	11,844
Total cash inflow from / (outflow on) investing activities		1,165,935	(454,590)
FINANCING ACTIVITIES			
Dividend paid		(520,000)	(513,349)
Financial charges paid		(16,142)	(14,062)
Repayment of liability against right-of-use assets		(31,755)	(39,081)
Total cash outflow on financing activities		(567,897)	(566,492)
Net cash inflow from / (outflow on) all activities		575,948	(569,051)
Cash and cash equivalents at beginning of the year		433,110	1,002,161
Cash and cash equivalents at end of the year	17.2	1,009,058	433,110

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

Chairman	Director	Director	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	---- (Rupees in '000) ----	
Reconciliation to unconsolidated statement of comprehensive income		
Operating cash flows	(22,090)	452,031
Depreciation and amortisation expense	(70,426)	(60,957)
Depreciation on right-of-use assets	(37,642)	(31,424)
Financial charges	(16,142)	(14,062)
Gain on disposal of fixed assets	13,149	7,091
Unrealised fair value gain on investment properties	802	20,045
Increase in assets other than cash	1,788,195	966,027
Increase in liabilities other than borrowings	(1,540,357)	(1,281,723)
Return on bank balances	24,353	90,051
Other investment income	319,941	375,797
Profit from window takaful operations - net of tax	26,677	50,281
Profit after tax	486,460	573,157

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

Chairman	Director	Director	Chief Executive Officer

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of Compliance

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

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

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

2.4.1 During 2019, the SECP vide its S.R.O. 1416 (I) / 2019 dated November 20, 2019 had issued the General Takaful Accounting Regulations, 2019 (Regulations). These Regulations prescribe the format for the regulatory returns and published financial statements of the Window Takaful Operations applicable from January 1, 2020. The impact of these Regulations has been detailed in the financial statements of the Window Takaful Operations for the year ended December 31, 2020.

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

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

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

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

* The management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Further details relating to temporary exemption from the application of IFRS 9 are given in note 2.5.1 to these unconsolidated financial statements.

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

2.5.1 Temporary exemption from application of IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given in note 2.5.1.1 below.

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

Financial assets with contractual cash flows that meet the SPPI criteria, excluding those held for trading	As at December 31, 2020 (Rupees in '000)
Pakistan Investment Bonds - Held to maturity (note 10)	
Opening fair value	320,925
Decreases in fair value	(2,930)
Disposals during the year	(317,995)
Closing fair value	-

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the 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).

3.2 Premium

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

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from 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 an objective evidence that the receivables are impaired, the Company reduces the carrying amount of the receivables and recognises that impairment loss in the unconsolidated statement of comprehensive income.

3.3 Reinsurance ceded

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

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

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

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against expenses or income from related insurance assets.

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

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

3.4 Claims expense

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

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

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

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

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

3.5 Reinsurance recoveries against claims

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

3.6 Commission and other acquisition costs

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

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

3.7 Premium deficiency reserve

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

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

	2020	2019
Fire and property damage	47%	12%
Marine, aviation and transport	43%	32%
Motor	42%	48%
Health	75%	93%
Miscellaneous	29%	42%

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

3.8 Creditors, accruals and provisions

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

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

3.9 Taxation

Current

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

Deferred

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

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

3.10 Cash and cash equivalents

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

3.11 Investments

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

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

3.11.1.1 Investments at fair value through profit or loss

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

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

3.11.1.2 Held to maturity

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

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

3.11.1.3 Available for sale

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

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

3.11.1.4 Loans and other receivables

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

3.11.1.5 Date of recognition

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

3.12 Investment properties

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

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

3.13 Operating assets

Tangible

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

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

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

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

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

Intangible

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

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

3.14 Staff retirement benefits

3.14.1 Defined contribution plan

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

3.14.2 Defined benefit plan

All permanent employees of the Company participate in an approved funded defined gratuity plan. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at December 31, 2020 using the Projected Unit Credit Method. Amounts arising as a result of 'Remeasurements', representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the unconsolidated statement of financial position, with a charge or credit to 'Other Comprehensive Income' in the periods in which they occur. Current service cost, past service cost and net interest income / expense are recognised in the profit and loss.

3.14.3 Accumulating compensated absences

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

3.15 Impairment of assets

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

3.16 Financial instruments

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

3.17 Offsetting of financial assets and financial liabilities

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

3.18 Segment reporting

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

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

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

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

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

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

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

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

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

3.19 Impairment of non-financial assets

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 unconsolidated statement of comprehensive income.

3.20 Foreign currency transactions and translations

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

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

Right-of-use assets

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

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

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

Lease liability against right-of-use assets

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

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

Lease payments reduce the lease liability against right-of-use assets. Finance cost is charged to the unconsolidated statement of comprehensive income as financial charges over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3.22 Share capital

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

3.23 Expenses of management

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

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

3.24 Dividends and appropriations to reserves

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

3.25 Earnings per share

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

- Provision for outstanding claims including IBNR (notes 3.4 and 25);
- Provision for taxation and deferred tax (notes 3.9, 21 and 31);
- Defined benefit plan (notes 3.14.2 and 15);
- Fair valuation of buildings and leasehold improvements (notes 3.13, and 5);
- Fair valuation of investment properties (notes 3.12 and 7);
- Useful lives, residual value and depreciation method of property and equipment and intangible assets (notes 3.13, 5 and 6);
- Premium deficiency reserve (note 3.7);
- Classification of investments and its impairment (notes 3.11, 9, 10 and 11);
- Reinsurance recoveries against outstanding claims (notes 3.5);
- Provision against premium due but unpaid and amount due from other insurers / reinsurers (notes 3.2, 14.3 and 14.4); and
- Allocation of management expenses (note 3.23).

5 PROPERTY AND EQUIPMENT

	Note	2020	2019
		---- (Rupees in '000) ----	
Operating assets	5.1	841,343	812,903
Capital work-in-progress	5.4	22,947	27,844
		864,290	840,747

5.1 Operating assets

	2020												
	Cost / revalued amounts						Accumulated depreciation					Written down value as at December 31	Depreciation rate (% per annum)
	As at January 1	Additions	Transfers	Disposals / writeoff (note 5.2)	Revaluation	As at December 31	As at January 1	Charge for the year	Transfers	Disposals / writeoff (note 5.2)	As at December 31		
	(Rupees in '000)												
Tracker equipment	7,991	33,071	-	-	-	41,062	962	6,614	-	-	7,576	33,486	33.33%
Furniture and fixtures	34,848	2,085	-	(1,763)	-	35,170	7,708	3,905	-	(1,172)	10,441	24,729	10%
Office equipment	30,504	2,101	-	(1,040)	-	31,565	12,882	5,528	-	(751)	17,659	13,906	16.67%
Computer equipment	28,669	16,360	-	(1,256)	-	43,773	18,008	8,997	-	(1,213)	25,792	17,981	33.33%
Buildings / leasehold improvements	610,830	1,701	-	(2,555)	49,833	659,809	58,355	39,286	-	(2,145)	95,496	564,313	5%-33%
Motor vehicles - owned	30,338	11,269	4,100	(6,783)	-	38,924	12,303	6,836	-	(6,658)	12,481	26,443	20%
Right-of-use assets - vehicle	205,498	29,294	(6,477)	(20,471)	-	207,844	51,711	32,924	(2,377)	(9,843)	72,415	135,429	20%
Right-of-use asset - rented premises	29,699	3,374	-	-	-	33,073	3,299	4,718	-	-	8,017	25,056	16.67%
	978,377	99,255	(2,377)	(33,868)	49,833	1,091,220	165,228	108,808	(2,377)	(21,782)	249,877	841,343	

	2019										
	Cost / revalued amounts					Accumulated depreciation				Written down value as at December 31	Deprecia-tion rate (% per annum)
	As at January 1	Additions	Disposals / writeoff (note 5.2)	Revalua-tion	As at December 31	As at January 1	Charge for the year	Disposals / writeoff (note 5.2)	As at December 31		
	(Rupees in '000)										
Tracker equipment	-	7,991	-	-	7,991	-	962	-	962	7,029	33.33%
Furniture and fixtures	29,466	5,509	(127)	-	34,848	4,350	3,484	(126)	7,708	27,140	10%
Office equipment	27,958	3,814	(1,268)	-	30,504	7,725	5,971	(814)	12,882	17,622	16.67%
Computer equipment	25,189	3,530	(50)	-	28,669	9,982	8,076	(50)	18,008	10,661	33.33%
Buildings / leasehold improvements	129,885	19,808	-	461,137	610,830	29,977	28,378	-	58,355	552,475	5%-33%
Motor vehicles - owned	36,566	6,547	(12,775)	-	30,338	14,648	9,410	(11,755)	12,303	18,035	20%
Right-of-use assets - vehicle	143,012	68,020	(5,534)	-	205,498	25,842	28,125	(2,256)	51,711	153,787	20%
Right-of-use asset - rented premises	-	29,699	-	-	29,699	-	3,299	-	3,299	26,400	16.67%
	392,076	144,918	(19,754)	461,137	978,377	92,524	87,705	(15,001)	165,228	813,149	
	-	-	(14,695)	-	(14,695)	-	-	(14,449)	(14,449)	(246)	
	392,076	144,918	(34,449)	461,137	963,682	92,524	87,705	(29,450)	150,779	812,903	

5.1.1 The forced sale value of buildings and leasehold improvements as at December 31, 2020 amounted to Rs. 465.878 million (2019: 469.604 million).

5.2 Disposal of operating assets

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Net gain / (loss)	Mode of disposal	Particulars of purchaser
	(Rupees in '000)						
Disposals having book value exceeding Rs. 50,000 individually							
Furniture and fixtures							
Various	416	(222)	194	20	(174)	Negotiation	Khurram Muzaffar
Office equipment							
Mobile phone	80	(25)	55	57	2	Company Policy	Nomaan Bashir*
Right-of-use assets - vehicle							
Honda Civic	3,094	(1,875)	1,219	2,027	808	Insurance Claim	Alfalah Insurance
Toyota Vitz	1,433	(812)	621	829	208	Company Policy	Rafiq Gatta*
Honda City	2,715	(1,506)	1,209	3,165	1,956	Negotiation	Muhammad Saghir
Mercedes Benz	7,495	(2,717)	4,778	7,708	2,930	Insurance Claim	Alfalah Insurance
Toyota Vitz	1,412	(878)	534	812	278	Company Policy	Arsalan Zafar*
Honda Civic	3,008	(1,576)	1,432	3,312	1,880	Negotiation	M. Qasim Khan
Suzuki Cultus	1,314	(479)	835	1,250	415	Company Policy	Nasir Mahmood*
	20,471	(9,843)	10,628	19,103	8,475		
Motor vehicles - owned							
Honda CG 125	122	(34)	88	98	10	Company Policy	Yasir Khursheed*
Disposals having book value not exceeding Rs. 50,000 individually							
Furniture and fixtures	1,347	(950)	397	66	(331)	Negotiation	Various customers
Office equipment	960	(726)	234	165	(69)	Negotiation	Various customers
Computer equipment	1,256	(1,213)	43	473	430	Negotiation	Various customers
Buildings / leasehold improvements	2,555	(2,145)	410	125	(285)	Negotiation	Khurram Muzaffar
Motor vehicles - owned	6,661	(6,624)	37	5,128	5,091	Negotiation	Various customers
	12,779	(11,658)	1,121	5,957	4,836		
Total - December 31, 2020	33,868	(21,782)	12,086	25,235	13,149		
Total - December 31, 2019	19,754	(15,001)	4,753	11,844	7,091		

* These represent persons in the employment of the Company.

5.3 The cost and accumulated depreciation of fully depreciated property and equipment still in use amounts to Rs. 85.378 million (2019: Rs. 84.656 million).

		2020	2019
		------- (Rupees in '000) -------	
5.4	**Capital work-in-progress**		
	Advances to suppliers*	701	11,511
	Trackers	20,595	15,483
	Others	1,651	850
		22,947	27,844

* These represents advances related to purchase of vehicles.

6 INTANGIBLE ASSETS

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

	2019									
	Cost				Accumulated amortisation				Written down value as at December 31	Amortisation rate (% per annum)
	As at January 1	Additions	Disposals	As at December 31	As at January 1	Charge for the year	Disposals	As at December 31		
	----------(Rupees in '000)----------									
Computer software	6,465	19,145	-	25,610	2,771	4,676	-	7,447	18,163	20%

6.1 The cost and accumulated amortisation of fully amortised intangibles still in use amounts to Rs. 3.197 million (2019: Nil).

		Note	2020	2019
7	**INVESTMENT PROPERTIES**		------- (Rupees in '000) -------	
	Opening net book value		376,995	356,950
	Unrealised fair value gain during the year		802	20,045
	Closing net book value	7.1	377,797	376,995

7.1 The market value and forced sale value of investment properties is Rs 377.797 million (2019: Rs 376.995 million) and Rs 321.127 million (2019: Rs 320.466 million), respectively as per the valuation carried out by the independent professional valuer as at December 31, 2020.

8 INVESTMENTS IN SUBSIDIARY

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

Name	Country of incorporation	Number of shares held	Cost	Assets	Liabilities	Revenues	Profit / (loss)	Interest held
			----------(Rupees in '000)----------					-----(%)-----
IGI FSI (Pvt.) Limited - note 8.1	Pakistan	500,000	5,000	6,165	1,559	9,191	(394)	100%
Total			5,000	6,165	1,559	9,191	(394)	100%

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

9 INVESTMENT IN EQUITY SECURITIES - MUTUAL FUNDS

	2020					2019				
	Number of units	Carrying value	(Impairment / provision)	Unrealised gain / (loss)	Market value	Number of units	Carrying value	(Impairment / provision)	Unrealised gain / (loss)	Market value
	----(Rupees in '000)----					----(Rupees in '000)----				
Fair value through profit or loss										
Alfalah GHP Stock Fund	918,254	111,661	-	(461)	111,200	355,961	37,074	-	4,588	41,662
HBL Stock Fund	-	-	-	-	-	365,971	39,000	-	-	39,000
MCB Pakistan Stock Market Fund	1,693,688	160,000	-	6,000	166,000	653,910	60,003	-	(3)	60,000
NBP Stock Fund	-	-	-	-	-	5,611,085	74,895	-	4,546	79,441
UBL Stock Advantage Fund	-	-	-	-	-	289,477	20,000	-	-	20,000
Alfalah GHP Money Market Fund	-	-	-	-	-	2,623,787	260,000	-	(2,526)	257,474
MCB Pakistan Sovereign Fund	293,068	15,855	-	161	16,016	-	-	-	-	-
Faysal Money Market Fund	50	5	-	-	5	-	-	-	-	-
NBP Financial Sector Income Fund	11,823,577	124,481	-	235	124,716	-	-	-	-	-
UBL Income Opportunity Fund	699,780	78,745	-	554	79,299	-	-	-	-	-
	15,428,417	490,747	-	6,489	497,236	9,900,191	490,972	-	6,605	497,577

10 INVESTMENTS IN GOVERNMENT SECURITIES

Particulars	Year of maturity	Effective yield % per annum	Profit payment	2020	2019
				------- (Rupees in '000) -------	
Held to maturity					
Pakistan Investment Bonds	2020	13.98%	Semi-annual	-	24,679
Pakistan Investment Bonds	2021	13.08%	Semi-annual	-	18,094
Pakistan Investment Bonds	2022	11.99%	Semi-annual	-	63,837
Pakistan Investment Bonds	2022	11.25%	Semi-annual	-	1,018
Pakistan Investment Bonds	2022	12.76%	Semi-annual	-	1,102
Pakistan Investment Bonds	2021	11.92%	Semi-annual	-	213,489
				-	322,219
At fair value through profit or loss					
Market Treasury Bills	2021	13.12%	On maturity	75,592	-
Market Treasury Bills	2021	13.29%	On maturity	40,914	-
Market Treasury Bills	2021	9.57%	On maturity	342,949	-
Market Treasury Bills	2021	10.36%	On maturity	62,310	-
Market Treasury Bills	2021	7.14%	On maturity	5,735	-
Market Treasury Bills	2021	6.45%	On maturity	110,603	-
Market Treasury Bills	2021	7.15%	On maturity	123,993	-
Market Treasury Bills	2021	7.14%	On maturity	247,987	-
Market Treasury Bills	2021	7.11%	On maturity	10,415	-
Market Treasury Bills	2021	7.11%	On maturity	408,447	-
Market Treasury Bills	2020	13.07%	On maturity	-	53,378
Market Treasury Bills	2020	10.30%	On maturity	-	35,411
Market Treasury Bills	2020	10.30%	On maturity	-	33,467
Pakistan Investment Bonds	2021	10.34%	Semi-annual	-	60,307
Pakistan Investment Bonds	2022	9.65%	Semi-annual	-	46,841
Pakistan Investment Bonds	2021	12.00%	Semi-annual	-	32,473
Pakistan Investment Bonds	2023	12.66%	Semi-annual	-	82,943
Pakistan Investment Bonds	2023	13.71%	Semi-annual	-	67,726
Pakistan Investment Bonds	2023	13.45%	Semi-annual	-	311,540
Pakistan Investment Bonds	2023	13.75%	Semi-annual	-	94,816
Pakistan Investment Bonds	2023	13.80%	Semi-annual	-	189,633
Pakistan Investment Bonds	2023	13.77%	Semi-annual	-	67,726
Pakistan Investment Bonds	2024	12.38%	Semi-annual	-	47,298
Pakistan Investment Bonds (floaters)	2028	7.61%	Semi-annual	578,623	588,196
Pakistan Investment Bonds (floaters)	2028	7.86%	Semi-annual	123,628	125,900
Pakistan Investment Bonds (floaters)	2029	7.78%	Semi-annual	125,225	-
				2,256,421	1,837,655
Total market value				2,256,421	2,159,874
Total carrying value				2,267,278	2,090,263

10.1 These include Pakistan Investment Bonds which are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of the Insurance Ordinance, 2000, having market value of Rs 224.470 million (2019: Rs 208.285 million).

11 INVESTMENTS IN DEBT SECURITIES

	2020					2019				
	Number of certificates	Maturity year	Coupon rate	Profit payment	Carrying amount	Number of certificates	Maturity year	Coupon rate	Profit payment	Carrying amount
					(Rupees in '000)					(Rupees in '000)
Fair value through profit or loss										
Term finance certificate										
Habib Bank Limited	500,000	Perpetual	3 months Kibor plus 1.6%	Quarterly	50,000	500,000	Perpetual	3 months Kibor plus 1.6%	Quarterly	50,000
Bank Alfalah Limited	1,000,000	Perpetual	Higher of 3 year PKRV plus 0.75% or 9%	Quarterly	100,000	-	-	-	-	-
Commercial paper										
Hub Power Company Limited	-	-	-	-	-	1,500,000	2020	6 months Kibor plus 1.5%	-	144,025
	1,500,000				150,000	2,000,000				194,025

11.1 The effective yield on commercial paper and term finance certificates is nil (2019: 14.98%) and 8.90% to 9.03% (2019: 13.55%) per annum respectively.

	Note	2020	2019
		------- (Rupees in '000)	-------
12 INVESTMENTS IN TERM DEPOSITS			
Held to maturity			
Deposits maturing within 12 months		-	300,000

13 LOANS AND OTHER RECEIVABLES

	Note	2020	2019
Receivable from related parties	13.1	126,251	98,819
Advances - considered good		10,968	5,708
Security deposits		88,420	75,576
Sales tax recoverable		77,733	57,389
Accrued income on investments and deposits		23,585	88,077
Loans and advances to employees	13.2	9,873	12,003
Others	13.3	55,867	63,769
		392,697	401,341

13.1 This includes receivables amounting to Rs. 1.942 million, Rs. 27.331 million, Rs. 7.268 million, Rs. 4.597 million and Rs. 1.527 million (2019: Nil, Rs. 18.859 million, Rs. 19.388 million, Rs. 5.146 million and Rs. 1.820 million) charged to IGI Investments (Pvt.) Limited, IGI Life Insurance Limited, IGI Finex Securities Limited, IGI Holdings Limited and Packages Limited, respectively, under group shared services.

13.2 This includes personal loan equivalent to 2 months gross salary disbursed to the Chief Executive Officer with mark-up equal to rate of 12 months market treasury bill prevailing on the date of disbursement, amounting to Rs. 0.134 million (2019: Nil) repayable within a period of one year.

	2020	2019
13.2.1 Movement in loans to key management personnel	------- (Rupees in '000)	-------
Opening balance	-	-
Disbursements	6,423	-
Repayments	(2,091)	-
Closing balance	4,332	-

13.3 These include a receivable from takaful operations amounting to Rs 58.028 million (2019: Rs 58.028 million) in respect of Sindh Sales Tax as disclosed in note 23.4 to the unconsolidated financial statements.

	Note	2020	2019
		------- (Rupees in '000) -------	
14 INSURANCE / REINSURANCE RECEIVABLES			
Due from insurance contract holders - unsecured			
- considered good		870,974	692,753
- considered doubtful		143,047	143,399
	14.1 & 14.2	1,014,021	836,152
Less: provision for impairment of receivables from insurance contract holders	14.3	(143,047)	(143,399)
		870,974	692,753
Due from other insurer / reinsurer - unsecured			
- considered good		1,002,858	732,114
- considered doubtful		41,303	41,423
		1,044,161	773,537
Less: provision for impairment of receivables from other insurer / reinsurer	14.4	(41,303)	(41,423)
		1,002,858	732,114
		1,873,832	1,424,867

14.1 This includes an amount of Rs. 29.552 million (2019: Rs. 17.520 million) receivable from related parties.

14.2 The aggregate amount due from directors, chief executive and executives of the Company amounting to Rs nil (2019: Rs 0.171 million).

14.3 Provision for doubtful receivables - insurance contract holders	Note	2020	2019
		------- (Rupees in '000) -------	
Opening		143,399	120,338
Charge for the year		15,682	26,298
Written off during the year		(16,034)	(3,237)
Balance as at December 31	14.3.1	143,047	143,399

14.3.1 This includes an amount of Rs. 0.967 million (2019: Rs. 0.720 million) provided against related parties.

14.4 Provision for doubtful receivables - other insurer / reinsurer	2020	2019
	------- (Rupees in '000) -------	
Opening	41,423	41,423
Written off during the year	(120)	-
Balance as at December 31	41,303	41,423

15 RETIREMENT BENEFITS OBLIGATIONS

15.1 Defined benefit plan - Gratuity Fund

The Company offers an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity is governed under the Trust Act, 1882, the Trust Deed and the Rules of the Fund, the Income Tax Ordinance, 2001, the Income Tax Rules, 2002 and the applicable local regulations. An actuarial valuation is carried out every year to determine the liability of the Company in respect of the benefit. The most recent valuation in this regard has been carried out as at December 31, 2020 using the Projected Unit Credit (PUC) Actuarial Cost Method as allowed under the International Accounting Standard (IAS) 19 - 'Employee Benefits' for valuation of the Fund.

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

Final salary risks

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

Asset volatility

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

Discount rate fluctuation

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

Investment risks

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

Mortality risks

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

Longevity risks

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

Withdrawal risks

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

15.1.1 Principal actuarial assumptions

	2020	2019
Valuation discount rate	10.25%	11.75%
Valuation discount rate for statement of comprehensive income	11.75%	13.75%
Salary increase rate - *short term*	10.00%	11.25%
Salary increase rate - *long term*	9.75%	11.25%
Return on plan assets	10.25%	11.25%
Duration	10.63 years	10.73 years
Normal retirement age	58	58
Withdrawal rate	Low	Low
Mortality rate	SLIC 2001-05	SLIC 2001-05
Next salary increase date	1-Jan-2021	1-Jan-2020

	Note	2020	2019
		------- (Rupees in '000) -------	
15.1.2 Amount recognised in the unconsolidated statement of financial position			
Reconciliation			
Present value of defined benefit obligation		132,484	113,983
Less: fair value of plan assets		(114,807)	(94,620)
Payable to defined benefit plan		17,677	19,363
Movement in net liability recognised			
Opening net liability		19,363	21,217
Expense for the year	15.1.3	15,894	15,864
Other comprehensive gain	15.1.4	(3,605)	(7,407)
Contributions		(13,975)	(10,311)
		17,677	19,363

	Note	2020	2019
		------- (Rupees in '000) -------	
Movement in present value of defined benefit obligation			
Opening		113,983	98,685
Current service cost	15.1.3	14,440	13,627
Interest cost		13,083	13,335
Benefits paid		(5,277)	(3,816)
Actuarial gain on obligation	15.1.4	(3,745)	(7,848)
Closing		132,484	113,983
Movement in the fair value of plan assets			
Opening		94,620	77,468
Expected return on plan assets		11,629	11,098
Contributions		13,975	10,311
Benefits paid		(5,277)	(3,816)
Actuarial loss on obligation	15.1.4	(140)	(441)
		114,807	94,620

15.1.3 Amount recognised in unconsolidated statement of comprehensive income

	2020	2019
Current service cost	14,440	13,627
Interest cost	1,454	2,237
Expense for the year	15,894	15,864

15.1.4 Amount recognised in other comprehensive income

	2020	2019
Remeasurement gain on obligation	(3,745)	(7,848)
Remeasurement loss on plan assets	140	441
	(3,605)	(7,407)

15.1.5 Actual return on plan assets

	2020	2019
Expected return on assets	11,629	11,098
Actuarial loss	(140)	(441)
	11,489	10,657

15.1.6 Analysis of present value of defined benefit obligation

	2020	2019
Split by vested / non-vested		
(i) Vested benefits	132,484	113,983
(ii) Non-vested benefits	-	-
	132,484	113,983

15.1.7 Sensitivity analysis

	2020			2019		
	Change in assumption	Increase / (decrease) in present value of defined benefit obligation (%)	(Rupees in '000)	Change in assumption	Increase / (decrease) in present value of defined benefit obligation (%)	(Rupees in '000)
Discount rate	+1%	-9.84%	(13,035)	+1%	-9.92%	(11,310)
	-1%	11.42%	15,128	-1%	11.54%	13,156
Salary increase rate	+1%	11.87%	15,722	+1%	11.99%	13,563
	-1%	-10.37%	(13,744)	-1%	-10.45%	(11,914)
Life expectancy / withdrawal rate	+10%	-0.12%	(163)	+10%	-0.15%	(168)
	-10%	0.13%	166	-10%	0.15%	170

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.

15.1.8 Plan assets comprise of the following:

	2020 (Rupees in '000)	Percentage composition	2019 (Rupees in '000)	Percentage composition
Equity investments	18,484	16.10%	16,545	17.49%
Cash and bank deposits	40,845	35.58%	967	1.02%
Government securities	55,478	48.32%	77,108	81.49%
Fair value of plan assets	114,807	100%	94,620	100%

15.1.9 As per the actuarial recommendations, the expected return on plan assets was taken as 10.25% (2019: 11.25%), which is representative of yields on long-term Government bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

Based on actuarial advice, the Company intends to charge an amount of Rs 16.349 million in the unconsolidated financial statements for the year ending December 31, 2021.

