

ANNUAL REPORT 2009



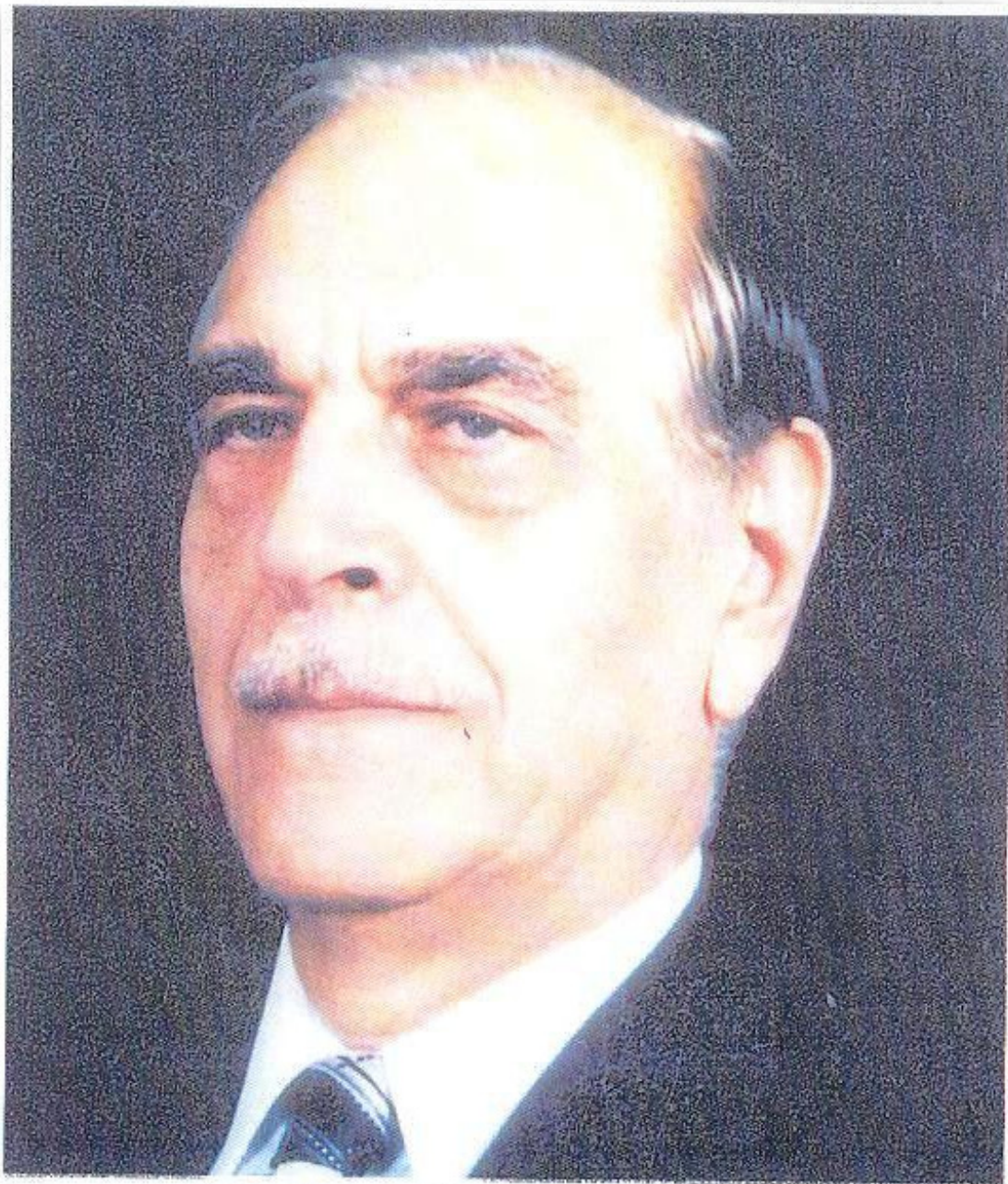
The Universal Insurance Co. Ltd.





IN THE NAME OF ALLAH
THE MOST GRACIOUS, THE MOST MERCIFUL

شروع اللہ کے نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے



Lt. Gen. M. Habib Ullah Khan Khattak (Late)
Founder Chairman
Bibojee Group of Companies

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VISION STATEMENT

We, at Universal Insurance Company Limited recognize the importance of satisfying our customers by consistently providing quality insurance services in accordance with their needs and expectations. We strive to be