The expected contribution for the next one year should take into account the maximum annual contribution limit set by the Income Tax Rules, 2002 i.e. the basic payroll of the last month of the financial year end. If the contribution exceeds the limit defined in the Income Tax Rules, the Company may apply to the Commissioner of Inland Revenue (CIR) for special contribution for the excess amount. The Expected Gratuity Expense is around 8.39% of annual salary which is greater than the maximum allowable limit of 8.33%. Therefore, the Company may contribute up to Rs. 16.236 million during 2021.

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

	Less than a year	Between 1-2 Years	Between 2-5 years	Over 5 years	Total
	(Rupees in '000)				
2020					
Gratuity	9,043	5,550	19,611	471,011	505,215
2019					
Gratuity	3,701	8,637	24,338	529,944	566,620

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

	2020	2019	2018	2017
	(Rupees in '000)			
Present value of defined benefit obligation	132,484	113,983	98,685	84,971
Fair value of plan assets	(114,807)	(94,620)	(77,468)	(72,552)
Deficit	17,677	19,363	21,217	12,419

15.2 Defined contribution plan - Provident Fund

The Company has set up a provident fund for its permanent employees and contributions were made by the Company to the Trust in accordance with the requirements of Section 218 of the Companies Act, 2017. The total charge against provident fund for the year ended December 31, 2020 was Rs. 17.570 million (2019: Rs, 15.352 million). The net assets based on unaudited financial statements of Provident Fund as at June 30, 2020 are Rs. 129.194 million (2019: 94.493 million) out of which 94% were invested in different financial instruments categories as provided in Section 218 of the Companies Act, 2017 and the rules formulated therein. The carrying value of the investments of the provident fund as at June 30, 2020 (unaudited) was Rs. 121.474 million (2019: 92.026 million). The above investments out of provident fund have been made in accordance with the requirements of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	June 30, 2020 (un-audited)		June 30, 2019 (audited)	
	(Rupees in '000)	% of the size of the fund	(Rupees in '000)	% of the size of the fund
Government securities	93,860	77.27%	68,995	73.02%
Listed securities	6,728	5.54%	5,334	5.64%
Bank deposits	2,546	2.10%	2,467	2.61%
Mutual Funds	13,340	10.97%	12,697	13.44%
Term finance certificates	5,000	4.12%	5,000	5.29%
Total	121,474	100%	94,493	100%

		2020	2019
15.3	**Staff strength**	**(Number of employees)**	
	Number of employees as at December 31	183	202
	Average number of employees during the year	192	189

		Note	2020	2019
			------- (Rupees in '000) -------	
16	**PREPAYMENTS**			
	Prepaid reinsurance premium ceded	24	1,001,740	972,374
	Prepaid rent		26,117	24,665
	Others		4,006	13,714
			1,031,863	1,010,753
17	**CASH AND BANK**			
	Cash and cash equivalents			
	Cash in hand		536	1,122
	Cash at bank			
	Current accounts		11,405	13,990
	Savings accounts	17.1	219,665	117,998
			231,070	131,988
			231,606	133,110

17.1 The balances in savings accounts carry mark-up ranging between 5.5% to 6.5% (2019: 11.25% to 12.5%) per annum.

		Note	2020	2019
			------- (Rupees in '000) -------	
17.2	**Cash and cash equivalents for the purpose of unconsolidated cash flow statement:**			
	Cash and bank	17	231,606	133,110
	Term deposits having original maturity of upto three months	12	-	300,000
	Market Treasury Bills having original maturity of upto three months		777,452	-
			1,009,058	433,110
18	**SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT - NET OF TAX**			
	Opening balance		313,309	-
	Surplus on revaluation due to change in accounting policy		-	281,977
	Transfer from surplus on revaluation of property and equipment on account of incremental depreciation		(22,064)	(19,857)
	Related deferred tax		6,399	5,759
			(15,665)	(14,098)
	Change in fair value - net of tax		35,381	45,430
	Closing surplus on revaluation of property and equipment		333,025	313,309
19	**BORROWINGS**			
	Lease liability against right-of-use assets - motor vehicle		136,461	151,773
	Lease liability against right-of-use assets - rented premises		25,829	25,746
		19.1	162,290	177,519
	Current portion		30,712	50,597
	Non-current portion		131,578	126,922
			162,290	177,519

19.1 Lease liability against right-of-use assets

	2020			2019		
	Minimum lease Payments	Financial charges	Principal outstanding	Minimum lease Payments	Financial charges	Principal outstanding
	(Rupees in '000)					
Not later than one year	59,088	28,376	30,712	68,539	17,942	50,597
Later than one year and not later than five years	148,407	16,829	131,578	146,834	19,912	126,922
	207,495	45,205	162,290	215,373	37,854	177,519

20 INSURANCE / REINSURANCE PAYABLES

	2020	2019
	(Rupees in '000)	
Due to other insurers / reinsurers	1,603,918	1,314,758

21 DEFERRED TAXATION

	2020	2019
Deferred debits arising in respect of :		
- Provision for doubtful receivables	(54,420)	(53,599)
- Retirement benefit obligations	(5,126)	(5,615)
- Lease liability against right-of-use-assets	(46,850)	(51,481)
	(106,396)	(110,695)
Deferred credits arising due to		
- Accelerated tax depreciation	28,085	39,250
- Surplus on revaluation of property and equipment	148,181	127,971
- Fair value gain on investment properties	60,332	60,100
- Unrealised gain on investments	4,957	6,224
- Right-of-use assets	46,541	52,254
	288,096	285,799
	181,700	175,104

22 OTHER CREDITORS AND ACCRUALS

	2020	2019
Agent commission payable	202,315	196,513
Cash margin	258,329	286,116
Federal excise duty	40,771	39,416
Federal insurance fee	2,887	5,554
Accrued expenses	157,166	139,307
Others	172,049	104,817
	833,517	771,723

23 CONTINGENCIES AND COMMITMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

		Note	2020	2019
24	**NET INSURANCE PREMIUM**		------- (Rupees in '000)	-------
	Written gross premium	24.1	5,476,591	5,177,105
	Add: Unearned premium reserve - opening		1,860,409	1,503,062
	Less: Unearned premium reserve - closing		(1,913,043)	(1,860,409)
	Premium earned	24.1	5,423,957	4,819,758
	Less: Reinsurance premium ceded		(3,132,579)	(2,782,164)
	Add: Prepaid reinsurance premium ceded - opening		(972,374)	(613,175)
	Less: Prepaid reinsurance premium ceded - closing		1,001,740	972,374
	Reinsurance expense		(3,103,213)	(2,422,965)
			2,320,744	2,396,793

24.1 This includes an amount of Rs. 66.402 million (2019: 15.81 million) and 36.542 million (2019: 5.186 million) in respect of amount written and earned on tracking services.

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

25 NET INSURANCE CLAIMS

	2020	2019
Claims paid	2,181,572	1,617,607
Add: Outstanding claims (including IBNR) - closing	2,626,867	1,512,227
Less: Outstanding claims (including IBNR) - opening	(1,512,227)	(1,314,812)
Claims expense	3,296,212	1,815,022
Less: Reinsurance and other recoveries received	(1,046,752)	(452,606)
Add: Reinsurance and other recoveries in respect of outstanding claims - closing	(2,165,642)	(1,012,984)
Less: Reinsurance and other recoveries in respect of outstanding claims - opening	1,012,984	854,041
Reinsurance and other recoveries revenue	(2,199,410)	(611,549)
	1,096,802	1,203,473

25.1 Claims development tables

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

Analysis on gross basis

Accident year	2016	2017	2018	2019	2020 (including IBNR)	Total
	(Rupees in '000)					
Estimate of ultimate claims cost:						
At end of accident year	332,103	363,401	575,330	462,385	1,593,639	3,326,858
One year later	358,703	330,493	364,402	468,609	-	1,522,207
Two years later	303,642	305,808	356,781	-	-	966,231
Three years later	371,478	303,591	-	-	-	675,069
Four years later	371,488	-	-	-	-	371,488
Estimate of cumulative claims	371,488	303,591	356,781	468,609	1,593,639	3,094,108
Cumulative payments to date	(367,966)	(278,468)	(327,922)	(293,727)	(532,125)	(1,800,208)
Liability recognised in the unconsolidated statement of financial position	3,522	25,123	28,859	174,882	1,061,514	1,293,900

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

26 NET COMMISSION EXPENSE

	2020	2019
	------- (Rupees in '000) -------	
Commission paid or payable	547,789	558,471
Add: Deferred commission expense - opening	178,261	153,419
Less: Deferred commission expense - closing	(186,464)	(178,261)
Net commission	539,586	533,629
Less: Commission received or receivable	(505,482)	(550,859)
Add: Unearned reinsurance commission - opening	(174,561)	(120,933)
Less: Unearned reinsurance commission - closing	212,055	174,561
Commission from reinsurers	(467,988)	(497,231)
	71,598	36,398

		Note	2020	2019
27	**MANAGEMENT EXPENSES**		------- (Rupees in '000)	-------
	Employee benefit cost	27.1	463,197	458,322
	Rent, rates and taxes		52,124	43,577
	Electricity and gas		13,289	13,468
	Repairs and maintenance		17,021	15,319
	Communication		32,664	24,619
	Tracker related expenditures		63,821	98,569
	Depreciation and amortisation	27.2	108,068	92,381
	Bad and doubtful debts	14.3	15,682	26,298
	Vehicle running expenses		38,064	44,814
	Travelling expenses		11,679	30,209
	Representation expenses		6,184	10,203
	Printing and stationery		5,091	9,420
	Legal and professional		33,880	35,116
	Advertisement expenses		9,895	17,664
	Miscellaneous		3,112	3,212
		27.3	873,771	923,191

		Note	2020	2019
27.1	**Employee benefit cost**			
	Salaries, allowance and other benefits		455,808	427,106
	Charges for post employment benefit	15.1.3 & 15.2	33,464	31,216
	Less: employee benefit cost allocated to Window Takaful Operations		(26,075)	-
			463,197	458,322
27.2	**Depreciation and amortisation**			
	Depreciation and amortisation charged during the year	5 & 6	114,550	92,381
	Less: depreciation and amortisation allocated to Window Takaful Operations		(6,482)	-
			108,068	92,381

27.3 During the year, the Company has allocated certain management expenses to Window Takaful Operations on the basis of reasonable and supportable information available for determining such allocation amounting to Rs. 47.543 million (2019: Nil).

		2020	2019
28	**INVESTMENT INCOME**	------- (Rupees in '000)	-------
	Income from equity securities		
	Fair value through profit or loss		
	Dividend income	794	201
	Income from debt securities		
	Fair value through profit or loss		
	Return on government securities	248,641	230,540
	Return on commercial paper and term finance certificate	12,804	20,733
	Held to maturity		
	Return on government securities	26,864	36,387
	Income from term deposits		
	Return on term deposits	24,353	90,051
	Net realised (loss) / gain on investments		
	Fair value through profit or loss		
	Mutual funds	(13,130)	13,426
	Government securities	34,407	-
	Held to maturity		
	Government securities	13,929	(1,306)
	Net unrealised gain / (loss) on investments		
	Fair value through profit or loss		
	Mutual funds	6,489	6,605
	Government securities	(10,857)	69,611
	Total investment income	344,294	465,848

		Note	2020	2019
			------- (Rupees in '000) -------	
29	**OTHER INCOME**			
	Return on bank balances		22,494	21,551
	Gain on sale of operating assets		13,149	7,091
	Exchange gain		578	1,141
	Fair value gain on investment properties	7	802	20,045
	Miscellaneous		3,103	136
			40,126	49,964
30	**OTHER EXPENSES**			
	Group shared services expenses		12,997	8,791
	Insurance expense		15,784	13,248
	Repairs and maintenance		1,959	1,382
	Education and training		5,183	-
	Legal and professional		2,561	1,596
	Auditors' remuneration	30.1	5,681	3,947
	Donations	30.2	5,732	204
			49,897	29,168
30.1	**Auditor's remuneration**			
	Fee for statutory audit		1,250	1,250
	Fee for audit of consolidated financial statements		300	-
	Fee for interim review		550	550
	Fee for audit of regulatory return		825	500
	Special certifications and sundry services		150	150
	Tax advisory and other consultancy services		2,161	1,373
	Out of pocket expenses		445	124
			5,681	3,947

30.2 This represents donation paid to Packages Foundation (a related party).

		2020	2019
31	**TAXATION**		
	For the year		
	Current	207,996	216,101
	Deferred	(8,900)	17,639
		199,096	233,740
31.1	**Relationship between tax expense and accounting profit**		
	Profit before tax	685,556	806,897
	Tax calculation at the rate of 29% (2019: 29%)	198,811	234,000
	Others	285	(260)
		199,096	233,740

31.2 Taxation

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

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

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

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

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

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

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

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

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

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

31.2.5 In case of tax year 2009, the Deputy Commissioner of Inland Revenue (DCIR) has passed the amended order under section 122(5A) of the Ordinance by disallowing provisions on account of IBNR, Unearned Commission and allocation of expenses relating to exempt income. As a result of amended assessment demand of Rs 141 million was created. The DCIR has made certain errors in the order for which application for rectification was filed. Rectified order under Section 221 has been passed and as a result demand has been reduced to Rs. 51 million. The learned CIR(A) has granted partial relief in respect of certain 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 August 31, 2015 in respect of payment of the remaining tax demand of Rs. 21.420 million. Further, against the above treatment meted out by the ACIR, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. The Company also filed a petition against the said order before the Honorable Sindh High Court which was disposed off with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

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

Pursuant to the appeal, the learned CIR(A) vide combined appellate order No.21 and 22/A-1 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.

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

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

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

(b) Provision for IBNR;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31.2.12 The case for tax year 2015 was further selected for audit under section 177 of the Ordinance. The Company submitted all the information requested through the Information and Document Request (IDR) pursuant to which a show-cause notice was issued in December 2017. 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.

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

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

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

32 EARNINGS PER SHARE

	2020	2019
	------- (Rupees in '000) -------	
Profit (after tax) for the year	486,460	573,157
	(Number of shares)	
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	191,838,400	191,838,400
	(Rupees)	
Earnings per share	2.54	2.99

33 TRANSACTIONS WITH RELATED PARTIES

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

	Holding Company		Subsidiary Company		Post employment benefit plans		Key management personnel (including directors)		Other related parties	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in '000)									
Transactions										
Premium underwritten	-	-	-	-	-	-	505	309	384,896	344,469
Premium collected	-	-	-	-	-	-	505	606	373,283	345,007
Claims expense	-	-	-	-	-	-	46	192	91,751	31,799
Claims paid	-	-	-	-	-	-	-	-	97,544	34,110
Commission expense	-	-	-	-	-	-	-	-	-	1,267
Commission paid	-	-	-	-	-	-	-	-	3,423	2,199
Rental income	-	-	-	-	-	-	-	-	29,918	30,374
Dividend paid	520,000	513,349	-	-	-	-	-	-	-	-
Key management personnel compensation	-	-	-	-	-	-	234,637	228,325	-	-
Charge in respect of gratuity fund	-	-	-	-	15,894	15,864	-	-	-	-
Charge in respect of provident fund	-	-	-	-	17,570	15,352	-	-	-	-
Contribution to gratuity fund	-	-	-	-	13,975	10,311	-	-	-	-
Contribution to provident fund	-	-	-	-	17,570	15,352	-	-	-	-
Insurance premium expense	-	-	-	-	-	-	-	-	8,634	5,813
Insurance premium paid	-	-	-	-	-	-	-	-	8,634	5,813
Amount transferred for incorporation	-	-	5,000	-	-	-	-	-	-	-
Education and training fee paid	-	-	5,182	-	-	-	-	-	-	-
Donation paid	-	-	-	-	-	-	-	-	5,732	-
Rent paid	-	-			-	-	-	-	1,586	1,442

	Holding Company		Subsidiary Company		Post employment benefit plans		Key management personnel (including directors)		Other related parties	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in '000)									
Balances										
Premium receivable	-	-	-	-	-	-	-	-	29,133	17,520
Commission payable	-	-	-	-	-	-	-	-	-	3,423
Outsanding claim	-	-	-	-	-	-	-	-		-
Other receivable / (payable)	4,955	5,404	(2,646)		-	-	-	-	121,296	93,415
Payable to gratuity fund	-	-	-	-	(17,677)	(19,363)	-	-	-	-
Receivable from / (payable) to provident fund	-	-	-	-	7,681	(3,661)	-	-	-	-

The maximum aggregate amount due from related parties outstanding during the year aggregated to Rs. 116.818 million (2019: Rs. 94.458 million).

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

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

34 COMPENSATION FOR DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Fee for attending board meeting	-	-	4,850 *	1,925 *	-	-
Managerial remuneration	15,804	14,111	9,551	8,629	66,102	68,135
Bonus	15,222	13,663	4,215	3,914	36,645	31,133
Retirement benefits (including provident fund)	1,580	2,448	784	713	6,610	12,345
Housing and utilities	8,744	7,833	4,385	3,928	37,993	38,240
Medical expenses	1,580	1,411	-	133	2,467	3,731
Conveyance allowance	703	678	304	488	7,263	8,414
Others	3,658	3,406	653	605	5,524	2,442
	47,291	43,550	24,742	20,335	162,604	164,440
Number of persons	1	1	5	5	26	24

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

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

35 SEGMENT REPORTING

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

Particulars	2020					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	(Rupees in '000)					
Premium receivable (inclusive of Sindh sales tax, federal insurance fee and administrative surcharge)	2,271,992	788,943	1,688,731	447,837	1,102,999	6,300,502
Less: Federal Excise Duty	(285,933)	(91,532)	(222,207)	(7,112)	(138,251)	(745,035)
Federal Insurance Fee	(19,235)	(6,697)	(14,500)	(4,362)	(9,598)	(54,392)
Stamp duty	(105)	(22,325)	(1,343)	(8)	(703)	(24,484)
Gross written premium (inclusive of administrative surcharge)	1,966,719	668,389	1,450,681	436,355	954,447	5,476,591
Gross direct premium	1,960,113	657,062	1,405,479	435,667	948,627	5,406,948
Administrative surcharge	6,606	11,327	45,202	688	5,820	69,643
	1,966,719	668,389	1,450,681	436,355	954,447	5,476,591
Insurance premium earned	1,939,284	667,422	1,441,105	402,522	973,624	5,423,957
Insurance premium ceded to reinsurers	(1,729,708)	(407,612)	(151,394)	-	(814,499)	(3,103,213)
Net Insurance premium	209,576	259,810	1,289,711	402,522	159,125	2,320,744
Commission income	229,912	121,360	33,756	-	82,960	467,988
Net underwriting income	439,488	381,170	1,323,467	402,522	242,085	2,788,732
Insurance claims	(1,586,636)	(338,398)	(638,052)	(303,386)	(429,740)	(3,296,212)
Insurance claims recovered from reinsurers	1,488,851	226,087	101,147	-	383,325	2,199,410
Net claims	(97,785)	(112,311)	(536,905)	(303,386)	(46,415)	(1,096,802)
Commission expense	(223,750)	(74,535)	(169,284)	(12,772)	(59,245)	(539,586)
Management expenses	(313,783)	(106,639)	(231,451)	(69,619)	(152,279)	(873,771)
Net Insurance claims and expenses	(635,318)	(293,485)	(937,640)	(385,777)	(257,939)	(2,510,159)
Premium deficiency	-	-	-	21,111	-	21,111
Underwriting result	(195,830)	87,685	385,827	37,856	(15,854)	299,684
Investment income						344,294
Rental income						29,918
Other income						40,126
Other expenses						(49,897)
Result of operating activities						664,125
Finance cost on right-of-use assets						(16,142)
Profit from window takaful operations						36,673
Profit before tax						684,656
Segment assets	2,693,783	491,379	783,352	153,746	1,105,416	5,227,676
Unallocated assets	-	-	-	-	-	5,027,654
Assets of Window Takaful Operations - Operator's Fund						202,904
						10,458,234
Segment liabilities	2,799,138	603,310	1,367,163	369,016	1,218,375	6,357,002
Unallocated liabilities	-	-	-	-	-	1,195,183
Total liabilities of Window Takaful Operations - Operator's Fund						126,227
						7,678,412

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

36 MOVEMENT IN INVESTMENTS

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

	2019		
	Held to maturity	Fair value through profit or loss	Total
	(Rupees in '000)		
As at January 1, 2019	845,665	1,719,298	2,564,963
Additions	326,413	6,255,816	6,582,229
Disposals (sale and redemptions)	(556,002)	(5,627,269)	(6,183,271)
Net fair value gains (excluding net realised gains)	-	76,216	76,216
Amortisation of premium / discount	6,143	105,196	111,339
Total	622,219	2,529,257	3,151,476

37 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

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

37.1 Insurance risk

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

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

Concentration of insurance risk

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

To optimise benefits from the principle of average and 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.

37.1.1 Reinsurance arrangements

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

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

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

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

	2019		
	Maximum sum insured	Reinsurance cover	Highest net liability
	(Rupees in '000)		
Fire and property damage	36,184,376	36,034,376	150,000
Marine, aviation and transport	19,710,628	11,826,377	7,884,251
Motor	10,000	5,000	5,000
Health	2,503,823	-	2,503,823
Miscellaneous	16,703,812	16,687,108	16,704
Window Takaful Operations	5,864,179	3,809,929	2,054,250
	80,976,818	68,362,790	12,614,028

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

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

	2019		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	(Rupees in '000)		
Fire and property damage	1,782,434	1,686,029	96,405
Marine, aviation and transport	458,270	354,835	103,435
Motor	1,300,780	602,623	698,157
Health	335,926	103,967	231,959
Miscellaneous	990,930	841,032	149,898
Window Takaful Operations	126,141	247,559	(121,418)
	4,994,481	3,836,045	1,158,436

37.1.2 Uncertainty in the estimation of future claims payment

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

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

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

37.1.3 Key assumptions

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

37.1.4 Sensitivities

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

	Effect of 10% increase in claims		Effect of 10% decrease in claims	
	Total comprehen-sive income	Equity	Total comprehen-sive income	Equity
	------------------------------- (Rupees in '000)			
Fire and property damage	(6,943)	(6,943)	6,943	6,943
Marine, aviation and transport	(7,974)	(7,974)	7,974	7,974
Motor	(38,120)	(38,120)	38,120	38,120
Health	(21,540)	(21,540)	21,540	21,540
Miscellaneous	(3,295)	(3,295)	3,295	3,295
Window Takaful Operations	(26,094)	(26,094)	26,094	26,094
	(103,966)	(103,966)	103,966	103,966

37.1.5 Statement of age-wise breakup of unclaimed insurance benefits

Particulars	Total amount	Age-wise breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	---------- (Rupees in '000)					
Claims not encashed						
2020	33,681	5,747	3,294	5,327	4,895	14,418
2019	25,772	3,121	3,295	3,131	2,721	13,504

37.2 Financial risk

(i) Market risk

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

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

	2020							
	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	5.5% to 6.5%	219,665	-	219,665	11,941	-	11,941	231,606
Investments	7.1% - 13.29%	1,428,945	977,476	2,406,421	497,236	-	497,236	2,903,657
Insurance / reinsurance receivables		-	-	-	1,873,832	-	1,873,832	1,873,832
Reinsurance recoveries against outstanding claims		-	-	-	2,165,642	-	2,165,642	2,165,642
Loans and other receivables		-	-	-	314,964	-	314,964	314,964
Salvage recoveries accrued		-	-	-	108,104	-	108,104	108,104
Window Takaful Operations - total assets		1,707	-	1,707	169,103	-	169,103	170,810
		1,650,317	977,476	2,627,793	5,140,822	-	5,140,822	7,768,615
Financial liabilities								
Outstanding claims including IBNR		-	-	-	2,626,867	-	2,626,867	2,626,867
Insurance / reinsurance payables		-	-	-	1,603,918	-	1,603,918	1,603,918
Other creditors and accruals		-	-	-	789,859	-	789,859	789,859
Borrowings	5.36% - 14.92%	30,712	131,578	162,290	-	-	-	162,290
Window Takaful Operations - total liabilities		-	-	-	66,219	-	66,219	66,219
		30,712	131,578	162,290	5,086,863	-	5,086,863	5,249,153
		1,619,605	845,898	2,465,503	53,959	-	53,959	2,519,462

	Interest Rates	Interest / mark-up bearing: Maturity upto one year	Interest / mark-up bearing: Maturity after one year	Interest / mark-up bearing: Sub total	Non-interest / mark-up bearing: Maturity upto one year	Non-interest / mark-up bearing: Maturity after one year	Non-interest / mark-up bearing: Sub total	Total
	2019							
		(Rupees in '000)						
Financial assets								
Cash and bank	11.25% to 12.5%	117,998	-	117,998	15,112	-	15,112	133,110
Investments	7.32%-10.31%	590,960	2,062,939	2,653,899	497,577	-	497,577	3,151,476
Insurance / reinsurance receivables		-	-	-	1,424,867	-	1,424,867	1,424,867
Reinsurance recoveries against outstanding claims		-	-	-	1,012,984	-	1,012,984	1,012,984
Loans and other receivables		-	-	-	343,952	-	343,952	343,952
Salvage recoveries accrued		-	-	-	59,885	-	59,885	59,885
Window Takaful Operations - total assets		-	-	-	202,904	-	202,904	202,904
		708,958	2,062,939	2,771,897	3,557,281	-	3,557,281	6,329,178
Financial liabilities								
Outstanding claims including IBNR		-	-	-	1,512,227	-	1,512,227	1,512,227
Insurance / reinsurance payables		-	-	-	1,314,758	-	1,314,758	1,314,758
Other creditors and accruals	4.45% - 7.16%	-	-	-	726,753	-	726,753	726,753
Borrowings		50,597	126,922	177,519	-	-	-	177,519
Window Takaful Operations - total liabilities		-	-	-	126,227	-	126,227	126,227
		50,597	126,922	177,519	3,679,965	-	3,679,965	3,857,484
		658,361	1,936,017	2,594,378	(122,684)	-	(122,684)	2,471,694

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, 2020 and 2019 and shows the effects of a hypothetical 1% increase and a 1% decrease in interest rates as at the year end.

	Profit and Loss: Increase	Profit and Loss: Decrease
	(Rupees in '000)	
2020		
Cash flow sensitivity - Variable rate financial liabilities	(1,623)	1,623
Cash flow sensitivity - Variable rate financial assets	236	(236)
2019		
Cash flow sensitivity - Variable rate financial liabilities	(1,775)	1,775
Cash flow sensitivity - Variable rate financial assets	881	(881)

(b) Foreign currency risk

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

(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 reporting date to the contractual maturity date on an undiscounted cash flow basis.

	2020			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Outstanding claims including IBNR	2,626,867	2,626,867	2,626,867	-
Insurance / reinsurance payables	1,603,918	1,603,918	1,603,918	-
Other creditors and accruals	789,859	789,859	789,859	-
Borrowings	162,290	162,290	30,712	131,578
Window Takaful Operations - total liabilities	66,219	66,219	66,219	-
	5,249,153	5,249,153	5,117,575	131,578

	2019			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Outstanding claims including IBNR	1,512,227	1,512,227	1,512,227	-
Insurance / reinsurance payables	1,314,758	1,314,758	1,314,758	-
Other creditors and accruals	726,753	726,753	726,753	-
Borrowings	177,519	177,519	50,597	126,922
Window Takaful Operations - total liabilities	83,218	83,218	83,218	-
	3,814,475	3,814,475	3,687,553	126,922

37.3 Credit risk

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

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

	2020	2019
	(Rupees in '000)	
Investments		
- Equity	497,236	497,577
- Government securities	2,256,421	2,159,874
- Debt securities	150,000	194,025
- Term deposits	-	300,000
- Loans and other receivables	314,964	343,952
Insurance / reinsurance receivables		
- Insurance / reinsurance receivables	1,873,832	1,424,867
- Reinsurance recoveries against outstanding claims	2,165,642	1,012,984
- Salvage recoveries accrued	108,104	59,885
- Cash and bank	231,070	131,988
- Window Takaful Accounts - total assets	170,810	202,904
	7,768,079	6,328,056

The Company did not hold any collateral against the above during the year. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery. The movement in the provision for doubtful debt account is shown in notes 14.3 and 14.4. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no recent history of default.

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

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

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

	2020	2019
	------- (Rupees in '000) -------	
Upto 1 year	1,484,991	1,174,179
1-2 years	225,826	189,434
2-3 years	117,099	58,699
Over 3 years	230,266	187,377
	2,058,182	1,609,689
Window Takaful Operations		
Upto 1 year	149,574	69,079
Upto 1 - 2 years	13,620	7,214
Upto 2 - 3 years	4,995	261
	168,189	76,554

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.

	2020	2019
	------- (Rupees in '000) -------	
Sector wise analysis of premiums due but unpaid		
Foods and beverages	17,074	25,228
Financial services	57,871	115,707
Pharmaceuticals	36,646	76,227
Textile and composites	72,775	155,041
Plastic industries	1,254	285
Engineering	35,567	62,642
Other manufacturing	424,164	159,168
Miscellaneous	368,670	241,854
	1,014,021	836,152

	2020	2019
	------- (Rupees in '000) -------	
Window Takaful Operations		
Textile	17,262	6,577
Financial services	32,265	4,780
Engineering	1,462	14,106
Pharmaceuticals	7,112	500
Food	14,882	11,965
Other manufacturing	24,943	2,961
Others	34,650	33,633
	132,576	74,522

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	2020	2019
	------------------------	------------------------ (Rupees in '000)	------------------------		
A- or above (including PRCL)	940,688	1,951,034	902,471	3,794,193	2,267,444
BBB and B+	37,772	78,341	36,237	152,350	111,977
Others	65,701	136,267	63,032	265,000	379,474
Total	1,044,161	2,165,642	1,001,740	4,211,543	2,758,895

	Amount due from re-takaful operators	Re-takaful recoveries against outstanding claims	Prepaid re-takaful contribution ceded	2020	2019
	------------------------	------------------------ (Rupees in '000)	------------------------		
A or above	33,616	25,132	21,153	79,901	84,533
BBB	-	-	-	-	1,025
Others	53,586	40,061	33,719	127,366	(6,220)
	87,202	65,193	54,872	207,267	79,338

37.4 Capital management

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

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

38 FINANCIAL INSTRUMENTS BY CATEGORY

	2020	2019
	------ (Rupees in '000) --------	
Financial assets and financial liabilities		
Financial assets		
Loans and receivables		
Cash and bank	231,070	131,988
Investments-term deposits	-	300,000
Insurance / reinsurance receivables	1,873,832	1,424,867
Reinsurance recoveries against outstanding claims	2,165,642	1,012,984
Loans and other receivables	314,964	343,952
Salvage recoveries accrued	108,104	59,885
Window takaful operations - total assets	170,810	202,904
	4,864,422	3,476,580

	2020	2019
	------- (Rupees in '000) -------	
Investments - held to maturity		
Government securities	-	322,219
Investments - fair value through profit or loss		
Equity securities	497,236	497,577
Commercial paper and term finance certificate	150,000	194,025
Government securities	2,256,421	1,837,655
	2,903,657	2,529,257
Financial liabilities		
Amortised cost		
Outstanding claims including IBNR	2,626,867	1,512,227
Insurance / reinsurance payables	1,603,918	1,314,758
Other creditors and accruals	789,859	726,753
Borrowings	162,290	177,519
Window Takaful Operations - total liabilities	66,219	126,227
	5,249,153	3,857,484

39 FAIR VALUES MEASUREMENT

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

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

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

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

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

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

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

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	2019		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets - measured at fair value			
Fair value through profit or loss			
Mutual funds	-	497,577	-
Commercial paper and term finance certificate	-	194,025	-
Government securities	-	1,837,655	-
Non - financial assets - measured at fair value			
Property and equipment (Buildings and leasehold improvements) *	-	-	552,475
Investment properties	-	-	376,995

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

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

40 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors of the Company on March 05, 2021

41 EVENTS AFTER REPORTING DATE

The Board of Directors has proposed a final dividend for the year ended December 31, 2020 of Re. 0.57 per share, amounting to Rs 110 million in its meeting held on April 22, 2021. The effect of this distribution will be incorporated in the unconsolidated financial statements of the Company for the year ending December 31, 2021.

42 GENERAL

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

43 IMPACT OF COVID-19 ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

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

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

Chairman	Director	Director	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED – WINDOW TAKAFUL OPERATIONS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the members of IGI General Insurance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **IGI General Insurance Limited – Window Takaful Operations** ("the Operator"), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, the statement of changes in operator's fund and participants' takaful fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Basis for Opinion

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

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

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

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

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

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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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A·F·FERGUSON&Co.

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

Afergusonco

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: March 30, 2021

IGI GENERAL INSURANCE LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF FINANCIAL POSITION OF OPF AND PTF
AS AT DECEMBER 31, 2020

	Note	Operator Fund		Participants' Takaful Fund	
		2020	2019	2020	2019
		(Rupees in '000)			
Assets					
Property and equipment	5	34	72	-	-
Investments					
- Equity	6	63	44	42,740	44
- Term deposits	7	-	20,500	172,750	189,375
Other receivables	8	7,749	8,015	50,494	86,775
Takaful / retakaful receivables	9	-	-	168,189	151,076
Deferred wakala fee	20	-	-	58,382	42,468
Receivable from PTF / OPF (including Qard-e-Hasan)	10	168,867	187,605	286	286
Accrued investment income		173	437	2,349	4,574
Taxation - payment less provisions		-	-	4,734	2,611
Retakaful recoveries against outstanding claims	18	-	-	76,775	28,531
Salvage recoveries accrued		-	-	19,344	-
Deferred commission expense	19	24,311	15,519	-	-
Prepayments	11	-	150	54,872	36,756
Cash and bank	12	1,707	15,217	123,475	90,540
Total assets		202,904	247,559	774,390	633,036
Funds and liabilities					
Funds attributable to Operator and Participants					
Operator's Fund (OPF)					
Statutory fund		50,000	50,000	-	-
Accumulated profit		26,677	71,418	-	-
		76,677	121,418	-	-
Waqf / Participants' Takaful Fund					
Ceded money		-	-	500	500
Accumulated deficit		-	-	(8,012)	(21,729)
Balance of PTF		-	-	(7,512)	(21,229)
Qard-e-Hasan	10.1	-	-	100,000	60,000
Liabilities					
PTF Underwriting Provisions					
Outstanding claims including IBNR	18	-	-	176,068	112,475
Unearned contribution reserve	17	-	-	198,987	141,879
Contribution deficiency reserve		-	-	4,164	9,719
Unearned retakaful reward	21	-	-	16,547	8,942
		-	-	395,766	273,015
Unearned wakala fee	20	58,382	42,468	-	-
Contribution received in advance		-	-	378	378
Takaful / retakaful payables	13	6,565	4,604	115,795	128,817
Other creditors and accruals	14	59,177	45,443	101,096	62,759
Accrued expenses		1,817	1,340	-	1,691
Payable to PTF / OPF	15	286	32,286	68,867	127,605
		126,227	126,141	286,136	321,250
Total funds and liabilities		202,904	247,559	774,390	633,036
Contingencies and commitments	16				

The annexed notes 1 to 40 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		------(Rupees in '000)------	
Participants' Takaful Fund			
Contribution earned		339,608	255,302
Less: Contributions ceded to retakaful		(129,027)	(82,873)
Net contribution revenue	17	210,581	172,429
Retakaful reward earned	21	37,242	18,497
Net underwriting income		247,823	190,926
Net claims - reported / settled		(257,578)	(203,882)
- IBNR		(3,366)	(2,272)
	18	(260,944)	(206,154)
Reversal of charge / (charge) of contribution deficiency reserve		5,555	(5,765)
		(7,566)	(20,993)
Other direct expenses	22	(4,872)	(6,982)
Deficit before investment income		(12,438)	(27,975)
Investment income	24	23,382	16,026
Other income	25	9,312	9,522
Less: Modarib's share of investment income	26	(6,539)	(5,110)
Surplus / (deficit) transferred to accumulated deficit		13,717	(7,537)
Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year		13,717	(7,537)
Operators' Fund			
Wakala fee	20	140,602	108,841
Commission expense	19	(51,559)	(35,730)
General administration and management expenses	23	(59,678)	(10,870)
		29,365	62,241
Investment income	24	718	3,027
Other income	25	1,560	1,069
Modarib's share of PTF investment income	26	6,539	5,110
Other charges	27	(609)	(629)
Profit before taxation		37,573	70,818
Taxation	28	(10,896)	(20,537)
Profit after taxation		26,677	50,281
Other comprehensive income for the year		-	-
Total comprehensive income for the year		26,677	50,281

The annexed notes 1 to 40 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF CHANGES IN OPERATOR'S FUND AND PARTICIPANTS' TAKAFUL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Operator's Fund		
	Statutory fund	Accumulated profit	Total
	(Rupees in '000)		
Balance as at January 1, 2019	50,000	21,137	71,137
Profit for the year	-	50,281	50,281
Other comprehensive income for the year	-	-	-
Balance as at December 31, 2019	50,000	71,418	121,418
Transfer of profit to the Operator	-	(71,418)	(71,418)
Profit for the year	-	26,677	26,677
Other comprehensive income for the year	-	-	-
Balance as at December 31, 2020	50,000	26,677	76,677

	Participants' Takaful Fund		
	Ceded money	Accumulated deficit	Total
	(Rupees in '000)		
Balance as at January 1, 2019	500	(14,192)	(13,692)
Deficit for the year	-	(7,537)	(7,537)
Other comprehensive income for the year	-	-	-
Balance as at December 31, 2019	500	(21,729)	(21,229)
Surplus for the year	-	13,717	13,717
Other comprehensive income for the year	-	-	-
Balance as at December 31, 2020	500	(8,012)	(7,512)

The annexed notes 1 to 40 form an integral part of these financial statements.

Chairman	Director	Director	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	Operator's Fund		Participants' Takaful Fund	
		2020	2019	2020	2019
		(Rupees in '000)			
OPERATING CASH FLOWS					
Takaful activities					
Contributions received		-	-	479,264	391,087
Retakaful contribution paid		-	-	(119,224)	(75,112)
Claims paid		-	-	(272,669)	(171,868)
Re-takaful and other recoveries received		-	-	27,074	13,224
Retakaful reward received		-	-	44,847	21,979
Commission paid		(46,956)	(34,237)	-	-
Wakala fee received		218,451	51,892	-	-
Wakala fee paid		-	-	(218,451)	(51,892)
Other takaful payments		-	-	13,369	(1,586)
Net cash inflow / (outflow) from takaful activities		171,495	17,655	(45,790)	125,832
Other operating activities					
Income tax paid		-	-	(2,123)	(2,291)
General and other expenses paid		(64,610)	(9,501)	-	-
Net cash outflow from other operating activities		(64,610)	(9,501)	(2,123)	(2,291)
Total cash inflow / (outflow) from all operating activities		106,885	8,154	(47,913)	123,541
INVESTING ACTIVITIES					
Profit received		2,542	3,938	34,919	21,401
Fixed capital expenditure		-	(78)	-	-
Qard-e-Hasan paid to PTF		(72,000)	(28,000)	-	-
(Payment) / receipts for investments		(19)	-	49,829	(121,375)
Total cash (outflow) / inflow from investing activities		(69,477)	(24,140)	84,748	(99,974)
FINANCING ACTIVITIES					
Qard-e-Hasan received from OPF		-	-	72,000	28,000
Transfer of profit to the Operator		(71,418)	-	-	-
Total cash (outflow) / inflow from financing activities		(71,418)	-	72,000	28,000
Net cash (outflow) / inflow from all activities		(34,010)	(15,986)	108,835	51,567
Cash and cash equivalents at beginning of the year		35,717	51,703	158,540	106,973
Cash and cash equivalents at end of the year	12.2	1,707	35,717	267,375	158,540
Reconciliation to statement of comprehensive income					
Operating cash flows		106,885	8,154	(47,913)	123,541
Depreciation expense		(38)	(27)	-	-
Return on bank balances and investment		2,542	3,942	34,919	21,405
Increase in liabilities		(86)	(54,921)	(87,637)	(295,768)
Increase in assets other than cash		(82,626)	93,133	114,348	143,285
Profit / surplus / (deficit) for the year		26,677	50,281	13,717	(7,537)

The annexed notes 1 to 40 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

2.4.1 The Securities and Exchange Commission of Pakistan (SECP) through its notification SRO 1416(1) / 2019 dated November 20, 2019 has issued General Takaful Accounting Regulations, 2019 (the Regulations) which is effective for accounting periods commencing on or after January 1, 2020. The Regulations are applicable to regulatory returns and the published financial statements of general takaful operators. The Regulations prescribe a new format of the financial statements and measurement principles for takaful related financial statement line items.

Accordingly, during the year, the Operator has changed the presentation of the financial statements in accordance with the format prescribed under the Regulations while corresponding figures have been reclassified or additionally incorporated in these financial statements for the year ended December 31, 2020 on the basis of the classification prescribed therein. The impacts of key changes are disclosed in note 38 to these financial statements.

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

2.5 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

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

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

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

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

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

Temporary exemption from application of IFRS 9

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

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

Financial assets that do not meet the SPPI criteria	OPF	PTF
	------- (Rupees in '000) -------	
Mutual funds (Note 6)		
Opening fair value	44	44
Additions / (disposals) during the year	19	42,643
Increase in fair value	-	53
Closing fair value	63	42,740

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are same as those applied in the preparation of financial statements of the Operator for the year ended December 31, 2019 except for the changes mentioned in note 3.1 below:

3.1 During the current year, the Operator has changed its accounting policy with respect to presentation of financial statements and these financial statements have been presented in accordance with the revised format of financial statements as prescribed under the General Takaful Accounting Regulations, 2019 (as explained in note 2.4.1). The comparative information has also been presented in line with the above mentioned regulations. There are no significant reclassification changes resulting therefrom in these financial statements.

3.2 Property and equipment

Tangible

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

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

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

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

3.3 Takaful contracts

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

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

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

3.3.1 Fire and property

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

3.3.2 Marine, aviation and transport

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

3.3.3 Motor

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

3.3.4 Health

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

3.3.5 Miscellaneous

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

3.4 Deferred commission expense

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

3.5 Contribution revenue / reserve for unearned contribution

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

3.6 Re-takaful ceded

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

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

3.7 Claims expense

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

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

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

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

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

3.8 Re-takaful recoveries against claims

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

3.9 Commission, other acquisition costs and re-takaful reward

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

3.10 Contribution deficiency reserve

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

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

3.11 Takaful surplus

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

3.12 Wakala fee

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

Class	Percentage 2020	Percentage 2019
Fire and property	30.0%	30.0%
Marine, aviation and transport	35.0%	35.0%
Motor	30.0%	30.0%
Health	25.0%	25.0%
Miscellaneous	25.0%	25.0%

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

3.13 Mudarib's share - PTF

The Operator also manages the participants' investment as Mudarib and charges 20% (2019: 20%) of the investment income earned by the PTF as Mudarib's share. It is recognised on the same basis on which related revenue is recognised.

3.14 Qard-e-Hasan

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

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

3.15 Creditors, accruals and provisions

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

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

3.16 Taxation

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

Current tax

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

Deferred tax

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

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

3.17 Cash and cash equivalents

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

3.18 Investments

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

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

3.18.2 Investments at fair value through profit or loss

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

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

3.18.3 Held to maturity

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

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

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

3.18.4 Available for sale

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

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

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

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

3.18.5 Other receivables

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

3.18.6 Date of recognition

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

3.18.7 Sale and repurchase agreements

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

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

3.20 Segment reporting

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

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

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

3.21 Impairment

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

3.22 Foreign currency transactions and translations

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

3.23 Expenses of management

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

i) classification of takaful contracts (note 3.3);
ii) provision for unearned contribution (notes 3.5 and 17);
iii) provision for contribution due but unpaid and amount due from other takaful / re-takaful operators (notes 3.4 and 10)
iv) contribution deficiency reserve (note 3.10);
v) provision for unearned wakala fee (notes 3.12 and 20);
vi) classification of investments (notes 3.18, 6, 7 and 24);
vii) residual values and useful lives of property and equipment (notes 3.2 and 5);
viii) allocation of management expenses (notes 3.23 and 19); and
ix) taxation (notes 3.16 and 28).

	Note	2020	2019
5 PROPERTY AND EQUIPMENT		---------(Rupees in '000)------	
Operating assets	5.1	34	72

5.1 Following is the movement of operating assets:

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

OPF 2019	Cost			Accumulated depreciation			Written down value as at December 31	Depreciation rate (% per annum)
	As at January 1	Additions / (disposals)	As at December 31	As at January 1	For the year / (disposals)	As at December 31		
	-----	-----	-----	(Rupees in '000)	-----	-----	-----	
Computer equipment	55	78	133	34	27	61	72	33.33%

6 INVESTMENTS IN EQUITY SECURITIES - MUTUAL FUNDS

	2020				2019			
	Cost	Impairment / provision	Net fair value gains (note 24)	Market value	Cost	Impairment / provision	Net fair value gains (note 24)	Market value
	(Rupees in '000)							
OPF								
At fair value through profit or loss								
Alfalah GHP Islamic Income Fund	12	-	-	12	10	-	1	11
Al-Ameen Islamic Cash Fund	12	-	-	12	10	-	1	11
HBL Islamic Money Market Fund	12	-	-	12	10	-	1	11
MCB Al- Hamra Islamic Fund	12	-	-	12	10	-	1	11
NBP Riba Free Savings Fund	10	-	-	10	-	-	-	-
Faysal Islamic Saving Growth Fund	5	-	-	5	-	-	-	-
	63	-	-	63	40	-	4	44
PTF								
At fair value through profit or loss								
Alfalah GHP Islamic Income Fund	12,215	-	(15)	12,200	10	-	1	11
Al-Ameen Islamic Cash Fund	30,433	-	68	30,501	10	-	1	11
HBL Islamic Money Market Fund	12	-	-	12	10	-	1	11
MCB Al- Hamra Islamic Fund	12	-	-	12	10	-	1	11
NBP Riba Free Savings Fund	10	-	-	10	-	-	-	-
Faysal Islamic Saving Growth Fund	5	-	-	5	-	-	-	-
	42,687	-	53	42,740	40	-	4	44

7 INVESTMENTS IN TERM DEPOSITS

	Note	OPF 2020	OPF 2019	PTF 2020	PTF 2019
		(Rupees in '000)			
Held to maturity					
Term deposits	7.1	-	20,500	172,750	189,375

7.1 These term deposits carry expected profit at the rate of 6.00% to 6.75% (2019: 12% to 13.5%) per annum and are due to mature in March 2021.

8 OTHER RECEIVABLES (INCLUDING QARD-E-HASAN)

	Note	OPF 2020	OPF 2019	PTF 2020	PTF 2019
		(Rupees in '000)			
Qard-e-Hasan from Operator's Fund		-	-	-	32,000
Others	8.1	7,749	8,015	50,494	54,775
		7,749	8,015	50,494	86,775

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

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

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

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

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

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

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

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

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

		2020	2019
9	**TAKAFUL / RETAKAFUL RECEIVABLES - PTF**	------- (Rupees in '000) -------	
	Due from Takaful participants holders	132,576	74,522
	Due from other insurers / retakaful operators	35,613	76,554
		168,189	151,076

			OPF		PTF	
		Note	**2020**	**2019**	**2020**	**2019**
10	**RECEIVABLE FROM OPF / PTF**		---------- (Rupees in '000) ----------			
	Wakala fee		57,326	119,261	-	-
	Qard-e-Hasan to Participant Takaful Fund	10.1	100,000	60,000	-	-
	Mudarib fee		6,539	5,110	-	-
	Others		5,002	3,234	286	286
			168,867	187,605	286	286

		2020	2019
10.1	**Qard-e-Hasan**	------- (Rupees in '000) -------	
	Opening balance of Qard-e-Hasan	60,000	28,000
	Qard-e-Hasan transferred from OPF during the year	40,000	32,000
	Closing balance of Qard-e-Hasan	100,000	60,000

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

			OPF		PTF	
		Note	**2020**	**2019**	**2020**	**2019**
11	**PREPAYMENTS**		---------- (Rupees in '000) ----------			
	Prepaid retakaful contribution ceded	17	-	-	54,872	36,756
	Others		-	150	-	-
			-	150	54,872	36,756

12 CASH AND BANK

	Note	OPF 2020	OPF 2019	PTF 2020	PTF 2019
		---------------------- (Rupees in '000)			----------------------
Cash and cash equivalent					
-Policy stamps in hand		-	-	1,006	383
Cash at bank					
-Savings accounts		1,707	15,217	122,469	90,157
	12.1	1,707	15,217	123,475	90,540

12.1 These savings accounts carry expected profit rates ranging from 5.5% to 6.25% (2019: 5.5% to 12.5%) per annum.

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

	OPF 2020	OPF 2019	PTF 2020	PTF 2019
	---------------------- (Rupees in '000)			----------------------
Cash and bank balances	1,707	15,217	123,475	90,540
Term deposits having maturity of 3 months or less	-	20,500	143,900	68,000
	1,707	35,717	267,375	158,540

13 TAKAFUL / RETAKAFUL PAYABLES

	OPF 2020	OPF 2019	PTF 2020	PTF 2019
Due to takaful participants / re-takaful payable to re-takaful operators	6,565	4,604	115,795	128,817

14 OTHER CREDITORS AND ACCRUALS

	OPF 2020	OPF 2019	PTF 2020	PTF 2019
Commission payable	27,890	16,456	-	-
Federal excise duty and sales tax	1,626	455	11,504	8,394
Federal takaful fee	-	-	355	235
Payable to IGI General Insurance Limited - operator	21,578	27,808	64,559	52,331
Others	8,083	724	24,678	1,799
	59,177	45,443	101,096	62,759

15 PAYABLE TO OPF / PTF

	OPF 2020	OPF 2019	PTF 2020	PTF 2019
Wakala fee	-	-	57,326	119,261
Qard-e-Hasan to Participants' Takaful Fund	-	32,000	-	-
Mudarib fee	-	-	6,539	5,110
Others	286	286	5,002	3,234
	286	32,286	68,867	127,605

16 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at December 31, 2020 and December 31, 2019.

17 NET CONTRIBUTION REVENUE

	Note	2020	2019
		---- (Rupees in '000)	----
Written gross contribution		537,318	435,435
Less: Wakala fee	20	(140,602)	(108,841)
Contribution net of wakala fee		396,716	326,594
Add: Unearned contribution reserve - opening		141,879	70,587
Less: Unearned contribution reserve - closing		(198,987)	(141,879)
Contribution earned		339,608	255,302
Less: Re-takaful contribution ceded		(147,143)	(93,874)
Add: Prepaid re-takaful contribution ceded - opening		(36,756)	(25,755)
Less: Prepaid re-takaful contribution ceded - closing		54,872	36,756
Re-takaful expense		(129,027)	(82,873)
Net contribution		210,581	172,429

18 TAKAFUL BENEFITS / CLAIM EXPENSE	2020	2019
	---- (Rupees in '000) ----	
Benefits / claims paid	272,669	171,868
Add: Outstanding claims (including IBNR) - closing	176,068	112,475
Less: Outstanding claims (including IBNR) - opening	(112,475)	(52,075)
Claims expense	336,262	232,268
Less: Re-takaful and other recoveries received	(27,074)	(13,224)
Add: Re-takaful and other recoveries in respect of outstanding claims - closing	(76,775)	(28,531)
Less: Re-takaful and other recoveries in respect of outstanding claims - opening	28,531	15,641
Re-takaful and other recoveries revenue	(75,318)	(26,114)
Net claims expense	260,944	206,154

18.1 Claim development

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

	2016	2017	2018	2019	2020 (including IBNR)	Total
	---- (Rupees in '000) ----					
Gross estimate of ultimate claims cost:						
- At end of accident year	-	870	-	-	-	870
- One year later	-	870	2,771	-	-	3,641
- Two years later	-	820	3,787	16,119	-	20,726
- Three years later	-	820	3,722	19,757	30,786	55,085
Current estimate of cumulative claims	-	3,380	10,280	35,876	30,786	80,322
Cumulative payment to date	-	3,377	5,743	26,265	7,275	42,660
Liability recognised in the statement of financial position	-	3	4,537	9,611	23,511	37,662

19 NET COMMISSION EXPENSE	2020	2019
	---- (Rupees in '000) ----	
Commission paid or payable	60,351	43,273
Add: Deferred commission - opening	15,519	7,976
Less: Deferred commission - closing	(24,311)	(15,519)
	51,559	35,730

20 NET WAKALA FEE		
Gross wakala fee	156,516	129,390
Add: Deferred wakala fee - opening	42,468	21,919
Less: Deferred wakala fee - closing	(58,382)	(42,468)
	140,602	108,841

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

21 RETAKAFUL REWARD		
Re-takaful reward received	44,847	21,979
Add: Unearned re-takaful reward - opening	8,942	5,460
Less: Unearned re-takaful reward - closing	(16,547)	(8,942)
	37,242	18,497

22 OTHER DIRECT EXPENSES

	Note	2020	2019
		---- (Rupees in '000) ----	
Trackers cost		4,501	6,727
Bank charges		101	142
Inspection fees		112	49
Other expenses		158	64
		4,872	6,982

23 GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES

	Note	2020	2019
Salaries, allowances and other benefits	23.1	33,622	6,233
Shariah advisor fees		1,373	1,260
Printing and stationery		864	698
Computer running expenses		2,479	1,875
Depreciation		6,520	27
Legal and professional charges		380	73
Training expenses		2	523
Rent, rates and taxes		5,032	-
Electricity, gas and water		1,314	-
Repairs and maintenance		555	-
Education and training		120	-
Communication		840	-
Motor expenses		3,210	67
Tour and travelling		1,289	-
Advertisement		1,028	1
Other		1,050	113
	23.2	59,678	10,870

23.1 These include allocation of personnel expenses amounting to Rs. 26,075 thousand by the Operator as fully disclosed in note 3.23 to the financial statements

23.2 These include management expenses allocated to Takaful business as fully disclosed in note 3.23 to the financial statements amounting to Rs. 47,543 thousand.

24 INVESTMENT INCOME

	Note	OPF		PTF	
		2020	2019	2020	2019
		---------------------- (Rupees in '000) ----------------------			
Income from equity securities					
Net fair value gains		-	4	53	4
Dividend income		4	-	734	-
Income from term deposits					
Return on term deposits	24.1	714	3,023	22,595	16,022
		718	3,027	23,382	16,026

24.1 This includes Rs. 0.044 million (2019: Rs. 0.056 million) profit earned on placement of ceded money in term deposit.

25 OTHER INCOME

	OPF		PTF	
	2020	2019	2020	2019
	---------------------- (Rupees in '000) ----------------------			
Profit on bank deposits	1,560	1,069	9,312	9,522

26 MODARIB'S FEE

The shareholders of the Operator manage the participants' investments as a modarib and charge 20% (2019: 20%) modarib's share of the investment income earned by PTF.

27 OTHER CHARGES

	Note	2020	2019
		---- (Rupees in '000) ----	
Bank charges		1	21
Auditors' remuneration	27.1	608	608
		609	629

27.1 Auditors' remuneration	2020	2019
	---- (Rupees in '000) ----	
Audit fee	575	550
Out-of-pocket expenses	33	58
	608	608

28 TAXATION

The current tax charge for the year is Rs. 10.896 million (2019: Rs. 20.537 million) at the tax rate of 29% (2019: 29%) and the same has been recorded in these financial statements hence no tax reconciliation has been made.

29 COMPENSATION OF EXECUTIVES

	Executives	
	2020	2019
	---- (Rupees in '000) ----	
Managerial remuneration	4,277	3,688
Bonus	343	318
Contribution to defined benefit plan	757	300
Rent and house maintenance	1,362	1,260
Utilities	303	280
Medical	136	138
Others	369	249
	7,547	6,233
Number of persons	2	2

30 TRANSACTIONS WITH RELATED PARTIES

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

	OPF		PTF	
	2020	2019	2020	2019
	---------------------- (Rupees in '000) ----------------------			
Transactions with related parties				
Contribution underwritten	-	-	2,266	812
Contribution collected	-	-	2,244	730
Wakala fee income	140,602	108,841	-	-
Wakala fee expense	-	-	140,602	108,841
Wakala fee received	218,451	51,892	-	-
Wakala fee paid	-	-	218,451	51,892
Mudarib's share on investment income - income	6,539	5,110	-	-
Mudarib's share on investment income - expense	-	-	6,539	5,110
Mudarib's share on investment income - received	5,110	907		
Mudarib's share on investment income - paid	-	-	5,110	907
Claims expense	-	-	883	136
Transfer of profit to the Operator	71,418	-	-	-
Allocated expenses incurred	47,543	-	-	-
Allocated expenses paid	36,098	-	-	-
Balances with related parties				
Payable to IGI General Insurance Limited - operator	21,578	27,808	64,559	52,331
Inter-fund receivable	68,867	127,605	286	286
Inter-fund payable	286	286	68,867	127,605
Contribution receivable	-	-	22	82

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

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

31 SEGMENT INFORMATION

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

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

Particulars	2020 - PTF					
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
	(Rupees in '000)					
Contribution receivable (inclusive of federal excise duty, federal takaful fee and administrative surcharge)	103,279	46,853	325,807	106,541	24,162	606,642
Less: Federal Excise Duty	(13,250)	(5,276)	(39,736)	(97)	(2,824)	(61,183)
Federal Takaful Fee	(891)	(386)	(2,831)	(1,054)	(211)	(5,373)
Stamp duty	(18)	(2,563)	(181)	(1)	(5)	(2,768)
Gross written contribution (inclusive of administrative surcharge)	89,120	38,628	283,059	105,389	21,122	537,318
Gross direct contribution	88,831	38,461	282,984	105,389	21,091	536,756
Administrative surcharge	289	167	75	-	31	562
	89,120	38,628	283,059	105,389	21,122	537,318
Wakala fee	26,755	13,523	84,603	26,347	5,288	156,516
Takaful contribution earned	54,025	24,025	168,097	81,436	12,025	339,608
Takaful contribution ceded to retakaful	(70,620)	(33,298)	(11,905)	-	(13,204)	(129,027)
Net contribution revenue	(16,595)	(9,273)	156,192	81,436	(1,179)	210,581
Retakaful reward	19,311	9,861	4,401	-	3,669	37,242
Net underwriting income	2,716	588	160,593	81,436	2,490	247,823
Takaful claims	(34,385)	(32,012)	(152,786)	(100,456)	(16,623)	(336,262)
Takaful claims recovered from retakaful	30,754	30,287	603	-	13,674	75,318
Net claims	(3,631)	(1,725)	(152,183)	(100,456)	(2,949)	(260,944)
Contribution deficiency expense	-	27	5,314	-	214	5,555
Direct expense	(63)	(27)	(4,696)	(73)	(13)	(4,872)
Underwriting result	(978)	(1,137)	9,028	(19,093)	(258)	(12,438)
Net investment income						23,382
Other income						9,312
Mudarib share on investment income						(6,539)
Surplus for the year						13,717
Corporate segment assets	118,856	41,450	129,344	38,401	30,167	358,218
Corporate unallocated assets	-	-	-	-	-	416,172
Total assets	118,856	41,450	129,344	38,401	30,167	774,390
Corporate segment liabilities	122,179	42,331	291,523	76,008	32,682	564,723
Corporate unallocated liabilities	-	-	-	-	-	(278,587)
Total liabilities	122,179	42,331	291,523	76,008	32,682	286,136

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

Particulars	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
			2019 - PTF			
			(Rupees in '000)			
Contribution receivable (inclusive of federal excise duty, federal takaful fee and administrative surcharge)	79,179	26,358	238,776	136,955	12,426	493,694
Less: Federal Excise Duty	(10,359)	(4,128)	(30,249)	(7,732)	(1,437)	(53,905)
Federal Takaful Fee	(681)	(220)	(2,065)	(1,279)	(109)	(4,354)
Other Charges	-	-	-	-	-	-
Gross written contribution (inclusive of administrative surcharge)	68,139	22,010	206,462	127,944	10,880	435,435
Gross direct contribution	67,827	21,916	205,847	127,944	10,588	434,122
Administrative surcharge	312	94	615	-	292	1,313
	68,139	22,010	206,462	127,944	10,880	435,435
Wakala fee	22,129	7,701	61,769	35,013	2,778	129,390
Takaful contribution earned	39,914	13,628	117,693	77,595	6,472	255,302
Takaful contribution ceded to retakaful	(54,036)	(17,804)	(4,857)	-	(6,176)	(82,873)
Net contribution revenue	(14,122)	(4,176)	112,836	77,595	296	172,429
Retakaful reward	12,175	4,147	872	-	1,303	18,497
Net underwriting income	(1,947)	(29)	113,708	77,595	1,599	190,926
Takaful claims	(8,135)	(13,834)	(99,581)	(103,213)	(7,505)	(232,268)
Takaful claims recovered from retakaful	8,000	12,460	54	-	5,600	26,114
Net claims	(135)	(1,374)	(99,527)	(103,213)	(1,905)	(206,154)
Contribution deficiency expense	2,520	(35)	-	(7,999)	(251)	(5,765)
Direct expense	(41)	(13)	(6,848)	(75)	(5)	(6,982)
Underwriting result	397	(1,451)	7,333	(33,692)	(562)	(27,975)
Investment income - net						16,026
Other income						9,522
Mudarib's share on investment income						(5,110)
Deficit transferred to balance of PTF						(7,537)
Corporate segment assets	81,426	16,099	96,668	51,351	13,287	258,831
Corporate unallocated assets	-	-	-	-	-	374,205
Total assets	81,426	16,099	96,668	51,351	13,287	633,036
Corporate segment liabilities	97,500	20,381	252,340	125,506	15,647	511,374
Corporate unallocated liabilities	-	-	-	-	-	82,891
Total liabilities	97,500	20,381	252,340	125,506	15,647	594,265

Particulars	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
			2019 - OPF			
			(Rupees in '000)			
Wakala fee	19,752	7,327	50,197	29,303	2,262	108,841
Commission expense	(8,920)	(2,667)	(19,552)	(3,621)	(971)	(35,730)
Management expenses	(1,697)	(548)	(5,143)	(3,211)	(271)	(10,870)
	9,135	4,112	25,502	22,471	1,020	62,241
Investment income - net						3,027
Other income						1,069
Mudarib's share on investment income						5,110
Other expense						(629)
Profit before taxation						70,818
Taxation						(20,537)
Profit after taxation						50,281
Corporate segment assets						-
Corporate unallocated assets						247,559
Total assets						247,559
Corporate segment liabilities						-
Corporate unallocated liabilities						126,141
Total liabilities						126,141

32 MOVEMENT IN INVESTMENTS	Held to maturity		At fair value through profit or loss	
	OPF	PTF	OPF	PTF
	(Rupees in '000)			
As at January 1, 2019	92,000	121,000	40	40
Additions	424,500	1,913,875	-	-
Disposals (sale and redemptions)	(496,000)	(1,845,500)	-	-
Net fair value gains (excluding net realised gains)	-	-	4	4
As at December 31, 2019	20,500	189,375	44	44
As at January 1, 2020	20,500	189,375	44	44
Additions	50,500	973,975	19	42,643
Disposals (sale and redemptions)	(71,000)	(990,600)	-	-
Net fair value gains (excluding net realised gains)	-	-	-	53
Amortisation of premium / discount	-	-	-	-
As at December 31, 2020	-	172,750	63	42,740

33 MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

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

33.1 Takaful risk management

33.1.1 Takaful risk

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

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

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

(a) Frequency and severity of claims / benefits

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

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

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

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

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

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

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

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

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

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

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

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

(c) Process used to decide on assumptions

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

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

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

(d) Changes in assumptions

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

(e) **Sensitivity analysis**

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

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

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

	2020		2019	
	Underwriting results	Balance of Waqf	Underwriting results	Balance of Waqf
	(Rupees in '000)			
10% increase in average claim cost				
Fire and property damage	(363)	(363)	(14)	(14)
Marine, aviation and transport	(173)	(173)	(137)	(137)
Motor	(15,218)	(15,218)	(9,953)	(9,953)
Health	(10,046)	(10,046)	(10,321)	(10,321)
Miscellaneous	(295)	(295)	(191)	(191)
	(26,094)	(26,094)	(20,615)	(20,615)
10% decrease in average claim cost				
Fire and property damage	363	363	14	14
Marine, aviation and transport	173	173	137	137
Motor	15,218	15,218	9,953	9,953
Health	10,046	10,046	10,321	10,321
Miscellaneous	295	295	191	191
	26,094	26,094	20,615	20,615

Concentration of takaful risk

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

The Operator has certain single takaful contracts which it considers as risk of high severity but very low frequency. The Operator cedes substantial part of these risks to the re-takaful companies on its panel and its maximum exposure on any single policy is limited to the amount of Rs. 1,655 million (2019: Rs. 2,054 million).

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

	2020			2019		
	Gross sum covered	Retakaful cover	Highest net liability	Gross sum covered	Retakaful cover	Highest net liability
	(Rupees in'000)					
Fire and property damage	8,744,170	8,569,287	174,883	1,579,608	1,554,608	25,000
Marine, aviation and transport	8,000,000	7,200,000	800,000	1,800,000	1,790,000	10,000
Motor	52,000	47,000	5,000	44,000	39,000	5,000
Health	669,918	-	669,918	1,888,810	-	1,888,810
Miscellaneous	2,715,600	2,710,600	5,000	551,761	426,321	125,440
	20,181,688	18,526,887	1,654,801	5,864,179	3,809,929	2,054,250

34 FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

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

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

34.1 Credit risk

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

34.1.1 Exposure to credit risk

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

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

	Note	2020	2019
		------ (Rupees in '000)	-------
Cash and bank	12	125,182	105,757
Investments-equity securities	6	42,803	88
Investments-term deposits	7	172,750	209,875
Salvage recoveries accrued		19,344	-
Takaful / retakaful receivables	9	168,189	151,076
Accrued investment income		2,522	5,011
Retakaful recoveries against outstanding claims	18	76,775	28,531
		607,565	500,338

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

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

	2020			2019		
	Short term	Long term	Agency	Short term	Long term	Agency
MCB Bank Limited	A1+	AAA	PACRA	A1+	AAA	PACRA
Meezan Bank Limited	A1+	AA+	VIS	A1+	AA+	VIS
Bank Al Habib Limited	A1+	AA+	PACRA	A1+	AA+	PACRA
Dubai Islamic Bank Pakistan Limited	A1+	AA	VIS	A1+	AA	VIS
Standard Chartered Bank Pakistan Limited	A1+	AA-	PACRA	A1+	AA-	PACRA

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

	2020	2019	Rating agency
Alfalah GHP Islamic Income Fund	AA-(f)	AA-(f)	PACRA
Al-Ameen Islamic Cash Fund	AA+(f)	AA(f)	VIS
HBL Islamic Money Market Fund	AA+(f)	AA(f)	VIS
MCB Al- Hamra Islamic Fund	AA-(f)	AA-(f)	PACRA
NBP Riba Free Savings Fund	A+(f)	A(f)	PACRA
Faysal Islamic Saving Growth Fund	A+(f)	A+(f)	VIS

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:

	2020		2019	
	(Rupees in '000)	%	(Rupees in '000)	%
Textile	17,262	13%	6,577	9%
Financial services	32,265	24%	4,780	6%
Engineering	1,462	1%	14,106	19%
Pharmaceuticals	7,112	5%	500	1%
Food	14,882	11%	11,965	16%
Other manufacturing	24,943	19%	2,961	4%
Others	34,650	26%	33,633	45%
	132,576	100%	74,522	100%

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

	2020		2019	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Upto 1 year	131,101	-	72,257	-
Upto 1 - 2 years	1,475	-	2,265	-
	132,576	-	74,522	-

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

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

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

	2020				2019			
	Amount due from re-takaful operators	Re-takaful recoveries against outstanding claims	Prepaid re-takaful contribution ceded	Total	Amount due from re-takaful operators	Re-takaful recoveries against outstanding claims	Prepaid re-takaful contribution ceded	Total
	(Rupees in '000)							
A or above	33,616	25,132	21,153	79,901	13,763	34,777	35,993	84,533
BBB	-	-	-	-	166	419	440	1,025
Others	53,586	40,061	33,719	127,366	122	(6,665)	323	(6,220)
	87,202	76,775	54,872	207,267	14,051	28,531	36,756	79,338

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

	2020		2019	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Upto 1 year	18,473	-	69,079	-
Upto 1 - 2 years	12,145	-	7,214	-
Upto 2 - 3 years	4,995	-	261	-
	35,613	-	76,554	-

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

34.2 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Operator could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Operator's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Operator's reputation. The diversified funding sources and assets of the Operator are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

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

	2020				2019			
	Carrying amount	Contractual cash flows	Up to 6 months	Over 6 months to 1 year	Carrying amount	Contractual cash flows	Up to 6 months	Over 6 months to 1 year
	(Rupees in '000)							
Financial liabilities-OPF								
Takaful / retakaful payable	6,565	6,565	6,565	-	4,604	4,604	4,604	-
Other creditors and accruals	57,551	57,551	57,551	-	44,988	44,988	44,988	-
Accrued expenses	1,817	1,817	1,817	-	1,340	1,340	1,340	-
Payable to PTF	286	286	286	-	32,286	32,286	32,286	-
	66,219	66,219	66,219	-	83,218	83,218	83,218	-
Financial liabilities-PTF								
Outstanding claims including IBNR	176,068	176,068	176,068	-	112,475	112,475	112,475	-
Takaful / retakaful payables	115,795	115,795	115,795	-	128,817	128,817	128,817	-
Other creditors and accruals	89,237	89,237	89,237	-	54,130	54,130	54,130	-
Accrued expenses	-	-	-	-	1,691	1,691	1,691	-
Payable to OPF	68,867	68,867	68,867	-	127,605	127,605	127,605	-
	449,967	449,967	449,967	-	424,718	424,718	424,718	-
	516,186	516,186	516,186	-	507,936	507,936	507,936	-

34.3 Market risk

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

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

34.3.1 Profit rate risk

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

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

	2020					
	Profit rate	Profit bearing			Non-profit bearing	Total
		Maturity upto one year	Maturity after one year	Sub total		
		(Rupees in '000)				
Financial assets						
OPF						
Cash and bank	5.5% - 6.25%	1,707	-	1,707	-	1,707
Investments in equity securities - mutual funds		-	-	-	63	63
Receivable from PTF		-	-	-	168,867	168,867
Accrued investment income		-	-	-	173	173
		1,707	-	1,707	169,103	170,810
PTF						
Cash and bank	5.5% - 6.25%	122,469	-	122,469	-	122,469
Investments-term deposits	6.00% to 6.75%	172,750	-	172,750	-	172,750
Investments in equity securities - mutual funds		-	-	-	42,740	42,740
Takaful / retakaful receivables		-	-	-	168,189	168,189
Retakaful recoveries against outstanding claims		-	-	-	76,775	76,775
Salvage recoveries accrued		-	-	-	19,344	19,344
Receivable from OPF		-	-	-	286	286
Accrued investment income		-	-	-	2,349	2,349
		295,219	-	295,219	309,683	604,902
Financial liabilities						
OPF						
Takaful / retakaful payable		-	-	-	6,565	6,565
Other creditors and accruals		-	-	-	57,551	57,551
Accrued expenses		-	-	-	1,817	1,817
Payable to PTF		-	-	-	286	286
		-	-	-	66,219	66,219
PTF						
Outstanding claims including IBNR		-	-	-	176,068	176,068
Takaful / retakaful payable		-	-	-	115,795	115,795
Other creditors and accruals		-	-	-	89,237	89,237
Accrued expenses		-	-	-	-	-
Payable to OPF		-	-	-	68,867	68,867
		-	-	-	449,967	449,967

	Profit Rate	2019 Profit bearing Maturity upto one year	Maturity after one year	Sub total	Non-profit bearing	Total
		--------------------------------(Rupees in '000)--------------------------------				
Financial assets						
OPF						
Cash and bank	5.5% - 12.5%	15,217	-	15,217	-	15,217
Investments-term deposits	12% - 13.5%	20,500	-	20,500	-	20,500
Investments in equity securities - mutual funds		-	-	-	44	44
Receivable from PTF		-	-	-	187,605	187,605
Accrued investment income		-	-	-	437	437
		35,717	-	35,717	188,086	223,803
PTF						
Cash and bank	5.5% - 12.5%	90,157	-	90,157	-	90,157
Investments-term deposits	12% - 13.5%	189,375	-	189,375	-	189,375
Investments in equity securities - mutual funds		-	-	-	44	44
Takaful / retakaful receivables		-	-	-	151,076	151,076
Retakaful recoveries against outstanding claims		-	-	-	28,531	28,531
Receivable from OPF		-	-	-	286	286
Accrued investment income		-	-	-	4,574	4,574
		279,532	-	279,532	184,511	464,043
Financial liabilities						
OPF						
Takaful / retakaful payable		-	-	-	4,604	4,604
Other creditors and accruals		-	-	-	44,988	44,988
Accrued expenses		-	-	-	1,340	1,340
Payable to PTF		-	-	-	32,286	32,286
		-	-	-	83,218	83,218
PTF						
Outstanding claims including IBNR		-	-	-	112,475	112,475
Takaful / retakaful payable		-	-	-	128,817	128,817
Other creditors and accruals		-	-	-	54,130	54,130
Accrued expenses		-	-	-	1,691	1,691
Payable to OPF		-	-	-	127,605	127,605
		-	-	-	424,718	424,718

Cash flow sensitivity analysis for variable rate instruments

The Operator is exposed to cash flow profit rate risk in respect of its cash and bank balances and term deposits receipts. In case of 100 basis points (bp) increase / decrease in profit rates at period end, assuming that all other variables remain constant, the net income and accumulated profit would have been higher / lower approximately by Rs 17 thousand (2019: Rs 4 thousand) 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 235 thousand (2019: Rs. 46 thousand).

34.3.2 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 in equity securities.

34.4 Capital Management

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

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

	Operator Fund		Participants' Takaful	
	2020	2019	2020	2019
35 FINANCIAL INSTRUMENTS BY CATEGORY	(Rupees in '000)			
Financial assets and financial liabilities				
Financial assets				
Loans and receivables - amortised cost				
Cash and bank	1,707	15,217	123,475	90,540
Investments-term deposits	-	20,500	172,750	189,375
Receivable from OPF / PTF	168,867	187,605	286	286
Takaful / retakaful receivables	-	-	168,189	151,076
Accrued investment income	173	437	2,349	4,574
Salvage recoveries accrued	-	-	19,344	-
Retakaful recoveries against outstanding claims	-	-	76,775	28,531
	170,747	223,759	563,168	464,382
Investments - fair value through profit or loss				
Investments in equity securities - mutual funds	63	44	42,740	44
Financial liabilities				
Amortised cost				
Outstanding claims including IBNR	-	-	176,068	112,475
Takaful / retakaful payable	6,565	4,604	115,795	128,817
Other creditors and accruals	57,551	44,988	89,237	54,130
Accrued expenses	1,817	1,340	-	1,691
Payable to OPF / PTF	286	32,286	68,867	127,605
	66,219	83,218	449,967	424,718

36 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

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

	2020			2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	(Rupees in '000)					
Assets carried at fair value						
Investment in equity securities mutual funds	-	42,803	-	-	88	-

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37 EFFECTS OF COVID-19 PANDEMIC

On March 11, 2020, the World Health Organisation made an assessment that the outbreak of a coronavirus (COVID-19) can be characterised as a pandemic. As a result, businesses have subsequently been affected amongst others with temporary suspension of travel, and closure of recreation public facilities.

On March 20, 2020, the Government of the Sindh announced a temporary lock down as a measure to reduce the spread of the COVID–19. Complying with the lockdown, the Operator temporarily suspended its operations from March 23, 2020. In the Operator's case, the lockdown was subsequently relaxed from end of May, 2020.

To alleviate the negative impact of the COVID-19 pandemic, the Government of Pakistan, Central Banks including financial institutions affiliated to those banks, and regulators have taken measures and issued directives to support businesses, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the market.

The Operator has made an assessment in order to evaluate the impact of COVID-19 pandemic over the business, operations and profitability of the Operator as well as a going concern assessment. As a result of such assessment, the management has not identified any adverse impact of the profitability, liquidity and continuity of the Operator due to COVID-19 pandemic situation.

38 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary to conform with the revised format of financial statements prescribed under the General Takaful Accounting Regulations, 2019 as detailed in notes 2.4.1 and 3.1 to these financials statements. The effects of these reclassifications are summarised below:

Reclassification from Statement of Comprehensive Income	Reclassification to Statement of Comprehensive Income	2019
		Rupees in '000
Net contribution revenue	Contribution earned	255,302
Net contribution revenue	Contributions ceded to retakaful	82,873
Net claims - reported / settled	Net claims - reported / settled	(203,882)
Net claims - reported / settled	- IBNR	(2,272)
Profit on bank deposits - Participants' Takaful Fund	Other income	9,522
Profit on bank deposits - Participants Takaful Fund	Other income	1,069

In addition to above, "statement of changes in funds" has been renamed to "statement of changes in operator's fund" and "participants' takaful fund"

39 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Operator on March 05, 2021.

40 GENERAL

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

Chairman	Director	Director	Chief Executive Officer

IGI

General

Directors' Report to the Shareholders on Consolidated Financial Statements for the year ended December 31, 2020

On behalf of the Board, I am pleased to present the consolidated financial statements of IGI General Insurance Limited ("IGI General") and its subsidiary IGI FSI (Private) Limited (IGI FSI). (collectively referred to as 'the Group') for the year ended December 31, 2020.

GROUP PERFORMANCE REVIEW

	2020	2019
	Rupees in 000	
Profit before tax	684,334	806,897
Taxation	(198,268)	(233,740)
Profit after tax	**486,066**	**573,157**

	2020	2019
	Rupees in 000	
Earnings per share	**2.53**	**2.99**

During the current year, the Group recorded profit after tax of Rs 486 million compared to Rs 573 million earned in 2019. The decline is mainly attributable to decline in investment income of IGI General due to lower interest rates.

The Group achieved earnings per share of Rs 2.53 compared to Rs 2.99 during 2019.

Financial Highlights of IGI FSI is hereunder:

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

Since 2020 was the first year of operations, IGI FSI earned revenue of Rs 9 million and made a loss after tax of Rs 0.4 million.

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

For and on behalf of the Board

S Ahmed Khan

Shamim Ahmed Khan
Chairman
Lahore: March 5, 2021

Tahir Masaud
Chief Executive Officer
Lahore: March 5, 2021

IGI GENERAL INSURANCE LIMITED
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IGI GENERAL INSURANCE LIMITED

CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the members of IGI General Insurance Limited

Opinion

We have audited the annexed consolidated financial statements of **IGI General Insurance Limited** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Afergusonco

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 30, 2021

IGI GENERAL INSURANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	2020	2019
		(Rupees in '000)	
Assets			
Property and equipment	5	864,290	840,747
Intangible assets	6	16,742	18,163
Investment properties	7	377,797	376,995
Investments			
- Equity securities	8	497,236	497,577
- Government securities	9	2,256,421	2,159,874
- Debt securities	10	150,000	194,025
- Term deposits	11	-	300,000
Loans and other receivables	12	394,441	401,341
Insurance / reinsurance receivables	13	1,873,832	1,424,867
Reinsurance recoveries against outstanding claims	24	2,165,642	1,012,984
Salvage recoveries accrued		108,104	59,885
Deferred commission expense	25	186,464	178,261
Tax recoverable		97,797	72,478
Prepayments	15	1,032,011	1,010,753
Cash and bank	16	233,071	133,110
		10,253,848	8,681,060
Total assets of Window Takaful Operations - operator's fund		202,904	247,559
Total assets		10,456,752	8,928,619
Equity and liabilities			
Capital and reserves attributable to equity holders of the Holding Company			
Authorised capital			
250,000,000 (2019: 250,000,000) ordinary shares of Rs 10 each		2,500,000	2,500,000
Issued, subscribed and paid-up share capital			
191,838,400 (2019: 191,838,400) ordinary shares of Rs 10 each		1,918,384	1,918,384
Unappropriated profit		528,019	543,728
Total equity		2,446,403	2,462,112
Surplus on revaluation of property and equipment - net of tax	17	333,025	313,309
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	24	2,626,867	1,512,227
Unearned premium reserves	23	1,913,043	1,860,409
Premium deficiency reserve		-	21,111
Unearned reinsurance commission	25	212,055	174,561
Retirement benefit obligations	14	17,677	19,363
Borrowings	18	162,290	177,519
Premium received in advance		1,118	282
Insurance / reinsurance payables	19	1,603,918	1,314,758
Deferred taxation	20	181,700	175,104
Other creditors and accruals	21	832,429	771,723
		7,551,097	6,027,057
Total liabilities of Window Takaful Operations - operator's fund		126,227	126,141
Total liabilities		7,677,324	6,153,198
Total equity and liabilities		10,456,752	8,928,619
Contingencies and commitments	22		

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

Chairman	Director	Director	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		---------(Rupees in '000)---------	
Net insurance premium	23	2,320,744	2,396,793
Net insurance claims	24	(1,096,802)	(1,203,473)
Reversal / (charge) for premium deficiency reserve		21,111	(608)
Net commission expense	25	(71,598)	(36,398)
Insurance claims and acquisition expenses		(1,147,289)	(1,240,479)
Management expenses	26	(873,771)	(923,191)
Underwriting results		299,684	233,123
Investment income	27	344,294	465,848
Rental income		29,918	30,374
Other income	28	44,134	49,964
Other expenses	29	(54,227)	(29,168)
Result of operating activities		663,803	750,141
Finance costs against right-of-use assets		(16,142)	(14,062)
Profit from window takaful operations		37,573	70,818
Profit before tax		685,234	806,897
Income tax expense	30	(199,168)	(233,740)
Profit after tax		486,066	573,157
Other comprehensive income			
-Remeasurement gain on defined benefit obligations - net of tax	14.1.4	2,560	5,259
Total comprehensive income		488,626	578,416
Earnings per share - Rupees	31	2.53	2.99

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

Chairman | Director | Director | Chief Executive Officer

IGI GENERAL INSURANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	Issued, subscribed and paid-up share capital	Unappropriated profit	Total
	(Rupees in '000)		
Balance as at January 1, 2019	1,918,384	464,563	2,382,947
Profit after taxation for the year ended December 31, 2019	-	573,157	573,157
Other comprehensive income for the year	-	5,259	5,259
Total comprehensive income for the year ended December 31, 2019	-	578,416	578,416
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax (note 17)	-	14,098	14,098
Transactions with owners - directly recognised in equity			
Final dividend at the rate of Rs. 1.06 per share for year ended December 31, 2018 approved on April 23, 2019	-	(203,349)	(203,349)
Interim dividend at the rate of Rs. 1.04 per share for year ending December 31, 2019 declared on August 23, 2019	-	(200,000)	(200,000)
Interim dividend at the rate of Re. 0.57 per share for year ending December 31, 2019 declared on October 24, 2019	-	(110,000)	(110,000)
	-	(513,349)	(513,349)
Balance as at December 31, 2019	1,918,384	543,728	2,462,112
Profit after taxation for the year ended December 31, 2020	-	486,066	486,066
Other comprehensive income for the year	-	2,560	2,560
Total comprehensive income for the year ended December 31, 2020	-	488,626	488,626
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation - net of tax (note 17)	-	15,665	15,665
Transactions with owners - directly recognised in equity			
Final dividend at rate of Re. 0.78 per share for year ended December 31, 2019 approved on April 14, 2020	-	(150,000)	(150,000)
Interim dividend at rate of Re. 0.99 per share for year ending December 31, 2020 declared on August 18, 2020	-	(190,000)	(190,000)
Interim dividend at rate of Re. 0.94 per share for year ending December 31, 2020 declared on October 26, 2020	-	(180,000)	(180,000)
	-	(520,000)	(520,000)
Balance as at December 31, 2020	1,918,384	528,019	2,446,403

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

Chairman	Director	Director	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		----------(Rupees in '000)----------	
OPERATING CASH FLOWS			
Underwriting activities			
Premiums received		5,299,206	5,021,878
Reinsurance premiums paid		(3,114,163)	(2,354,400)
Claims paid		(2,181,572)	(1,617,607)
Reinsurance and other recoveries received		1,046,752	452,606
Commissions paid		(541,987)	(541,528)
Commissions received		505,482	443,603
Net cash inflow from underwriting activities		1,013,718	1,404,552
Other operating activities			
Income tax paid		(216,845)	(66,863)
Operating receipts - net		59,991	27,916
General management expenses paid		(882,489)	(913,574)
Net cash outflow on operating activities		(1,039,343)	(952,521)
Total cash (outflow on) / inflow from all operating activities		(25,625)	452,031
INVESTMENT ACTIVITIES			
Profit received		377,948	335,364
Proceeds / (payments) against investments		756,109	(723,677)
Amount received from Window Takaful Operations		71,418	-
Fixed capital expenditure - owned		(59,775)	(78,121)
Proceeds from disposal of fixed assets - owned		25,235	11,844
Total cash inflow from / (outflow on) investing activities		1,170,935	(454,590)
FINANCING ACTIVITIES			
Dividend paid		(520,000)	(513,349)
Financial charges paid		(16,142)	(14,062)
Repayment of liability against right-of-use assets		(31,755)	(39,081)
Total cash outflow on financing activities		(567,897)	(566,492)
Net cash inflow from / (outflow on) all activities		577,413	(569,051)
Cash and cash equivalents at beginning of the year		433,110	1,002,161
Cash and cash equivalents at end of the year	16.2	1,010,523	433,110

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

Chairman	Director	Director	Chief Executive Officer

IGI GENERAL INSURANCE LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	---- (Rupees in '000) ----	
Reconciliation to consolidated statement of comprehensive income		
Operating cash flows	(25,625)	452,031
Depreciation and amortisation expense	(70,426)	(60,957)
Depreciation on right-of-use assets	(37,642)	(31,424)
Financial charges	(16,142)	(14,062)
Gain on disposal of fixed assets	13,149	7,091
Unrealised fair value gain on investment properties	802	20,045
Increase in assets other than cash	1,790,248	966,027
Increase in liabilities other than borrowings	(1,539,269)	(1,281,723)
Return on bank balances	24,353	90,051
Other investment income	319,941	375,797
Profit from window takaful operations - net of tax	26,677	50,281
Profit after tax	486,066	573,157

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

Chairman	Director	Director	Chief Executive Officer

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

Holding Company
- IGI General Insurance Limited

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

1.2 Holding Company

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

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

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

1.3 Subsidiary Company

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

1.4 These consolidated financials statements are the first set of consolidated financial statements prepared in accordance with the requirements of section 228 of the Companies Act, 2017 as the Holding Company made an investment in the subsidiary company during the year. The comparative information is the same as reported in the financial statements of the Holding Company for the year ended December 31, 2019.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and

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

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

2.4.1 During 2019, the SECP vide its S.R.O. 1416 (I) / 2019 dated November 20, 2019 had issued the General Takaful Accounting Regulations, 2019 (Regulations). These Regulations prescribe the format for the regulatory returns and published financial statements of the Window Takaful Operations applicable from January 1, 2020. The impact of these Regulations has been detailed in the financial statements of the Window Takaful Operations for the year ended December 31, 2020.

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

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

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

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

* The management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Further details relating to temporary exemption from the application of IFRS 9 are given in note 2.5.1 to these consolidated financial statements.

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

2.5.1 Temporary exemption from application of IFRS 9

As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given in note 2.5.1.1 below.

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

Financial assets with contractual cash flows that meet the SPPI criteria, excluding those held for trading	**As at December 31, 2020 (Rupees in '000)**
Pakistan Investment Bonds - Held to maturity (note 9)	
Opening fair value	320,925
Decreases in fair value	(2,930)
Disposals during the year	(317,995)
Closing fair value	-

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Insurance contracts

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

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

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

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

3.2 Premium

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

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Group from policy holders in respect of policies issued, at the rate of 5% 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 an objective evidence that the receivables are impaired, the Group reduces the carrying amount of the receivables and recognises that impairment loss in the consolidated statement of comprehensive income.

3.3 Reinsurance ceded

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

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

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

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against expenses or income from related insurance assets.

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

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

3.4 Claims expense

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

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

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

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

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

3.5 Reinsurance recoveries against claims

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

3.6 Commission and other acquisition costs

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

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

3.7 Premium deficiency reserve

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

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

	2020	**2019**
Fire and property damage	47%	12%
Marine, aviation and transport	43%	32%
Motor	42%	48%
Health	75%	93%
Miscellaneous	29%	42%

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

3.8 Creditors, accruals and provisions

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

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

3.9 Taxation

Current

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

Deferred

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

Afftu

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

3.10 Cash and cash equivalents

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

3.11 Investments

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

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

3.11.1.1 Investments at fair value through profit or loss

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

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

3.11.1.2 Held to maturity

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

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

3.11.1.3 Available for sale

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

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

3.11.1.4 Loans and other receivables

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

3.11.1.5 Date of recognition

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

3.12 Investment properties

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

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

3.13 Operating assets

Tangible

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

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

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

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

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

Intangible

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

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

3.14 Staff retirement benefits

3.14.1 Defined contribution plan

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

3.14.2 Defined benefit plan

All permanent employees of the Holding Company participate in an approved funded defined gratuity plan. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at December 31, 2020 using the Projected Unit Credit Method. Amounts arising as a result of 'Remeasurements', representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the consolidated statement of financial position, with a charge or credit to 'Other Comprehensive Income' in the periods in which they occur. Current service cost, past service cost and net interest income / expense are recognised in the profit and loss.

3.14.3 Accumulating compensated absences

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

3.15 Impairment of assets

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

3.16 Financial instruments

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

3.17 Offsetting of financial assets and financial liabilities

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

3.18 Segment reporting

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

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

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

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

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

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

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

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

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

3.19 Impairment of non-financial assets

The carrying values of the Group'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 consolidated statement of comprehensive income.

3.20 Foreign currency transactions and translations

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

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

Right-of-use assets

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

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

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

Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

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

Lease payments reduce the lease liability against right-of-use assets. Finance cost is charged to the consolidated statement of comprehensive income as financial charges over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3.22 Share capital

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

3.23 Expenses of management

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

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

3.24 Dividends and appropriations to reserves

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

3.25 Earnings per share

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

- Provision for outstanding claims including IBNR (notes 3.4 and 24);
- Provision for taxation and deferred tax (notes 3.9, 20 and 30);
- Defined benefit plan (notes 3.14.2 and 14);
- Fair valuation of buildings and leasehold improvements (notes 3.13, and 5);
- Fair valuation of investment properties (notes 3.12 and 7);
- Useful lives, residual value and depreciation method of property and equipment and intangible assets (notes 3.13, 5 and 6);
- Premium deficiency reserve (note 3.7);
- Classification of investments and its impairment (notes 3.11, 8, 9 and 10);
- Reinsurance recoveries against outstanding claims (notes 3.5 and 24);
- Provision against premium due but unpaid and amount due from other insurers / reinsurers (notes 3.2, 13.3 and 13.4); and
- Allocation of management expenses (note 3.23).

	Note	2020	2019
		---- (Rupees in '000) ----	
5 PROPERTY AND EQUIPMENT			
Operating assets	5.1	841,343	812,903
Capital work-in-progress	5.4	22,947	27,844
		864,290	840,747

5.1 Operating assets

	2020												
	Cost / revalued amounts						Accumulated depreciation					Written down value as at December 31	Depreciation rate (% per annum)
	As at January 1	Additions	Transfers	Disposals / writeoff (note 5.2)	Revaluation	As at December 31	As at January 1	Charge for the year	Transfers	Disposals / writeoff (note 5.2)	As at December 31		
	----(Rupees in '000)----												
Tracker equipment	7,991	33,071	-	-	-	41,062	962	6,614	-	-	7,576	33,486	33.33%
Furniture and fixtures	34,848	2,085	-	(1,763)	-	35,170	7,708	3,905	-	(1,172)	10,441	24,729	10%
Office equipment	30,504	2,101	-	(1,040)	-	31,565	12,882	5,528	-	(751)	17,659	13,906	16.67%
Computer equipment	28,669	16,360	-	(1,256)	-	43,773	18,008	8,997	-	(1,213)	25,792	17,981	33.33%
Buildings / leasehold improvements	610,830	1,701	-	(2,555)	49,833	659,809	58,355	39,286	-	(2,145)	95,496	564,313	5%-33%
Motor vehicles - owned	30,338	11,269	4,100	(6,783)	-	38,924	12,303	6,836	-	(6,658)	12,481	26,443	20%
Right-of-use assets - vehicle	205,498	29,294	(6,477)	(20,471)	-	207,844	51,711	32,924	(2,377)	(9,843)	72,415	135,429	20%
Right-of-use asset - rented premises	29,699	3,374	-	-	-	33,073	3,299	4,718	-	-	8,017	25,056	16.67%
	978,377	99,255	(2,377)	(33,868)	49,833	1,091,220	165,228	108,808	(2,377)	(21,782)	249,877	841,343	

	2019										
	Cost / revalued amounts					Accumulated depreciation				Written down value as at December 31	Deprecia-tion rate (% per annum)
	As at January 1	Additions	Disposals / writeoff (note 5.2)	Revalua-tion	As at December 31	As at January 1	Charge for the year	Disposals / writeoff (note 5.2)	As at December 31		
	(Rupees in '000)										
Tracker equipment	-	7,991	-	-	7,991	-	962	-	962	7,029	33.33%
Furniture and fixtures	29,466	5,509	(127)	-	34,848	4,350	3,484	(126)	7,708	27,140	10%
Office equipment	27,958	3,814	(1,268)	-	30,504	7,725	5,971	(814)	12,882	17,622	16.67%
Computer equipment	25,189	3,530	(50)	-	28,669	9,982	8,076	(50)	18,008	10,661	33.33%
Buildings / leasehold improvements	129,885	19,808	-	461,137	610,830	29,977	28,378	-	58,355	552,475	5%-33%
Motor vehicles - owned	36,566	6,547	(12,775)	-	30,338	14,648	9,410	(11,755)	12,303	18,035	20%
Right-of-use assets - vehicle	143,012	68,020	(5,534)	-	205,498	25,842	28,125	(2,256)	51,711	153,787	20%
Right-of-use asset - rented premises	-	29,699	-	-	29,699	-	3,299	-	3,299	26,400	16.67%
	392,076	144,918	(19,754)	461,137	978,377	92,524	87,705	(15,001)	165,228	813,149	
	-	-	(14,695)	-	(14,695)	-	-	(14,449)	(14,449)	(246)	
	392,076	144,918	(34,449)	461,137	963,682	92,524	87,705	(29,450)	150,779	812,903	

5.1.1 The forced sale value of buildings and leasehold improvements as at December 31, 2020 amounted to Rs. 465.878 million (2019: 469.604 million).

5.2 Disposal of operating assets

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Net gain / (loss)	Mode of disposal	Particulars of purchaser
	(Rupees in '000)						
Disposals having book value exceeding Rs. 50,000 individually							
Furniture and fixtures							
Various	416	(222)	194	20	(174)	Negotiation	Khurram Muzaffar
Office equipment							
Mobile phone	80	(25)	55	57	2	Group Policy	Nomaan Bashir*
Right-of-use assets - vehicle							
Honda Civic	3,094	(1,875)	1,219	2,027	808	Insurance Claim	Alfalah Insurance
Toyota Vitz	1,433	(812)	621	829	208	Group Policy	Rafiq Gatta*
Honda City	2,715	(1,506)	1,209	3,165	1,956	Negotiation	Muhammad Saghir
Mercedes Benz	7,495	(2,717)	4,778	7,708	2,930	Insurance Claim	Alfalah Insurance
Toyota Vitz	1,412	(878)	534	812	278	Group Policy	Arsalan Zafar*
Honda Civic	3,008	(1,576)	1,432	3,312	1,880	Negotiation	M. Qasim Khan
Suzuki Cultus	1,314	(479)	835	1,250	415	Group Policy	Nasir Mahmood*
	20,471	(9,843)	10,628	19,103	8,475		
Motor vehicles - owned							
Honda CG 125	122	(34)	88	98	10	Group Policy	Yasir Khursheed*
Disposals having book value not exceeding Rs. 50,000 individually							
Furniture and fixtures	1,347	(950)	397	66	(331)	Negotiation	Various customers
Office equipment	960	(726)	234	165	(69)	Negotiation	Various customers
Computer equipment	1,256	(1,213)	43	473	430	Negotiation	Various customers
Buildings / leasehold improvements	2,555	(2,145)	410	125	(285)	Negotiation	Khurram Muzaffar
Motor vehicles - owned	6,661	(6,624)	37	5,128	5,091	Negotiation	Various customers
	12,779	(11,658)	1,121	5,957	4,836		
Total - December 31, 2020	33,868	(21,782)	12,086	25,235	13,149		
Total - December 31, 2019	19,754	(15,001)	4,753	11,844	7,091		

* These represent persons in the employment of the Group.

5.3 The cost and accumulated depreciation of fully depreciated property and equipment still in use amounts to Rs. 85.378 million (2019: Rs. 84.656 million).

5.4	Capital work-in-progress	2020	2019
		------- (Rupees in '000) -------	
	Advances to suppliers*	701	11,511
	Trackers	20,595	15,483
	Others	1,651	850
		22,947	27,844

* These represents advances related to purchase of vehicles.

6 INTANGIBLE ASSETS

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

	2019									
	Cost				Accumulated amortisation				Written down value as at December 31	Amortisation rate (% per annum)
	As at January 1	Additions	Disposals	As at December 31	As at January 1	Charge for the year	Disposals	As at December 31		
	---(Rupees in '000)---									
Computer software	6,465	19,145	-	25,610	2,771	4,676	-	7,447	18,163	20%

6.1 The cost and accumulated amortisation of fully amortised intangibles still in use amounts to Rs. 3.197 million (2019: Nil).

7	INVESTMENT PROPERTIES	Note	2020	2019
			------- (Rupees in '000) -------	
	Opening net book value		376,995	356,950
	Unrealised fair value gain during the year		802	20,045
	Closing net book value	7.1	377,797	376,995

7.1 The market value and forced sale value of investment properties is Rs 377.797 million (2019: Rs 376.995 million) and Rs 321.127 million (2019: Rs 320.466 million), respectively as per the valuation carried out by the independent professional valuer as at December 31, 2020.

8 INVESTMENT IN EQUITY SECURITIES - MUTUAL FUNDS

	2020					2019				
	Number of units	Carrying value	(Impairment / provision)	Unrealised gain / (loss)	Market value	Number of units	Carrying value	(Impairment / provision)	Unrealised gain / (loss)	Market value
		---(Rupees in '000)---					---(Rupees in '000)---			
Fair value through profit or loss										
Alfalah GHP Stock Fund	918,254	111,661	-	(461)	111,200	355,961	37,074	-	4,588	41,662
HBL Stock Fund	-	-	-	-	-	365,971	39,000	-	-	39,000
MCB Pakistan Stock Market Fund	1,693,688	160,000	-	6,000	166,000	653,910	60,003	-	(3)	60,000
NBP Stock Fund	-	-	-	-	-	5,611,085	74,895	-	4,546	79,441
UBL Stock Advantage Fund	-	-	-	-	-	289,477	20,000	-	-	20,000
Alfalah GHP Money Market Fund	-	-	-	-	-	2,623,787	260,000	-	(2,526)	257,474
MCB Pakistan Sovereign Fund	293,068	15,855	-	161	16,016	-	-	-	-	-
Faysal Money Market Fund	50	5	-	-	5	-	-	-	-	-
NBP Financial Sector Income Fund	11,823,577	124,481	-	235	124,716	-	-	-	-	-
UBL Income Opportunity Fund	699,780	78,745	-	554	79,299	-	-	-	-	-
	15,428,417	490,747	-	6,489	497,236	9,900,191	490,972	-	6,605	497,577

9 INVESTMENTS IN GOVERNMENT SECURITIES

Particulars	Year of maturity	Effective yield % per annum	Profit payment	2020	2019
				------- (Rupees in '000) -------	
Held to maturity					
Pakistan Investment Bonds	2020	13.98%	Semi-annual	-	24,679
Pakistan Investment Bonds	2021	13.08%	Semi-annual	-	18,094
Pakistan Investment Bonds	2022	11.99%	Semi-annual	-	63,837
Pakistan Investment Bonds	2022	11.25%	Semi-annual	-	1,018
Pakistan Investment Bonds	2022	12.76%	Semi-annual	-	1,102
Pakistan Investment Bonds	2021	11.92%	Semi-annual	-	213,489
				-	322,219
At fair value through profit or loss					
Market Treasury Bills	2021	13.12%	On maturity	75,592	-
Market Treasury Bills	2021	13.29%	On maturity	40,914	-
Market Treasury Bills	2021	9.57%	On maturity	342,949	-
Market Treasury Bills	2021	10.36%	On maturity	62,310	-
Market Treasury Bills	2021	7.14%	On maturity	5,735	-
Market Treasury Bills	2021	6.45%	On maturity	110,603	-
Market Treasury Bills	2021	7.15%	On maturity	123,993	-
Market Treasury Bills	2021	7.14%	On maturity	247,987	-
Market Treasury Bills	2021	7.11%	On maturity	10,415	-
Market Treasury Bills	2021	7.11%	On maturity	408,447	-
Market Treasury Bills	2020	13.07%	On maturity	-	53,378
Market Treasury Bills	2020	10.30%	On maturity	-	35,411
Market Treasury Bills	2020	10.30%	On maturity	-	33,467
Pakistan Investment Bonds	2021	10.34%	Semi-annual	-	60,307
Pakistan Investment Bonds	2022	9.65%	Semi-annual	-	46,841
Pakistan Investment Bonds	2021	12.00%	Semi-annual	-	32,473
Pakistan Investment Bonds	2023	12.66%	Semi-annual	-	82,943
Pakistan Investment Bonds	2023	13.71%	Semi-annual	-	67,726
Pakistan Investment Bonds	2023	13.45%	Semi-annual	-	311,540
Pakistan Investment Bonds	2023	13.75%	Semi-annual	-	94,816
Pakistan Investment Bonds	2023	13.80%	Semi-annual	-	189,633
Pakistan Investment Bonds	2023	13.77%	Semi-annual	-	67,726
Pakistan Investment Bonds	2024	12.38%	Semi-annual	-	47,298
Pakistan Investment Bonds (floaters)	2028	7.61%	Semi-annual	578,623	588,196
Pakistan Investment Bonds (floaters)	2028	7.86%	Semi-annual	123,628	125,900
Pakistan Investment Bonds (floaters)	2029	7.78%	Semi-annual	125,225	-
				2,256,421	1,837,655
Total market value				2,256,421	2,159,874
Total carrying value				2,267,278	2,090,263

9.1 These include Pakistan Investment Bonds which are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of the Insurance Ordinance, 2000, having market value of Rs 224.470 million (2019: Rs 208.285 million).

10 INVESTMENTS IN DEBT SECURITIES

	2020					2019				
	Number of certificates	Maturity year	Coupon rate	Profit payment	Carrying amount	Number of certificates	Maturity year	Coupon rate	Profit payment	Carrying amount
					(Rupees in '000)					(Rupees in '000)
Fair value through profit or loss										
Term finance certificate										
Habib Bank Limited	500,000	Perpetual	3 months Kibor plus 1.6%	Quarterly	50,000	500,000	Perpetual	3 months Kibor plus 1.6%	Quarterly	50,000
Bank Alfalah Limited	1,000,000	Perpetual	Higher of 3 year PKRV plus 0.75% or 9%	Quarterly	100,000	-	-	-	-	-
Commercial paper										
Hub Power Company Limited	-	-	-	-	-	1,500,000	2020	6 months Kibor plus 1.5%	-	144,025
	1,500,000				150,000	2,000,000				194,025

10.1 The effective yield on commercial paper and term finance certificates is nil (2019: 14.98%) and 8.90% to 9.03% (2019: 13.55%) per annum respectively.

	Note	2020	2019
		------- (Rupees in '000) -------	
11 INVESTMENTS IN TERM DEPOSITS			
Held to maturity			
Deposits maturing within 12 months		-	300,000
12 LOANS AND OTHER RECEIVABLES			
Receivable from related parties	12.1	126,251	98,819
Advances - considered good		10,968	5,708
Security deposits		88,420	75,576
Sales tax recoverable		77,733	57,389
Accrued income on investments and deposits		23,585	88,077
Loans and advances to employees	12.2	9,873	12,003
Others	12.3	57,611	63,769
		394,441	401,341

12.1 This includes receivables amounting to Rs. 1.942 million, Rs. 27.331 million, Rs. 7.268 million, Rs. 4.597 million and Rs. 1.527 million (2019: Nil, Rs. 18.859 million, Rs. 19.388 million, Rs. 5.146 million and Rs. 1.820 million) charged to IGI Investments (Pvt.) Limited, IGI Life Insurance Limited, IGI Finex Securities Limited, IGI Holdings Limited and Packages Limited, respectively, under group shared services.

12.2 This includes personal loan equivalent to 2 months gross salary disbursed to the Chief Executive Officer with mark-up equal to rate of 12 months market treasury bill prevailing on the date of disbursement, amounting to Rs. 0.134 million (2019: Nil) repayable within a period of one year.

	2020	2019
12.2.1 Movement in loans to key management personnel	------- (Rupees in '000) -------	
Opening balance	-	-
Disbursements	6,423	-
Repayments	(2,091)	-
Closing balance	4,332	-

12.3 These include a receivable from takaful operations amounting to Rs 58.028 million (2019: Rs 58.028 million) in respect of Sindh Sales Tax as disclosed in note 22.4 to the consolidated financial statements.

	Note	2020	2019
		------- (Rupees in '000) -------	
13 INSURANCE / REINSURANCE RECEIVABLES			
Due from insurance contract holders - unsecured			
- considered good		870,974	692,753
- considered doubtful		143,047	143,399
	13.1 & 13.2	1,014,021	836,152
Less: provision for impairment of receivables from insurance contract holders	13.3	(143,047)	(143,399)
		870,974	692,753
Due from other insurer / reinsurer - unsecured			
- considered good		1,002,858	732,114
- considered doubtful		41,303	41,423
		1,044,161	773,537
Less: provision for impairment of receivables from other insurer / reinsurer	13.4	(41,303)	(41,423)
		1,002,858	732,114
		1,873,832	1,424,867

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13.1 This includes an amount of Rs. 29.552 million (2019: Rs. 17.520 million) receivable from related parties.

13.2 The aggregate amount due from directors, chief executive and executives of the Group amounting to Rs nil (2019: Rs 0.171 million).

13.3 Provision for doubtful receivables - insurance contract holders	Note	2020	2019
		------- (Rupees in '000)	-------
Opening		143,399	120,338
Charge for the year		15,682	26,298
Written off during the year		(16,034)	(3,237)
Balance as at December 31	13.3.1	143,047	143,399

13.3.1 This includes an amount of Rs. 0.967 million (2019: Rs. 0.720 million) provided against related parties.

13.4 Provision for doubtful receivables - other insurer / reinsurer	2020	2019
	------- (Rupees in '000)	-------
Opening	41,423	41,423
Written off during the year	(120)	-
Balance as at December 31	41,303	41,423

14 RETIREMENT BENEFITS OBLIGATIONS

14.1 Defined benefit plan - Gratuity Fund

The Holding Company offers an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity is governed under the Trust Act, 1882, the Trust Deed and the Rules of the Fund, the Income Tax Ordinance, 2001, the Income Tax Rules, 2002 and the applicable local regulations. An actuarial valuation is carried out every year to determine the liability of the Group in respect of the benefit. The most recent valuation in this regard has been carried out as at December 31, 2020 using the Projected Unit Credit (PUC) Actuarial Cost Method as allowed under the International Accounting Standard (IAS) 19 - 'Employee Benefits' for valuation of the Fund.

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

Final salary risks

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

Asset volatility

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

Discount rate fluctuation

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

Investment risks

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

Mortality risks

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

Longevity risks

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

Withdrawal risks

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

14.1.1 Principal actuarial assumptions

	2020	2019
Valuation discount rate	10.25%	11.75%
Valuation discount rate for statement of comprehensive income	11.75%	13.75%
Salary increase rate - *short term*	10.00%	11.25%
Salary increase rate - *long term*	9.75%	11.25%
Return on plan assets	10.25%	11.25%
Duration	10.63 years	10.73 years
Normal retirement age	58	58
Withdrawal rate	Low	Low
Mortality rate	SLIC 2001-05	SLIC 2001-05
Next salary increase date	1-Jan-2021	1-Jan-2020

	Note	2020	2019
		------- (Rupees in '000) -------	
14.1.2 Amount recognised in the consolidated statement of financial position			
Reconciliation			
Present value of defined benefit obligation		132,484	113,983
Less: fair value of plan assets		(114,807)	(94,620)
Payable to defined benefit plan		17,677	19,363
Movement in net liability recognised			
Opening net liability		19,363	21,217
Expense for the year	14.1.3	15,894	15,864
Other comprehensive gain	14.1.4	(3,605)	(7,407)
Contributions		(13,975)	(10,311)
		17,677	19,363
Movement in present value of defined benefit obligation			
Opening		113,983	98,685
Current service cost	14.1.3	14,440	13,627
Interest cost		13,083	13,335
Benefits paid		(5,277)	(3,816)
Actuarial gain on obligation	14.1.4	(3,745)	(7,848)
Closing		132,484	113,983
Movement in the fair value of plan assets			
Opening		94,620	77,468
Expected return on plan assets		11,629	11,098
Contributions		13,975	10,311
Benefits paid		(5,277)	(3,816)
Actuarial loss on obligation	14.1.4	(140)	(441)
		114,807	94,620

14.1.3 Amount recognised in consolidated statement of comprehensive income

	2020	2019
Current service cost	14,440	13,627
Interest cost	1,454	2,237
Expense for the year	15,894	15,864

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

14.1.4 Amount recognised in other comprehensive income

	2020	2019
Remeasurement gain on obligation	(3,745)	(7,848)
Remeasurement loss on plan assets	140	441
	(3,605)	(7,407)

14.1.5 Actual return on plan assets

	2020	2019
Expected return on assets	11,629	11,098
Actuarial loss	(140)	(441)
	11,489	10,657

14.1.6 Analysis of present value of defined benefit obligation

	2020	2019
Split by vested / non-vested		
(i) Vested benefits	132,484	113,983
(ii) Non-vested benefits	-	-
	132,484	113,983

14.1.7 Sensitivity analysis

	2020			2019		
	Change in assumption	Increase / (decrease) in present value of defined benefit obligation (%)	Increase / (decrease) in present value of defined benefit obligation (Rupees in '000)	Change in assumption	Increase / (decrease) in present value of defined benefit obligation (%)	Increase / (decrease) in present value of defined benefit obligation (Rupees in '000)
Discount rate	+1%	-9.84%	(13,035)	+1%	-9.92%	(11,310)
	-1%	11.42%	15,128	-1%	11.54%	13,156
Salary increase rate	+1%	11.87%	15,722	+1%	11.99%	13,663
	-1%	-10.37%	(13,744)	-1%	-10.45%	(11,914)
Life expectancy / withdrawal rate	+10%	-0.12%	(163)	+10%	-0.15%	(168)
	-10%	0.13%	166	-10%	0.15%	170

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

14.1.8 Plan assets comprise of the following:

	2020 (Rupees in '000)	Percentage composition	2019 (Rupees in '000)	Percentage composition
Equity investments	18,484	16.10%	16,545	17.49%
Cash and bank deposits	40,845	35.58%	967	1.02%
Government securities	55,478	48.32%	77,108	81.49%
Fair value of plan assets	114,807	100%	94,620	100%

14.1.9 As per the actuarial recommendations, the expected return on plan assets was taken as 10.25% (2019: 11.25%), which is representative of yields on long-term Government bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

Based on actuarial advice, the Group intends to charge an amount of Rs 16.349 million in the consolidated financial statements for the year ending December 31, 2021.

The expected contribution for the next one year should take into account the maximum annual contribution limit set by the Income Tax Rules, 2002 i.e. the basic payroll of the last month of the financial year end. If the contribution exceeds the limit defined in the Income Tax Rules, the Group may apply to the Commissioner of Inland Revenue (CIR) for special contribution for the excess amount. The Expected Gratuity Expense is around 8.39% of annual salary which is greater than the maximum allowable limit of 8.33%. Therefore, the Group may contribute up to Rs. 16.236 million during 2021.

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

	Less than a year	Between 1-2 Years	Between 2-5 years	Over 5 years	Total
	(Rupees in '000)				
2020					
Gratuity	9,043	5,550	19,611	471,011	505,215
2019					
Gratuity	3,701	8,637	24,338	529,944	566,620

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

	2020	2019	2018	2017
	(Rupees in '000)			
Present value of defined benefit obligation	132,484	113,983	98,685	84,971
Fair value of plan assets	(114,807)	(94,620)	(77,468)	(72,552)
Deficit	17,677	19,363	21,217	12,419

14.2 Defined contribution plan - Provident Fund

The Holding Company has set up a provident fund for its permanent employees and contributions were made by the Group to the Trust in accordance with the requirements of Section 218 of the Companies Act, 2017. The total charge against provident fund for the year ended December 31, 2020 was Rs. 17.570 million (2019: Rs, 15.352 million). The net assets based on unaudited financial statements of Provident Fund as at June 30, 2020 are Rs. 129.194 million (2019: 94.493 million) out of which 94% were invested in different financial instruments categories as provided in Section 218 of the Companies Act, 2017 and the rules formulated therein. The carrying value of the investments of the provident fund as at June 30, 2020 (unaudited) was Rs. 121.474 million (2019: 92.026 million). The above investments out of provident fund have been made in accordance with the requirements of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	June 30, 2020 (un-audited)		June 30, 2019 (un-audited)	
	(Rupees in '000)	% of the size of the fund	(Rupees in '000)	% of the size of the fund
Government securities	93,860	77.27%	68,995	73.02%
Listed securities	6,728	5.54%	5,334	5.64%
Bank deposits	2,546	2.10%	2,467	2.61%
Mutual Funds	13,340	10.97%	12,697	13.44%
Term finance certificates	5,000	4.12%	5,000	5.29%
Total	121,474	100%	94,493	100%

14.3 Staff strength

	2020	2019
	(Number of employees)	
Number of employees as at December 31	183	202
Average number of employees during the year	192	189

15 PREPAYMENTS

	Note	2020	2019
		(Rupees in '000)	
Prepaid reinsurance premium ceded	23	1,001,740	972,374
Prepaid rent		26,117	24,665
Others		4,154	13,714
		1,032,011	1,010,753

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		Note	2020	2019
			------- (Rupees in '000) -------	
16	**CASH AND BANK**			
	Cash and cash equivalents			
	Cash in hand		556	1,122
	Cash at bank			
	Current accounts		12,850	13,990
	Savings accounts	16.1	219,665	117,998
			232,515	131,988
			233,071	133,110

16.1 The balances in savings accounts carry mark-up ranging between 5.5% to 6.5% (2019: 11.25% to 12.5%) per annum.

		Note	2020	2019
			------- (Rupees in '000) -------	
16.2	**Cash and cash equivalents for the purpose of consolidated cash flow statement:**			
	Cash and bank	16	233,071	133,110
	Term deposits having original maturity of upto three months	11	-	300,000
	Market Treasury Bills having original maturity of upto three months		777,452	-
			1,010,523	433,110
17	**SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT - NET OF TAX**			
	Opening balance		313,309	-
	Surplus on revaluation due to change in accounting policy		-	281,977
	Transfer from surplus on revaluation of property and equipment on account of incremental depreciation		(22,064)	(19,857)
	Related deferred tax		6,399	5,759
			(15,665)	(14,098)
	Change in fair value - net of tax		35,381	45,430
	Closing surplus on revaluation of property and equipment		333,025	313,309
18	**BORROWINGS**			
	Lease liability against right-of-use assets - motor vehicle		136,461	151,773
	Lease liability against right-of-use assets - rented premises		25,829	25,746
		18.1	162,290	177,519
	Current portion		30,712	50,597
	Non-current portion		131,578	126,922
			162,290	177,519

18.1 Lease liability against right-of-use assets

	2020			2019		
	Minimum lease Payments	Financial charges	Principal outstanding	Minimum lease Payments	Financial charges	Principal outstanding
	(Rupees in '000)					
Not later than one year	59,088	28,376	30,712	68,539	17,942	50,597
Later than one year and not later than five years	148,407	16,829	131,578	146,834	19,912	126,922
	207,495	45,205	162,290	215,373	37,854	177,519

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

19 INSURANCE / REINSURANCE PAYABLES

	2020	2019
Due to other insurers / reinsurers	1,603,918	1,314,758

20 DEFERRED TAXATION

	2020	2019
Deferred debits arising in respect of :		
- Provision for doubtful receivables	(54,420)	(53,599)
- Retirement benefit obligations	(5,126)	(5,615)
- Lease liability against right-of-use-assets	(46,850)	(51,481)
	(106,396)	(110,695)
Deferred credits arising due to		
- Accelerated tax depreciation	28,085	39,250
- Surplus on revaluation of property and equipment	148,181	127,971
- Fair value gain on investment properties	60,332	60,100
- Unrealised gain on investments	4,957	6,224
- Right-of-use assets	46,541	52,254
	288,096	285,799
	181,700	175,104

21 OTHER CREDITORS AND ACCRUALS

	2020	2019
Agent commission payable	202,315	196,513
Cash margin	258,329	286,116
Federal excise duty	40,771	39,416
Federal insurance fee	2,887	5,554
Accrued expenses	155,019	139,307
Others	173,108	104,817
	832,429	771,723

22 CONTINGENCIES AND COMMITMENTS

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

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

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

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

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

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

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

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

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

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

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

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

The contingencies relating to taxation are given in note 30.2 to the consolidated financial statements.

		Note	2020	2019
			------- (Rupees in '000) -------	
23	**NET INSURANCE PREMIUM**			
	Written gross premium	23.1	5,476,591	5,177,105
	Add: Unearned premium reserve - opening		1,860,409	1,503,062
	Less: Unearned premium reserve - closing		(1,913,043)	(1,860,409)
	Premium earned	23.1	5,423,957	4,819,758
	Less: Reinsurance premium ceded		(3,132,579)	(2,782,164)
	Add: Prepaid reinsurance premium ceded - opening		(972,374)	(613,175)
	Less: Prepaid reinsurance premium ceded - closing		1,001,740	972,374
	Reinsurance expense		(3,103,213)	(2,422,965)
			2,320,744	2,396,793

23.1 This includes an amount of Rs. 66.402 million (2019: 15.81 million) and 36.542 million (2019: 5.186 million) in respect of amount written and earned on tracking services.

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

24 NET INSURANCE CLAIMS

	2020	2019
Claims paid	2,181,572	1,617,607
Add: Outstanding claims (including IBNR) - closing	2,626,867	1,512,227
Less: Outstanding claims (including IBNR) - opening	(1,512,227)	(1,314,812)
Claims expense	3,296,212	1,815,022
Less: Reinsurance and other recoveries received	(1,046,752)	(452,606)
Add: Reinsurance and other recoveries in respect of outstanding claims - closing	(2,165,642)	(1,012,984)
Less: Reinsurance and other recoveries in respect of outstanding claims - opening	1,012,984	854,041
Reinsurance and other recoveries revenue	(2,199,410)	(611,549)
	1,096,802	1,203,473

24.1 Claims development tables

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

Analysis on gross basis

Accident year	2016	2017	2018	2019	2020 (including IBNR)	Total
	------------ (Rupees in '000) ------------					
Estimate of ultimate claims cost:						
At end of accident year	332,103	363,401	575,330	462,385	1,593,639	3,326,858
One year later	358,703	330,493	364,402	468,609	-	1,522,207
Two years later	303,642	305,808	356,781	-	-	966,231
Three years later	371,478	303,591	-	-	-	675,069
Four years later	371,488	-	-	-	-	371,488
Estimate of cumulative claims	371,488	303,591	356,781	468,609	1,593,639	3,094,108
Cumulative payments to date	(367,966)	(278,468)	(327,922)	(293,727)	(532,125)	(1,800,208)
Liability recognised in the consolidated statement of financial position	3,522	25,123	28,859	174,882	1,061,514	1,293,900

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

25 NET COMMISSION EXPENSE

	2020	2019
	------- (Rupees in '000) -------	
Commission paid or payable	547,789	558,471
Add: Deferred commission expense - opening	178,261	153,419
Less: Deferred commission expense - closing	(186,464)	(178,261)
Net commission	539,586	533,629
Less: Commission received or receivable	(505,482)	(550,859)
Add: Unearned reinsurance commission - opening	(174,561)	(120,933)
Less: Unearned reinsurance commission - closing	212,055	174,561
Commission from reinsurers	(467,988)	(497,231)
	71,598	36,398

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26	MANAGEMENT EXPENSES	Note	2020	2019
			------- (Rupees in '000) -------	
	Employee benefit cost	26.1	463,197	458,322
	Rent, rates and taxes		52,124	43,577
	Electricity and gas		13,289	13,468
	Repairs and maintenance		17,021	15,319
	Communication		32,664	24,619
	Tracker related expenditures		63,821	98,569
	Depreciation and amortisation	26.2	108,068	92,381
	Bad and doubtful debts	13.3	15,682	26,298
	Vehicle running expenses		38,064	44,814
	Travelling expenses		11,679	30,209
	Representation expenses		6,184	10,203
	Printing and stationery		5,091	9,420
	Legal and professional		33,880	35,116
	Advertisement expenses		9,895	17,664
	Miscellaneous		3,112	3,212
		26.3	873,771	923,191

26.1	Employee benefit cost			
	Salaries, allowance and other benefits		455,808	427,106
	Charges for post employment benefit	14.1.3 & 14.2	33,464	31,216
	Less: employee benefit cost allocated to Window Takaful Operations		(26,075)	-
			463,197	458,322

26.2	Depreciation and amortisation			
	Depreciation and amortisation charged during the year	5 & 6	114,550	92,381
	Less: depreciation and amortisation allocated to Window Takaful Operations		(6,482)	-
			108,068	92,381

26.3 During the year, the Group has allocated certain management expenses to Window Takaful Operations on the basis of reasonable and supportable information available for determining such allocation amounting to Rs. 47.543 million (2019: Nil).

27	INVESTMENT INCOME	2020	2019
		------- (Rupees in '000) -------	
	Income from equity securities		
	Fair value through profit or loss		
	Dividend income	794	201
	Income from debt securities		
	Fair value through profit or loss		
	Return on government securities	248,641	230,640
	Return on commercial paper and term finance certificate	12,804	20,733
	Held to maturity		
	Return on government securities	26,864	36,387
	Income from term deposits		
	Return on term deposits	24,353	90,051
	Net realised (loss) / gain on investments		
	Fair value through profit or loss		
	Mutual funds	(13,130)	13,426
	Government securities	34,407	-
	Held to maturity		
	Government securities	13,929	(1,806)
	Net unrealised gain / (loss) on investments		
	Fair value through profit or loss		
	Mutual funds	6,489	6,605
	Government securities	(10,857)	69,611
	Total investment income	344,294	465,848

28 OTHER INCOME

	Note	2020	2019
		------- (Rupees in '000) -------	
Return on bank balances		22,494	21,551
Gain on sale of operating assets		13,149	7,091
Exchange gain		578	1,141
Fair value gain on investment properties	7	802	20,045
Training income		2,853	-
Miscellaneous		4,258	136
		44,134	49,964

29 OTHER EXPENSES

	Note	2020	2019
Group shared services expenses		12,997	8,791
Insurance expense		15,784	13,248
Repairs and maintenance		1,959	1,382
Legal and professional		2,561	1,596
Auditors' remuneration	29.1	5,812	3,947
Donations	29.2	6,132	204
Miscellaneous		8,982	-
		54,227	29,168

29.1 Auditor's remuneration

	2020	2019
Fee for statutory audit	1,381	1,250
Fee for audit of consolidated financial statements	300	-
Fee for interim review	550	550
Fee for audit of regulatory return	825	500
Special certifications and sundry services	150	150
Tax advisory and other consultancy services	2,161	1,373
Out of pocket expenses	445	124
	5,812	3,947

29.2 This represents donation paid to Packages Foundation (a related party).

30 TAXATION

	2020	2019
For the year		
Current	208,068	216,101
Deferred	(8,900)	17,639
	199,168	233,740

30.1 Relationship between tax expense and accounting profit

	2020	2019
Profit before tax	685,234	806,897
Tax calculation at the rate of 29% (2019: 29%)	198,718	234,000
Others	450	(260)
	199,168	233,740

30.2 Taxation

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

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

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

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

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

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

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

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

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

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

30.2.5 In case of tax year 2009, the Deputy Commissioner of Inland Revenue (DCIR) has passed the amended order under section 122(5A) of the Ordinance by disallowing provisions on account of IBNR, Unearned Commission and allocation of expenses relating to exempt income. As a result of amended assessment demand of Rs 141 million was created. The DCIR has made certain errors in the order for which application for rectification was filed. Rectified order under Section 221 has been passed and as a result demand has been reduced to Rs. 51 million. The learned CIR(A) has granted partial relief in respect of certain issue and confirmed certain disallowances. The 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 Honourable Sindh High Court where the IBNR issue has been decided in favour 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 Holding Company paid an amount of Rs.10 million and obtained stay from the Commissioner Inland Revenue till August 31, 2015 in respect of payment of the remaining tax demand of Rs. 21.420 million. Further, against the above treatment meted out by the ACIR, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. The Holding Company also filed a petition against the said order before the Honourable Sindh High Court which was disposed off with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

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

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

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

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

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

(b) Provision for IBNR;

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

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

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

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

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

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

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

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

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

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

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

30.2.12 The case for tax year 2015 was further selected for audit under section 177 of the Ordinance. the Holding Company submitted all the information requested through the Information and Document Request (IDR) pursuant to which a show-cause notice was issued in December 2017. the Holding Company has submitted its response in respect of the issues raised in the show-cause notice, however, no assessment order has yet been passed.

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

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

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

31 EARNINGS PER SHARE

	2020	2019
	------- (Rupees in '000) -------	
Profit (after tax) for the year	486,066	573,157
	(Number of shares)	
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	191,838,400	191,838,400
	(Rupees)	
Earnings per share	2.53	2.99

32 TRANSACTIONS WITH RELATED PARTIES

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

	Ultimate Parent Company		Post employment benefit plans		Key management personnel (including directors)		Other related parties	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in '000)							
Transactions								
Premium underwritten	-	-	-	-	505	309	384,896	344,469
Premium collected	-	-	-	-	505	606	373,283	345,007
Claims expense	-	-	-	-	46	192	91,751	31,799
Claims paid	-	-	-	-	-	-	97,544	34,110
Commission expense	-	-	-	-	-	-	-	1,267
Commission paid	-	-	-	-	-	-	3,423	2,199
Rental income	-	-	-	-	-	-	29,918	30,374
Dividend paid	520,000	513,349	-	-	-	-	-	-
Key management personnel compensation	-	-	-	-	234,637	228,325	-	-
Charge in respect of gratuity fund	-	-	15,894	15,864	-	-	-	-
Charge in respect of provident fund	-	-	17,570	15,352	-	-	-	-
Contribution to gratuity fund	-	-	13,975	10,311	-	-	-	-
Contribution to provident fund	-	-	17,570	15,352	-	-	-	-
Insurance premium expense	-	-	-	-	-	-	8,634	5,813
Insurance premium paid	-	-	-	-	-	-	8,634	5,813
Donation paid	-	-	-	-	-	-	5,732	-
Rent paid	-	-	-	-	-	-	1,586	1,442

	Ultimate Parent Company		Post employment benefit plans		Key management personnel (including directors)		Other related parties	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in '000)							
Balances								
Premium receivable	-	-	-	-	-	-	29,133	17,520
Commission payable	-	-	-	-	-	-	-	3,423
Outsanding claim	-	-	-	-	-	-		-
Other receivable / (payable)	4,955	5,404	-	-	-	-	121,296	93,415
Payable to gratuity fund	-	-	(17,677)	(19,363)	-	-	-	-
Receivable from / (payable) to provident fund	-	-	7,681	(3,661)	-	-	-	-

The maximum aggregate amount due from related parties outstanding during the year aggregated to Rs. 116.818 million (2019: Rs. 94.458 million).

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

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

33 COMPENSATION FOR DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Fee for attending board meeting	-	-	4,850 *	1,925 *	-	-
Managerial remuneration	15,804	14,111	9,551	8,629	66,102	68,135
Bonus	15,222	13,663	4,215	3,914	36,645	31,133
Retirement benefits (including provident fund)	1,580	2,448	784	713	6,610	12,345
Housing and utilities	8,744	7,833	4,385	3,928	37,993	38,240
Medical expenses	1,580	1,411	-	133	2,467	3,731
Conveyance allowance	703	678	304	488	7,263	8,414
Others	3,658	3,406	653	605	5,524	2,442
	47,291	43,550	24,742	20,335	162,604	164,440
Number of persons	1	1	5	5	26	24

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

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

34 SEGMENT REPORTING

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

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

Particulars	2020					
	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	(Rupees in '000)					
Premium receivable (inclusive of Sindh sales tax, federal insurance fee and administrative surcharge)	2,271,992	788,943	1,688,731	447,837	1,102,999	6,300,502
Less: Federal Excise Duty	(285,933)	(91,532)	(222,207)	(7,112)	(138,251)	(745,035)
Federal Insurance Fee	(19,235)	(6,697)	(14,500)	(4,362)	(9,598)	(54,392)
Stamp duty	(105)	(22,325)	(1,343)	(8)	(703)	(24,484)
Gross written premium (inclusive of administrative surcharge)	1,966,719	668,389	1,450,681	436,355	954,447	5,476,591
Gross direct premium	1,960,113	657,062	1,405,479	435,667	948,627	5,406,948
Administrative surcharge	6,606	11,327	45,202	688	5,820	69,643
	1,966,719	668,389	1,450,681	436,355	954,447	5,476,591
Insurance premium earned	1,939,284	667,422	1,441,105	402,522	973,624	5,423,957
Insurance premium ceded to reinsurers	(1,729,708)	(407,612)	(151,394)	-	(814,499)	(3,103,213)
Net insurance premium	209,576	259,810	1,289,711	402,522	159,125	2,320,744
Commission income	229,912	121,360	33,756	-	82,960	467,988
Net underwriting income	439,488	381,170	1,323,467	402,522	242,085	2,788,732
Insurance claims	(1,586,636)	(338,398)	(638,052)	(303,386)	(429,740)	(3,296,212)
Insurance claims recovered from reinsurers	1,488,851	226,087	101,147	-	383,325	2,199,410
Net claims	(97,785)	(112,311)	(536,905)	(303,386)	(46,415)	(1,096,802)
Commission expense	(223,750)	(74,535)	(169,284)	(12,772)	(59,245)	(539,586)
Management expenses	(313,783)	(106,639)	(231,451)	(69,619)	(152,279)	(873,771)
Net Insurance claims and expenses	(635,318)	(293,485)	(937,640)	(385,777)	(257,939)	(2,510,159)
Premium deficiency	-	-	-	21,111	-	21,111
Underwriting result	(195,830)	87,685	385,827	37,856	(15,854)	299,684
Investment income						344,294
Rental income						29,918
Other income						44,134
Other expenses						(54,227)
Result of operating activities						663,803
Finance cost against right-of-use assets						(16,142)
Profit from window takaful operations						37,573
Profit before tax						685,234
Segment assets	2,693,783	491,379	783,352	153,746	1,105,416	5,227,676
Unallocated assets	-	-	-	-	-	5,026,172
Total assets of Window Takaful Operations - Operator's Fund						202,904
						10,456,752
Segment liabilities	2,799,138	603,310	1,367,163	369,016	1,218,375	6,357,002
Unallocated liabilities	-	-	-	-	-	1,194,095
Total liabilities of Window Takaful Operations - Operator's Fund						126,227
						7,677,324

Particulars	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	Total
	2019					
	(Rupees in '000)					
Premium receivable (inclusive of Sindh sales tax, federal insurance fee and administrative surcharge)	2,187,197	739,871	1,800,904	375,595	878,277	5,981,844
Less: Federal Excise Duty	(270,140)	(87,015)	(236,360)	(19,319)	(117,952)	(730,786)
Federal Insurance Fee	(20,076)	(6,272)	(15,452)	(3,527)	(7,672)	(52,999)
Stamp duty	(105)	(17,850)	(1,528)	(5)	(1,466)	(20,954)
Gross written premium (inclusive of Administrative Surcharge)	1,896,876	628,734	1,547,564	352,744	751,187	5,177,105
Gross direct premium	1,890,719	617,677	1,498,070	352,140	743,581	5,102,187
Administrative surcharge	6,157	11,057	49,494	604	7,606	74,918
	1,896,876	628,734	1,547,564	352,744	751,187	5,177,105
Insurance premium earned	1,591,492	622,360	1,487,015	361,248	757,643	4,819,758
Insurance premium ceded to reinsurers	(1,408,591)	(369,050)	(81,127)	-	(564,197)	(2,422,965)
Net insurance premium	182,901	253,310	1,405,888	361,248	193,446	2,396,793
Commission income	286,877	105,842	15,749	-	88,763	497,231
Net underwriting income	469,778	359,152	1,421,637	361,248	282,209	2,894,024
Insurance claims	(250,464)	(192,155)	(712,764)	(336,912)	(322,727)	(1,815,022)
Insurance claims recovered from reinsurers	227,748	110,061	32,146	-	241,594	611,549
Net claims	(22,716)	(82,094)	(680,618)	(336,912)	(81,133)	(1,203,473)
Commission expense	(173,222)	(68,031)	(180,344)	(18,384)	(93,648)	(533,629)
Management expenses	(338,254)	(112,117)	(275,964)	(62,902)	(133,954)	(923,191)
Net insurance claims and expenses	(534,192)	(262,242)	(1,136,926)	(418,198)	(308,735)	(2,660,293)
Premium deficiency	-	-	-	(608)	-	(608)
Underwriting result	(64,414)	96,910	284,711	(57,558)	(26,526)	233,123
Net investment income						465,848
Rental Income						30,374
Other income						49,964
Other expenses						(29,168)
Result of operating activities						750,141
Finance cost against right-of-use assets						(14,062)
Profit from window takaful operations						70,818
Profit before tax						806,897
Segment assets	1,686,029	354,835	602,623	103,967	841,032	3,588,486
Unallocated assets	-	-	-	-	-	5,092,574
Total assets of Window Takaful Operations - Operator's Fund						247,559
						8,928,619
Segment liabilities	1,782,434	458,270	1,300,780	335,926	990,930	4,868,340
Unallocated liabilities	-	-	-	-	-	1,158,717
Total liabilities of Window Takaful Operations - Operator's Fund						126,141
						6,153,198

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35 MOVEMENT IN INVESTMENTS

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

	2019		
	Held to maturity	Fair value through profit or loss	Total
	(Rupees in '000)		
As at January 1, 2019	845,665	1,719,298	2,564,963
Additions	326,413	6,255,816	6,582,229
Disposals (sale and redemptions)	(556,002)	(5,627,269)	(6,183,271)
Net fair value gains (excluding net realised gains)	-	76,216	76,216
Amortisation of premium / discount	6,143	105,196	111,339
Total	622,219	2,529,257	3,151,476

36 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

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

36.1 Insurance risk

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

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

Concentration of insurance risk

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

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

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

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

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

36.1.1 Reinsurance arrangements

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

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

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

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

	2019		
	Maximum sum insured	Reinsurance cover	Highest net liability
	(Rupees in '000)		
Fire and property damage	36,184,376	36,034,376	150,000
Marine, aviation and transport	19,710,628	11,826,377	7,884,251
Motor	10,000	5,000	5,000
Health	2,503,823	-	2,503,823
Miscellaneous	16,703,812	16,687,108	16,704
Window Takaful Operations	5,864,179	3,809,929	2,054,250
	80,976,818	68,362,790	12,614,028

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

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

	2019		
	Gross liabilities	Gross assets	Net liabilities / (assets)
	(Rupees in '000)		
Fire and property damage	1,782,434	1,686,029	96,405
Marine, aviation and transport	458,270	354,835	103,435
Motor	1,300,780	602,623	698,157
Health	335,926	103,967	231,959
Miscellaneous	990,930	841,032	149,898
Window Takaful Operations	126,141	247,559	(121,418)
	4,994,481	3,836,045	1,158,436

36.1.2 Uncertainty in the estimation of future claims payment

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

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

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

36.1.3 Key assumptions

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

36.1.4 Sensitivities

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

	Effect of 10% increase in claims		Effect of 10% decrease in claims	
	Total comprehensive income	Equity	Total comprehensive income	Equity
	(Rupees in '000)			
Fire and property damage	(6,943)	(6,943)	6,943	6,943
Marine, aviation and transport	(7,974)	(7,974)	7,974	7,974
Motor	(38,120)	(38,120)	38,120	38,120
Health	(21,540)	(21,540)	21,540	21,540
Miscellaneous	(3,295)	(3,295)	3,295	3,295
Window Takaful Operations	(26,094)	(26,094)	26,094	26,094
	(103,966)	(103,966)	103,966	103,966

36.1.5 Statement of age-wise breakup of unclaimed insurance benefits

Particulars	Total amount	Age-wise breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	(Rupees in '000)					
Claims not encashed						
2020	33,681	5,747	3,294	5,327	4,895	14,418
2019	25,772	3,121	3,295	3,131	2,721	13,504

36.2 Financial risk

(i) Market risk

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

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

	Interest rates	2020						
		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	5.5% - 6.5%	219,665	-	219,665	13,406	-	13,406	233,071
Investments	7.1% - 13.29%	1,428,945	977,476	2,406,421	497,236	-	497,236	2,903,657
Insurance / reinsurance receivables		-	-	-	1,873,832	-	1,873,832	1,873,832
Reinsurance recoveries against outstanding claims		-	-	-	2,165,642	-	2,165,642	2,165,642
Loans and other receivables		-	-	-	316,708	-	316,708	316,708
Salvage recoveries accrued		-	-	-	108,104	-	108,104	108,104
Window Takaful Operations - total assets		1,707	-	1,707	169,103	-	169,103	170,810
		1,650,317	977,476	2,627,793	5,144,031	-	5,144,031	7,771,824
Financial liabilities								
Outstanding claims including IBNR		-	-	-	2,626,867	-	2,626,867	2,626,867
Insurance / reinsurance payables		-	-	-	1,603,918	-	1,603,918	1,603,918
Other creditors and accruals		-	-	-	788,771	-	788,771	788,771
Borrowings	5.36% - 14.92%	30,712	131,578	162,290	-	-	-	162,290
Window Takaful Operations - total liabilities		-	-	-	66,219	-	66,219	66,219
		30,712	131,578	162,290	5,085,775	-	5,085,775	5,248,065
		1,619,605	845,898	2,465,503	58,256	-	58,256	2,523,759

	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	
		2019						
		(Rupees in '000)						
Financial assets								
Cash and bank	11.25% - 12.5%	117,998	-	117,998	15,112	-	15,112	133,110
Investments	7.32%-10.31%	590,960	2,062,939	2,653,899	497,577	-	497,577	3,151,476
Insurance / reinsurance receivables		-	-	-	1,424,867	-	1,424,867	1,424,867
Reinsurance recoveries against outstanding claims		-	-	-	1,012,984	-	1,012,984	1,012,984
Loans and other receivables		-	-	-	343,952	-	343,952	343,952
Salvage recoveries accrued		-	-	-	59,885	-	59,885	59,885
Window Takaful Operations - total assets		-	-	-	202,904	-	202,904	202,904
		708,958	2,062,939	2,771,897	3,557,281	-	3,557,281	6,329,178
Financial liabilities								
Outstanding claims including IBNR		-	-	-	1,512,227	-	1,512,227	1,512,227
Insurance / reinsurance payables		-	-	-	1,314,758	-	1,314,758	1,314,758
Other creditors and accruals	4.45% - 7.16%	-	-	-	726,753	-	726,753	726,753
Borrowings		50,597	126,922	177,519	-	-	-	177,519
Window Takaful Operations - total liabilities		-	-	-	126,227	-	126,227	126,227
		50,597	126,922	177,519	3,679,965	-	3,679,965	3,857,484
		658,361	1,936,017	2,594,378	(122,684)	-	(122,684)	2,471,694

Sensitivity analysis

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. Borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes. The table below summarises Group's interest rate risk as of December 31, 2020 and 2019 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
	(Rupees in '000)	
2020		
Cash flow sensitivity - Variable rate financial liabilities	(1,623)	1,623
Cash flow sensitivity - Variable rate financial assets	236	(236)
2019		
Cash flow sensitivity - Variable rate financial liabilities	(1,775)	1,775
Cash flow sensitivity - Variable rate financial assets	881	(881)

(b) Foreign currency risk

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

(ii) Liquidity risk

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

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

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

	2020			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Outstanding claims including IBNR	2,626,867	2,626,867	2,626,867	-
Insurance / reinsurance payables	1,603,918	1,603,918	1,603,918	-
Other creditors and accruals	788,771	788,771	788,771	-
Borrowings	162,290	162,290	30,712	131,578
Window Takaful Operations - total liabilities	66,219	66,219	66,219	-
	5,248,065	5,248,065	5,116,487	131,578

	2019			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Outstanding claims including IBNR	1,512,227	1,512,227	1,512,227	-
Insurance / reinsurance payables	1,314,758	1,314,758	1,314,758	-
Other creditors and accruals	726,753	726,753	726,753	-
Borrowings	177,519	177,519	50,597	126,922
Window Takaful Operations - total liabilities	83,218	83,218	83,218	-
	3,814,475	3,814,475	3,687,553	126,922

36.3 Credit risk

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

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

	2020	2019
	(Rupees in '000)	
Investments		
- Equity	497,236	497,577
- Government securities	2,256,421	2,159,874
- Debt securities	150,000	194,025
- Term deposits	-	300,000
- Loans and other receivables	316,708	343,952
Insurance / reinsurance receivables		
- Insurance / reinsurance receivables	1,873,832	1,424,867
- Reinsurance recoveries against outstanding claims	2,165,642	1,012,984
- Salvage recoveries accrued	108,104	59,885
- Cash and bank	232,515	131,988
- Window Takaful Accounts - total assets	170,810	202,904
	7,771,268	6,328,056

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

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

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

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

	2020	2019
	------- (Rupees in '000) -------	
Upto 1 year	1,484,991	1,174,179
1-2 years	225,826	189,434
2-3 years	117,099	58,699
Over 3 years	230,266	187,377
	2,058,182	1,609,689
Window Takaful Operations		
Upto 1 year	149,574	69,079
Upto 1 - 2 years	13,620	7,214
Upto 2 - 3 years	4,995	261
	168,189	76,554

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

	2020	2019
	------- (Rupees in '000) -------	
Sector wise analysis of premiums due but unpaid		
Foods and beverages	17,074	25,228
Financial services	57,871	115,707
Pharmaceuticals	36,646	76,227
Textile and composites	72,775	155,041
Plastic industries	1,254	285
Engineering	35,567	62,642
Other manufacturing	424,164	159,168
Miscellaneous	368,670	241,854
	1,014,021	836,152

	2020	2019
	------- (Rupees in '000) -------	
Window Takaful Operations		
Textile	17,262	6,577
Financial services	32,265	4,780
Engineering	1,462	14,106
Pharmaceuticals	7,112	500
Food	14,882	11,965
Other manufacturing	24,943	2,961
Others	34,650	33,633
	132,576	74,522

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	2020	2019
	---------- (Rupees in '000) ----------				
A- or above (including PRCL)	940,688	1,951,034	902,471	3,794,193	2,267,444
BBB and B+	37,772	78,341	36,237	152,350	111,977
Others	65,701	136,267	63,032	265,000	379,474
Total	1,044,161	2,165,642	1,001,740	4,211,543	2,758,895

	Amount due from re-takaful operators	Re-takaful recoveries against outstanding claims	Prepaid re-takaful contribution ceded	2020	2019
	---------- (Rupees in '000) ----------				
A or above	33,616	25,132	21,153	79,901	84,533
BBB	-	-	-	-	1,025
Others	53,586	40,061	33,719	127,366	(6,220)
	87,202	65,193	54,872	207,267	79,338

36.4 Capital management

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

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

37 FINANCIAL INSTRUMENTS BY CATEGORY

	2020	2019
	------ (Rupees in '000) -------	
Financial assets and financial liabilities		
Financial assets		
Loans and receivables		
Cash and bank	232,515	131,988
Investments-term deposits	-	300,000
Insurance / reinsurance receivables	1,873,832	1,424,867
Reinsurance recoveries against outstanding claims	2,165,642	1,012,984
Loans and other receivables	316,708	343,952
Salvage recoveries accrued	108,104	59,885
Window takaful operations - total assets	170,810	202,904
	4,867,611	3,476,580

	2020	2019
	------ (Rupees in '000)	--------
Investments - held to maturity		
Government securities	-	322,219
Investments - fair value through profit or loss		
Equity securities	497,236	497,577
Commercial paper and term finance certificate	150,000	194,025
Government securities	2,256,421	1,837,655
	2,903,657	2,529,257
Financial liabilities		
Amortised cost		
Outstanding claims including IBNR	2,626,867	1,512,227
Insurance / reinsurance payables	1,603,918	1,314,758
Other creditors and accruals	788,771	726,753
Borrowings	162,290	177,519
Window Takaful Operations - total liabilities	66,219	126,227
	5,248,065	3,857,484

38 FAIR VALUE MEASUREMENT

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

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Group has no items to report in this level.

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

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

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	2019		
	Level 1	Level 2	Level 3
	---------------- (Rupees in '000) ----------------		
Financial assets - measured at fair value			
Fair value through profit or loss			
Mutual funds	-	497,577	-
Commercial paper and term finance certificate	-	194,025	-
Government securities	-	1,837,655	-
Non - financial assets - measured at fair value			
Property and equipment (Buildings and leasehold improvements) *	-	-	552,475
Investment properties	-	-	376,995

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

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

39 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue by the Board of Directors of the Company on March 05, 2021.

40 EVENTS AFTER REPORTING DATE

The Board of Directors of the Holding Company has proposed a final dividend for the year ended December 31, 2020 of Re. 0.57 per share, amounting to Rs 110 million in its meeting held on April 22, 2021. The effect of this distribution will be incorporated in the consolidated financial statements of the Group for the year ending December 31, 2021.

41 GENERAL

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

42 IMPACT OF COVID-19 ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Chairman	Director	Director	Chief Executive Officer

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of IGI General Insuranee Limited

Review Report on the Statement of Compliance eontained in the Code of Corporate Governance for Insurers, 2016

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) prepared by the Board of Directors of **IGI General Insurance Limited** ('the Company') for the year ended December 31, 2020 in accordance with the requirements of Code of Corporate Governance for Insurers, 2016 applicable to insurance companies as issued by the Securities and Exchange Commission of Pakistan (SECP).

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

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

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

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

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A.F. Ferguson & Co.
Chartered Accountants
Dated: March 30, 2021
Karachi

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KARACHI ▪ LAHORE ▪ ISLAMABAD

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

IGI GENERAL INSURANCE LIMITED
for the year ended 31st December 2020

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) for the purpose of establishing a framework of good governance, whereby IGI General Insurance Company (the Company), an unlisted insurer is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	None
Executive Directors	Mr. Chaudhry Tahir Masaud Mr. Faisal Khan
Non-Executive Directors	Mr. Shamim Ahmad Khan Mr. Syed Hyder Ali Mr. Sajjad Iftikhar Mr. Syed Hasnain Ali

As per clause (iii) of the Code, the appointment of an independent director on the Board is preferred but is not mandatory. Hence, no independent director has been appointed on the Board of Directors of the Company.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies in which each one of them is a director).

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

4. During the year no casual vacancy occurred on the Board.

5. The Company has prepared a Code of Conduct, which has been disseminated among all the directors and employees of the Company.

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

7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven (7) days before the meeting except for one emergent meeting. For the said meeting, notice period was reduced with the approval of the Board in compliance with the requirements of the Code. The minutes of all the meetings were appropriately recorded and circulated.

9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.

10. The Board was not required to arrange an orientation course during the year since there were no new appointments on the Board.

11. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms & conditions of employment.

12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

14. The directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.

15. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.

16. The Board has formed the following Management Committees:

UNDERWRITING, RE-INSURANCE & CO-INSURANCE COMMITTEE	
Name of the Member	**Category**
Mr. Syed Hyder Ali	Chairman
Mr. Chaudhry Tahir Masaud	Member
Mr. Faisal Khan	Member
Mr. Syed Hasnain Ali	Member
Mr. Sajjad Iftikhar	Member
Mr. Jamshaid Hussain	Member

CLAIM SETTLEMENT COMMITTEE	
Name of the Member	**Category**
Mr. Shamim Ahmad khan	Chairman
Mr. Chaudhry Tahir Masaud	Member
Mr. Syed Awais Amjad	Member
Mr. Kashif Qayyum	Member
Mr. Zahid Mehmood	Member

RISK MANAGEMENT & COMPLIANCE COMMITTEE	
Name of the Member	**Category**
Mr. Shamim Ahmad khan	Chairman
Mr. Chaudhry Tahir Masaud	Member
Mr. Sajjad Iftikhar	Member
Mr. Faisal Khan	Member
Mr. Syed Awais Amjad	Member
Ms. Saira Sheikh	Member

17. The Board has formed the following Board Committees:

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE	
Name of the Member	**Category**
Mr. Syed Hyder Ali	Chairman
Mr. Syed Hasnain Ali	Member
Mr. Chaudhry Tahir Masaud	Member

INVESTMENT COMMITTEE	
Name of the Member	**Category**
Mr. Syed Hasnain Ali	Chairman
Mr. Chaudhry Tahir Masaud	Member
Mr. Sajjad Iftikhar	Member
Mr. Syed Awais Amjad	Member

18. The Board has formed an Audit Committee. It comprises of three (3) members, all of whom are non-executive directors. The chairman of the Committee is a non-executive director. The composition of the Audit Committee is as follows:

AUDIT COMMITTEE	
Name of the Member	**Category**
Mr. Syed Hasnain Ali	Chairman
Mr. Syed Hyder Ali	Member
Mr. Sajjad Iftikhar	Member

19. The meetings of the Committees except Ethics, Human Resource and Remuneration Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of references of the Committees have been formed and advised to the Committees for compliance.

20. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a regular basis.

21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess

such qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of the Person	Designation
Mr. Chaudhry Tahir Masaud	Chief Executive Officer
Mr. Syed Awais Amjad	Chief Financial Officer
Ms. Saira Shaikh	Compliance Officer & Head of Grievance Department
Ms. Iqra Sajjad	Company Secretary *
Mr. Shahzeb Haider	Head of Internal Audit
Mr. Jamshaid Hussain	Head of Underwriting
Mr. Kashif Qayyum	Head of Claims
Mr. Faisal Khan	Head of Risk Management & Reinsurance

* Syed Muhammad Taha Naqvi resigned as Acting Company Secretary on December 07, 2020 and Ms. Iqra Sajjad was appointed the Company Secretary after his resignation.

22. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

23. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations, the Code or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard.

24. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.

25. The Board ensures that the risk management system of the Company is in place as per the requirement of the Code.

26. The Company has set up a risk management function, which carries out its tasks as covered under the Code.

27. The Board ensures that as part of the risk management system, the Company gets itself rated from VIS Credit Rating Company Limited and PACRA which is being used by its risk management function and the respective Committee as a risk monitoring tool. The ratings assigned by the said rating agencies on December 30, 2020 and February 28, 2020 are “AA” & “AA” respectively.

28. The Board has set up a grievance department / function, which fully complies with the requirements of the Code.

29. We confirm that all other material principles contained in the Code have been complied with.

By Order of the Board

SAmkhan

Shamim Ahmad Khan
Date: March 05, 2021

IGI General

IGI GENERAL INSURANCE LIMITED
NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 5th Annual General Meeting of IGI General Insurance Limited (**the "Company"**) will be held on Thursday, April 22, 2021, at 11:00 am. at the Head Office of the Company/video link located at 7th Floor, The Forum, G-20, Block 9, Khyaban-e-Jami, Clifton, Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of Extraordinary General Meeting of the Company held on November 30, 2020.

2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2020 together with the Directors' and Auditors report thereon.

3. To consider and approve the payment of final cash dividend of Rs.110 Mn @ Rs. 0.57 per share for the financial year ended December 31, 2020 as recommended by the board. This is in addition to the interim cash dividend of Rs. 370 Mn @ Rs. 1.93 per share paid already to the members during the year.

4. To appoint auditors for the ensuing year and to fix their remuneration. The current Auditors, M/s A.F. Ferguson & Co., Chartered Accountants have consented to be appointed as Auditors for the Financial Year 2021 and the Board of Directors has recommended their appointment.

ANY OTHER BUSINESS:

5. To consider any other business with the permission of the Chairman.

By Order of the Board

Iqra Sajjad
Company Secretary
Karachi: April 1, 2021

IGI General Insurance Limited
Head Office
7th Floor, The Forum, Suite No. 701 - 713, G-20, Block-9, Khayaban-e-jami, Clifton, Karachi-75600, Pakistan.
UAN: +92(21) 111-234-234 I Fax: +92(21) 111-567-567

IGI General

Notes:

1. The Share Transfer Books of the Company will remain closed from **April 15, 2021 to April 22, 2021**, both days inclusive.

2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as a proxy to attend and vote instead of him/her.

3. Every proxy shall be appointed in writing under the hand of the appointer or by an agent duly authorized under a Power of Attorney or if such appointer is a company or corporation under the Common Seal of the company or corporation or the hand of its Attorney who may be the appointer.

4. The instrument of proxy in order to be effective must reach the Company's registered address at 7th Floor, The Forum, G-20, Block 9, Khyaban-e-Jami, Clifton, Karachi not less than 48 hours before the time for holding of the Meeting.

5. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

6. The signature on the instrument of proxy must conform to the specimen signature recorded with the Company.

7. The proxy shall produce his/her original NIC or original passport at the time of the Meeting.

8. Shareholders are requested to notify change in their address, if any, to the Company Secretary.

9. SECP vide SRO No. 787(1)2014 dated 8th September, 2014 has allowed companies to circulate the audited financial statements and notice of Annual General Meeting to shareholders through their email address subject to their written consent. Desiring shareholders are requested to provide their complete email address through a duly signed letter along with copy of valid CNIC or passport. Shareholders are also required to notify immediately any change in email address in writing to the Company Secretary.

10. In accordance with the directives issued by the Securities and Exchange Commission of Pakistan vide their Circular No. EMD/MISC/82/2012 dated March 17, 2020, the members can attend the meeting via videolink facility available with the Company.

GENERAL INSURANCE IGI GENERAL

IGI General Insurance Limited
Head Office
7th Floor, The Forum, Suite No. 701 - 713, G-20, Block-9, Khayaban-e-jami, Clifton, Karachi-75600, Pakistan.
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IGI GENERAL INSURANCE LIMITED

7th Floor, The Forum, Suite No. 701-713, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi-75600, Pakistan

FORM OF PROXY

Annual General Meeting

The Company Secretary
IGI General Insurance Ltd
7th Floor, The Forum,
Suite Nos. 701-713, G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan.

I/We__________________________________of____

being member (s) of **IGI General Insurance Limited** and holder of ______________Ordinary Shares as per Share Register Folio No. ___________ hereby appoint_____________________________________of_ _________________________________or failing him / her _________________________________ of_______________________as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on **Thursday,** the **22nd** day of **April 2021,** at **11:00 a.m.** at the Head Office of the Company/video link and at any adjournment thereof.

Signed this_______________day of___________2021

1) Witness:

Signature ______________________

Name ______________________

Address ______________________

____

CNIC or ______________________

Passport No. ______________________

Please affix Rupees five revenue stamp

2) Witness:

(Signature should agree with the specimen signature registered with the Company)

Signature ______________________

Name ______________________

Address ______________________

____

CNIC or ______________________

Passport No. ______________________

Note: Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.

IGI General

تشکیل نیابت داری

برائے سالانہ اجلاس عام

دی کمپنی سیکریٹری
آئی جی آئی جنرل انشورنس لمیٹڈ
7ویں منزل،دی فورم
سوئٹ نمبر 713-701،جی-20،بلاک9
خیابان جامی،کلفٹن،کراچی-75600،پاکستان

میں / ہم ---------------بابت--------------------------------- بحیثیت ممبر (ممبران) برائے آئی جی آئی جنرل انشورنس لمیٹڈ اور ہولڈر بابت

-------------------------------- عمومی شیئرز بمطابق شیئر رجسٹر فولیو نمبر --

بذریعہ ہذا-----------------------------بابت-----------------یاان کی عدم حاضری پر ----------------------

کو اپنا/ ہمارا پراکسی مقرر کررہا ہوں/کررہے ہیں جو کمپنی کے سالانہ اجلاس عام منعقدہ بروز جمعرات مورخہ 22 اپریل 2021ء بوقت صبح 11:00 بجے کمپنی کے ہیڈ آفس ر ویڈیو لنک یا کسی زیر التوا تاریخ پر منعقد ہونے والے اجلاس میں میری/ ہماری غیر موجودگی کی صورت میں میری/ ہماری جگہ شرکت کرنے اور ووٹ دینے کے لئے بطور نیابت داری شریک ہوں گے۔

دستخط مورخہ -----------------2021

1- گواہ:

دستخط:-----------------------
نام:-----------------------
پتہ:-----------------------

سی این آئی سی یا-----------------------
پاسپورٹ نمبر-----------------------

ریونیو ٹکٹ چسپاں کریں۔

(دستخط کمپنی میں پہلے سے موجود نمونہ کے مطابق ہونے چاہیے)

2- گواہ:

دستخط:-----------------------
نام:-----------------------
پتہ:-----------------------

سی این آئی سی یا-----------------------
پاسپورٹ نمبر-----------------------

نوٹ: نیابت داری کے موثر ہونے کے لئے لازمی ہے کہ وہ اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کو موصول ہو جائیں۔

مشترکہ مہر کے تحت یا اس کے اٹارنی کا ہاتھ جو تقرری کنندہ ہو سکتا ہے۔

4- پروکسی کی تقرری کے دستاویزات اجلاس ہٰذا کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ آفس بمقام ساتویں منزل، دی فورم، جی۔20، بلاک 9، خیابان جامی، کلفٹن کراچی میں موصول ہو جانی چاہئیں۔

5- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی معہ نامزد فرد کے دستخطی نمونے (اگر پہلے فراہم نہ کیا گیا ہو) اجلاس کے موقع پر پیش کرنا ہو گا۔

6- پروکسی کے دستاویزات پر دستخط کمپنی کے پاس درج دستخطی نمونے کے مطابق ہونا لازمی ہے۔

7- پروکسی کو اجلاس کے موقع پر اصل سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔

8- حصص یافتگان سے درخواست ہے کہ پتے میں کسی بھی قسم کی تبدیلی کی صورت میں فوری طور پر کمپنی سیکریٹری کو مطلع کریں۔

9۔ ایس ای سی پی کے ایس آر او نمبر 2014(1)787 بتاریخ 8 ستمبر 2014ء کے تحت کمپنیوں کو اجازت دی جاتی ہے کہ وہ آڈٹ شدہ مالی بیانات اور حصص یافتگان کو ای میل ایڈریس کے ذریعہ سالانہ اجلاس عام کے نوٹس کو ان کی تحریری رضامندی سے مشروط کریں۔ مذکورہ شیئر ہولڈرز سے درخواست ہے کہ وہ اپنا مکمل ای میل پتہ مستند دستخطی خط کے ذریعہ درست سی این آئی سی یا پاسپورٹ کی کاپی کے ساتھ فراہم کریں۔ حصص یافتگان کیلئے ضروری ہے کہ وہ کمپنی سکریٹری کو تحریری طور پر ای میل پتے میں کسی تبدیلی کو فوری طور پر مطلع کریں۔

10۔ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر EMD/MISC/82/2012 بتاریخ 17 مارچ 2020ء کی جاری کردہ ہدایات کے مطابق ممبران کمپنی کی دستیاب ویڈیو لنک سہولت کے ذریعہ اجلاس میں شریک ہو سکتے ہیں۔

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا اطلاع دی جاتی ہے کہ آئی جی آئی جنرل انشورنس لمیٹڈ (کمپنی) کا پانچواں سالانہ اجلاس عام بروز جمعرات مورخہ 22 اپریل 2021ء بوقت صبح 11:00 بجے کمپنی کے ہیڈ آفس/ رویڈیو لنک کے ذریعے بمقام ساتویں منزل، دی فورم، جی-20، بلاک 9، خیابان جامی، کلفٹن کراچی پر مندرجہ ذیل امور کی انجام دہی منعقد کیا جائے گا۔

عمومی کاروائی:

1- کمپنی کے گزشتہ غیر معمولی اجلاس عام منعقدہ مورخہ 30 نومبر 2020ء کی کارروائی کی توثیق۔

2- مورخہ 31 دسمبر 2020ء کو ختم ہونے والے گزشتہ سال کے لئے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں معہ آڈیٹرز اور ڈائریکٹرز کی رپورٹس کی وصولی، غور وخوض اور منظوری۔

3- مالیاتی سال مختتمہ 31 دسمبر 2020ء کیلئے نقد منافع منقسمہ بحساب 110 ملین روپے یعنی مبلغ 0.57 روپے فی حصص فی شیئر کی ادائیگی پر غور وخوص اور منظوری جیسا کہ کمپنی کے بورڈ آف ڈائریکٹرز نے کمپنی کے حصص یافتگان کیلئے سفارش کی ہے۔ یہ سال کے دوران ممبران کو پہلے سے ادا شدہ عبوری منافع منقسمہ مبلغ بحساب 370 ملین روپے یعنی مبلغ 1.93 روپے فی حصص فی شیئر کے علاوہ ہے۔

4- آئندہ سال کیلئے بیرونی آڈیٹرز کی تقرری اوران کے معاوضے کا تعین۔ موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹ) نے مالی سال 2021ء کیلئے بطور آڈیٹر تقرری کیلئے رضامندی ظاہر کی ہے اور بورڈ آف ڈائریکٹرز نے ان کی تقرری کی سفارش کی ہے۔

دیگر امور:

5- چیئرمین کی اجازت سے کسی بھی دیگر امور کی انجام دہی۔

بحکم بورڈ

اقراء سجاد
کمپنی سیکرٹری

مورخہ 01 اپریل 2021ء
کراچی

گزارشات:

1- کمپنی کی حصص منتقلی کی کتب (شیئر ٹرانسفر بکس) مورخہ 15 اپریل 2021ء تا 22 اپریل 2021ء تک بند رہیں گی (بشمول دونوں ایام)۔

2- سالانہ اجلاس عام میں شرکت اور رائے دہی کا/کی اہل ممبر اپنی جانب سے شرکت کرنے اور رائے دہی کے لئے دوسرے فرد کو بطور پراکسی مقرر کرسکتا/سکتی ہے۔

3- ہر پراکسی کی تقرری تقرر کنندہ یا کسی ایجنٹ کے ذریعہ کی جاتی ہے جس کا اختیار یا ورآف اٹارنی کے تحت ہوتا ہے یا اگر تقرر کنندہ کمپنی یا کارپوریشن ہے جو کمپنی یا کارپوریشن کی

31دسمبر 2020 کوختم ہونے والے سال کیلئے مشترکہ مالیاتی گوشوارے پرڈائریکٹرز کی رپورٹ بنام ممبران

بورڈ کی جانب سے، میں آئی جی آئی جنرل انشورنس لمیٹڈ (آئی جی آئی جنرل) اوراس کا ذیلی ادارہ آئی جی آئی ایف ایس آئی (پرائیوٹ) لمیٹڈ (آئی جی آئی ایف ایس آئی) (اجتماعی طور پر "گروپ" کہا جاتا ہے) کی 31دسمبر 2020ءکوختم ہوئے سال کے لئے مشترکہ مالی گوشوارے پیش کرتے ہوئے انتہائی مسرت محسوس کر رہا ہوں۔

گروپ کارکردگی جائزہ:

	2020ء	2019ء
	---(روپے ہزار میں)-----	
منافع قبل از ٹیکس	684,334	806,897
ٹیکس کاری	(198,268)	(233,740)
منافع بعداز ٹیکس	**486,066**	**573,157**
آمدنی فی حصص (روپے)	2.53	2.99

رواں سال کے دوران، گروپ نے 2019ء میں حاصل ہونے والے 573 ملین روپے کے مقابلے میں 486 ملین روپے بعداز ٹیکس منافع ریکارڈ کیا۔ سود کی شرح کم ہونے کی وجہ سے ہونے والی کمی، آئی جی آئی جنرل کی سرمایہ کاری کی آمدنی میں کمی کا باعث ہے۔

گروپ نے 2019 کے دوران 2.99 روپے کے مقابلے میں رواں سال 2.53 روپے فی حصص کی آمدنی حاصل کی۔

آئی جی آئی ایف ایس آئی کی مالیاتی جھلکیاں حسب ذیل ہیں:

آئی جی آئی ایف ایس آئی 6 جولائی 2020ء کو پرائیوٹ لمیٹڈ کمپنی کی حیثیت سے تشکیل دیا گیا۔ آئی جی آئی ایف ایس آئی مارکیٹ میں تربیت کی خدمات سمیت ٹیکنالوجی سے چلنے والے کاروباری حل فراہم کرنے میں مصروف عمل ہے۔

چونکہ 2020ء آپریشن کا پہلا سال تھا، اس لئے آئی جی آئی ایف ایس آئی نے 9 ملین روپے کی آمدنی حاصل کی اور 0.4 ملین روپے بعداز ٹیکس خسارہ ہوا۔

ہم اپنے کاروباری شراکت داروں اور تمام اسٹیک ہولڈرز کی طرف سے توسیع کی حمایت اور سرپرستی کی قدر کرتے ہیں اور اپنے ملازمین کی سرشار اور مخلصانہ کوششوں کی تعریف کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

شمیم احمد خان
ڈائریکٹر
لاہور، 5 مارچ 2021

طاہر مسعود
چیف ایگزیکٹو آفیسر
لاہور، 5 مارچ 2021

جناب سجاد افتخار	1
جناب فیصل خان	1
جناب طاہر مسعود (چیف ایگزیکٹو آفیسر)	1
کل	191,838,400

آئی جی آئی ہولڈنگز کے نامزد کردہ ڈائریکٹرز کمپنی میں ہر ایک شیئر رکھتے ہیں۔

انشورنس آرڈیننس 2000 کے سیکشن (6)46 کے تحت مطابقت کا بیان

ڈائریکٹرز تصدیق کرتے ہیں کہ ان کے مطابق:

-اس رپورٹ سے منسلک کمپنی کے سالانہ قانونی اکاؤنٹس آرڈیننس اور اس کے تحت بنائے گئے کسی بھی قواعد کے مطابق تیار کیے گئے ہیں۔

-کمپنی نے اس مدت کے دوران آرڈیننس کی دفعات اور اس کے تحت ادائیگی شدہ سرمایہ، سالوینسی اور دوبارہ انشورنس انتظامات سے متعلق قوانین کی تعمیل کی ہے۔اور

-جیسا کہ بیان کی تاریخ تک، کمپنی آرڈیننس کی دفعات اور اس کے تحت ادائیگی شدہ سرمایہ، سالوینسی اور دوبارہ انشورنس انتظامات سے متعلق قوانین کی تعمیل کرتی رہتی ہے۔

مستقبل کے امکانات

COVID-19 وبائی مرض کا اثر ابھی بھی لوگوں کی صحت، زندگیاور جن کاروبار کے ساتھ ہم نے شراکت اور بھروسہ کیا ہے، ان پر پڑ رہا ہے۔ بورڈ کو یقین ہے کہ مستقبل میں پائیدار اور منافع بخش نمو کی فراہمی کے لئے ایک پیشہ ور ٹیم اور جدید انفراسٹرکچر موجود ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ سبکدوش ہو رہے 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 درجہ بندی حاصل کرنے اور آئی سی اے پی کے ذریعہ بین الاقوامی فیڈریشن آف اکاؤنٹنٹس (IFAC) کے ضابطہ اخلاق کے رہنما اصولوں کی تعمیل کی تصدیق کی ہے۔ بورڈ آف ڈائریکٹرز نے باہمی رضامندی سے طے کردہ معاوضے پر 31 دسمبر 2021 کو ختم ہونے والے سال کے لئے کمپنی کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کی سفارش کی ہے۔

اعتراف

ہم اپنے صارفین کی وفاداری اور اعتماد کے لئے ان کا شکریہ ادا کرنا چاہتے ہیں۔ ہم اپنے کاروباری شراکت داروں اور تمام اسٹیک ہولڈرز کی طرف سے توسیع کی حمایت اور سرپرستی کی بھی قدر کرتے ہیں۔ ہم اپنے ملازمین کی سرشار اور مخلصانہ کوششوں کو سراہتے ہیں۔

ہم سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ان کی مسلسل رہنمائی کے لئے بھی شکریہ ادا کرنا چاہیں گے۔

منجانب بورڈ آف ڈائریکٹرز

شمیم احمد خان
ڈائریکٹر
لاہور، 5 مارچ، 2021

طاہر مسعود
چیف ایگزیکٹو آفیسر
لاہور، 5 مارچ، 2021

آئی ایس او کی تصدیق اور ہمارے صارفین کی قدر ہے

آپ کی کمپنی مستقل بنیادوں پر اپنی صلاحیتیں اور کارکردگی کو بہتر بنانے پر توجہ مرکوز کرتی رہتی ہے اور کوالٹی مینیجمنٹ سرٹیفیکیشن ISO 9001:2015 اس بات کا ثبوت ہے۔

کارپوریٹ گورننس کے کوڈ کے ساتھ تعمیل

-کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے اس کے امور ،آپریشنز کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلی کو شفاف انداز میں پیش کرتے ہیں۔

-کمپنی کی طرف سے مالیاتی کھاتوں کا باقاعدہ ریکارڈ رکھا جاتا ہے۔

-مالی گوشواروں کی تیاری کے لئے مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔

-مالیاتی گوشوارے کمپنیز آرڈیننس مجریہ 2017ء اور بین الاقوامی مالیاتی رپورٹنگ معیارات ،جیسا کہ پاکستان میں لاگو ہیں، کے مطابق تیار کیے گئے ہیں اور ان سے کسی بھی روگردانی کی مناسب طور پر وضاحت کی گئی ہے۔

-اندرونی کنٹرول کا نظام ڈیزائن مستحکم ہے اور اسے موثر انداز میں نافذ کر کے اس کی اور نگرانی کی گئی ہے۔

-کمپنی کی کاروبار جاری رکھنے کی صلاحیت پر کوئی شک نہیں ہے۔

-کارپوریٹ گورننس کے بہترین طریقہ کار سے کسی قسم کی روگردانی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے۔

-کلیدی آپریٹنگ اور مالی اعداد و شمار کو الگ الگ رپورٹ کے ساتھ جوڑ دیا گیا ہے۔

-مالیاتی بیانات میں بقایا ٹیکس اور ڈیوٹی دی جاتی ہے۔

-متعلقہ فنڈز کے آڈٹ شدہ کھاتوں پر مبنی سرمایہ کاری کی مالیت مندرجہ ذیل کے مطابق ہے۔

30 جون، 2019 تک کا پروویڈنٹ فنڈ	-	92.0 ملین روپے
31 دسمبر، 2019 تک کا گریچوئٹی فنڈ	-	86.3 ملین روپے

-کمپنی میں حصص یافتگی کے انداز کا بیان 31 دسمبر 2020ء کو مندرجہ ذیل ہے۔

ہولڈنگ کمپنی

آئی جی آئی ہولڈنگز لمیٹڈ	191,838,394

ڈائریکٹرز

جناب شمیم احمد خان	1
سید حیدر علی	1
سید حسنین علی	1

حاضری

شمیم احمد خان	5
سید حید رعلی	5
سید حسنین علی	5
سجاد افتخار	5
فیصل خان	5
طاہر مسعود (سی ای او)	5

متعلقہ پارٹی سے لین دین

بورڈ آف ڈائریکٹرز نے ایسوسی ایٹڈ کمپنیوں/متعلقہ فریقوں کے ساتھ کمپنی کے لین دین کی منظوری دی ہے۔ متعلقہ فریقوں کے ساتھ انجام پانے والے سارے لین دین تجارتی شرائط وضوابط پر تھے۔

اہم انتظام اور اہلیت

کمپنی اپنے وعدوں کے خلاف اپنے اثاثوں کی پوزیشن کے مماثلت کے ساتھ، اہداف کے خلاف متنوع اور کریڈٹ معیار کے ساتھ فعال طور پر انتظام اور نگرانی کرتی ہے۔ کمپنی کے فنڈز کا بنیادی ذریعہ آپریٹنگ سرگرمیوں یعنی انشورنس بزنس کے ذریعہ فراہم کردہ نقد رقم ہے۔ کمپنی کی سرمایہ کاری کی آمدنی پیدا کرنے کے لئے خالص آپریٹنگ کیش فلو پر بھی سرمایہ کاری کی گئی ہے۔ کمپنی کے خالص کیش فلو کا استعمال کاروباری وعدوں، توسیع اور حصص یافتگان کو منافع کی ادائیگی کے لئے کیا جاتا ہے۔

انشورر کی مالی مضبوطی کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی (پرائیوٹ) لمیٹڈ (پی اے سی آر اے) اور وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ (جے سی آر) نے آپ کی کمپنی کو "انشورنس مالیاتی طاقت" (آئی ایف ایس) کی درجہ بندی "اے اے" (ڈبل اے) تفویض کی ہے۔ "اے اے" (ڈبل اے) کی آئی ایف ایس کی درجہ بندی پالیسی ہولڈر اور معاہدہ کی ذمہ داریوں، معمولی رسک عوامل، اور اس توقع کی تکمیل کے لئے ایک بہت ہی مضبوط صلاحیت کی نشاندہی کرتی ہے اور یہ توقع کرتی ہے کہ کسی بھی منفی کاروبار اور معاشی عوامل کا اثر بہت محدود ہوگا۔

خطرات کی تخفیف

چیف ایگزیکٹو آفیسر کی سربراہی میں سینئر مینجمنٹ ٹیم، خطرات کم کرنے کے اقدامات کی ذمہ دار ہے۔ کمپنی کا فعال رسک مینجمنٹ پروگرام بروقت بنیاد پر کاروباری اور ریگولیٹری تقاضوں میں بدلاؤ اور ان کے جواب دینے میں مدد کرتا ہے۔

ٹھوس تبدیلیاں

سال کے دوران کوئی ٹھوس تبدیلیاں نہیں ہوئی ہیں جس سے کمپنی کی مالی حیثیت متاثر ہو۔

ضابطہ اخلاق

بورڈ نے اخلاقیات اور کاروباری طریقہ کار کا ایک ضابطہ اخلاق رائج کیا ہے۔ ضابطہ اخلاق پر تمام ملازمین نے دستخط کیے ہیں اور یقین دہانی کی ہے کہ وہ اعلیٰ اخلاقی اقدار کو برقرار رکھیں گے۔ ہماری تمام کاروباری سرگرمیاں اخلاقیات کے ضابطہ اخلاق کے مطابق شفاف انداز میں انجام دی جاتی ہیں۔

کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی اپنی کارپوریٹ سماجی ذمہ داریوں سے واقف ہے اور تعلیم، صحت اور ماحولیات کے شعبوں میں سماجی شعبے کی تنظیموں کی حمایت کر رہی ہے۔ کمپنی کالجوں اور یونیورسٹیوں کے طلبا کو سال بھر انٹرن شپ بھی پیش کرتی ہے۔

موٹر

مجموعی موٹر بزنس پریمیم 2019ء کے دوران 1,548 ملین روپے کے مقابلے میں 1,451 ملین روپے حاصل ہوا۔ خالص حاصل شدہ پریمیم اور خالص کلیمز بالترتیب 1,290 ملین اور 537 ملین روپے رہے۔ اس کے نتیجے میں 2019ء کے دوران 285 ملین روپے کے مقابلے میں 386 ملین روپے کا انڈر ورائٹنگ منافع ہوا۔

صحت

2019ء کے دوران 353 ملین روپے کے مقابلے میں مجموعی پریمیم 437 ملین روپے رہا۔ خالص حاصل شدہ پریمیم اور خالص کلیمز بالترتیب 403 ملین روپے اور 303 ملین روپے رہے۔ صحت کے کاروبار کے مشترکہ تناسب میں کمی کی وجہ سے کمپنی نے 21.1 ملین روپے ریزرو پریمیم کمی کو ریکارڈ کیا ہے۔ اس کے نتیجے میں 2019ء کے دوران 58 ملین روپے انڈر رائٹنگ نقصان کے مقابلے میں 38 ملین روپے کا انڈر رائٹنگ منافع ہوا۔

متفرق

متفرق شعبے میں انجینئرنگ اور کنٹریکٹرز آل رسک انشورنس، تجارتی ساکھ، ٹریول، بانڈ اور کاروبار کی خصوصی لائنیں شامل ہیں۔ رواں سال کے دوران، اس کاروباری لائن نے مجموعی طور پر 954 ملین روپے کا مجموعی پریمیم حاصل ہوا جبکہ 2019ء کے دوران 751 ملین روپے تھا۔ خالص حاصل شدہ پریمیم اور خالص کلیمز بالترتیب 159 ملین روپے اور 46 ملین روپے بشمول 2019ء کے 27 ملین روپے کے مقابلے میں 16 ملین روپے انڈر رائٹنگ نقصان ہوا۔

کلیم

ہماری توجہ کلیمز کی تیزی سے ادائیگی کرنے پر مرکوز ہے۔ اس مقصد کے لئے، کمپنی نے کلیمز کے تصفیے کے وقت کو مزید کم کرنے کے لئے متعدد اقدامات اٹھائے ہیں۔ 2019ء کے دوران 50 فیصد کے مقابلے میں رواں سال میں نقصان کا تناسب 47 فیصد رہا۔

ری انشورنس اور رسک مینجمنٹ

احتیاطی تدابیر اختیار کرتے ہوئے کمپنی ری انشورنس پروگرام کے تحت خطرات سے نمٹنے کی پالیسی پر عمل پیرا ہے۔ کمپنی انشورنس کی مہارت، آرٹ ٹیکنالوجی کے پلیٹ فارم اور ایک مرکوز رسک مینجمنٹ سروس کا استعمال کرکے اپنے کلائنٹس کے ساتھ طویل مدتی رسک مینجمنٹ حل فراہم کرنے کے لئے شراکت قائم کرنے میں یقین رکھتی ہے جو ہمارے کلائنٹس کو ان خطرات کو سمجھنے میں مدد دیتی ہے جن سے ان کے کاروبار کو خطرہ لاحق ہوسکتا ہے اور یہ نظام اس کے ساتھ خسارے سے بچنے کے باکفایت حل کا تعین بھی کرتا ہے۔

ایک ذیلی ادارہ کی تشکیل

رواں سال کے دوران، بورڈ آف ڈائریکٹرز نے مکمل ملکیتی ماتحت کمپنی آئی جی آئی ایف ایس آئی (پرائیوٹ) لمیٹڈ کے قیام کی منظوری دی۔ یہ ذیلی ادارہ مارکیٹ میں تربیت کی خدمات سمیت ٹیکنالوجی سے چلنے والے کاروباری حل فراہم کرنے میں مصروف عمل ہے۔ کمپنی نے آئی جی آئی ایف ایس آئی کے عمومی شیئر کیپیٹل میں 50 ملین روپے کی سرمایہ کاری کی ہے۔

اختصاصات

بورڈ آف ڈائریکٹر نے 31 دسمبر 2020ء کو ختم ہونے والے سال کے لئے 0.57 روپے فی شیئر (2019ء : 0.78 روپے فی شیئر) کے حتمی منافع منقسمہ کی تجویز پیش کی ہے، جو کہ قم کے طور پر 110 ملین روپے (2019ء :150 ملین روپے) ہے۔ اس سال کے دوران اعلان کردہ 370 ملین روپے (2019ء :310 ملین روپے) جو کہ (2019ء :1.61) جمع شدہ عبوری منافع 1.93 روپے فی حصص کے علاوہ ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال 2020ء کے دوران، بورڈ آف ڈائریکٹرز کے اجلاس بروقت بنیاد پر کیے گئے۔ منعقدہ اجلاس میں ہر ڈائریکٹر کی حاضری کچھ یوں تھی:

ڈائریکٹر رپورٹ برائے حصص یافتگان

آئی جی آئی جنرل انشورنس لمیٹڈ ("دی کمپنی") کے ڈائریکٹرز 31 دسمبر، 2020ء کو مکمل ہونے والے سال کے لئے آڈٹ شدہ مالیاتی گوشوارے بشمول، آپ کی کمپنی کی سالانہ رپورٹ پیش کرنے میں خوشی محسوس کررہے ہیں۔

کمپنی کی بنیادی سرگرمیاں

کمپنی کو کمپنیز آرڈیننس مجریہ 1984ء (موجودہ کمپنیز ایکٹ مجریہ 2017ء) کے تحت 18 نومبر، 2016ء کو پبلک لمیٹڈ کمپنی کے طور پر وجود میں لایا گیا تھا۔ کمپنی کے مقاصد میں فائر، میرین، موٹر، صحت اور متنوع شعبوں میں عمومی انشورنس خدمات کی فراہمی شامل ہیں جن میں انجینئرنگ اور سفر کے ساتھ ساتھ عام تکافل خدمات بھی شامل ہیں، جس کا آغاز جولائی 2017ء میں ہوا تھا۔

کمپنی کی کارکردگی

روایتی کاروباری لحاظ سے، کمپنی نے 2019ء کے دوران 5,177 ملین روپے کے مقابلے میں (جوکہ گذشتہ سال کے مقابلے میں 6 فیصد کے اضافے کے ساتھ ہے) 5,477 ملین روپے کا مجموعی پریمیم حاصل کیا۔ خالص پریمیم کی آمدنی 2019ء کے دوران 2,397 ملین روپے کے مقابلے میں 2,321 ملین روپے رہی، یہ کمی بنیادی طور پر COVID-19 لاک ڈاؤن کے نتیجے میں موٹر کاروبار میں کمی کی وجہ سے ہوئی۔

کمپنی نے گزشتہ سال اسی عرصے میں 1,203 ملین روپے کے مقابلے میں 1,097 ملین روپے کے نیٹ کلیم صرف کئے۔ کمپنی نے اپنے صحت کے کاروبار میں 21.1 ملین روپے کے پریمیم کی کمی کے ذخائر کو تبدیل کردیا جس سے گزشتہ سال کی اسی مدت میں 20.5 ملین روپے ہوئے اس کے صحت کے کاروبار کے مشترکہ تناسب میں نمایاں بہتری آئی ہے۔

گذشتہ سال کے دوران 36 ملین روپے کے مقابلے میں نیٹ کمیشن کے اخراجات 72 ملین روپے رہے۔ رواں سال کے دوران سرمایہ کاری کی آمدنی میں 122 ملین روپے کی کمی واقع ہوئی ہے جس کی بنیادی وجہ شرح سود میں کمی ہے۔

ونڈو تکافل کاروبار کے سلسلے میں، کمپنی نے گزشتہ سال اسی عرصے میں 435 ملین روپے کے مقابلے میں 537 ملین روپے کی مجموعی زرتعاون حاصل کیا اور اسی عرصے میں اس نے 71 ملین روپے کی تخمینی کارروائیوں سے 37 ملین روپے کمائے ہیں۔ موجودہ مدت میں کمی بنیادی وجہ تکافل کاروبار پر اخراجات کی تقسیم ہے جو انتظامیہ کی جانب سے ونڈو تکافل کاروبار کو چلانے میں صرف ہوئی۔

جس کے نتیجے میں کمپنی نے گزشتہ سال کے اسی عرصے میں بالترتیب 807 ملین روپے قبل از ٹیکس منافع اور 573 ملین روپے بعد از ٹیکس منافع کے مقابلے میں 685 ملین روپے قبل از ٹیکس منافع اور 486 ملین روپے بعد از ٹیکس منافع حاصل کیا۔

کمپنی کی فی حصص آمدنی (EPS) گزشتہ سال کی اسی مدت میں 2.99 روپے کے مقابلے میں 2.54 روپے فی حصص رہی۔ کمی کی بنیادی وجوہات کم شرح سود کی وجہ سے سرمایہ کاری کی آمدنی میں کمی ہے۔

شعبہ جات پر ایک نظر

آگ

2019ء کے دوران 1897 ملین روپے کے مقابلے میں 1967 ملین روپے مجموعی پریمیم حاصل کیا گیا۔ 2019ء کے دوران نیٹ پریمیم آمدنی اور خالص کلیمز بالترتیب 183 ملین اور 23 ملین روپے کے مقابلے میں بالترتیب 210 ملین روپے اور 98 ملین روپے رہے۔ انڈر رائٹنگ خسارہ میں اضافے کی وجہ خالص کلیمز کے اخراجات میں اضافہ اور کمیشن کی آمدنی میں کمی ہے۔

میرین، ایوی ایشن اور ٹرانسپورٹ

میرین بزنس کا مجموعی تحریری پریمیم 2019ء میں 629 ملین روپے کے مقابلے میں 2020ء میں 668 ملین روپے رہا۔ خالص حاصل شدہ پریمیم اور خالص کلیمز 2019 کے دوران بالترتیب 253 ملین روپے اور 82 ملین روپے کے مقابلے میں بالترتیب 260 ملین روپے اور 112 ملین روپے حاصل ہوا۔ س کے نتیجے میں 2019ء کے دوران 97 ملین روپے کے مقابلے میں 88 ملین روپے کا انڈر رائٹنگ منافع ہوا۔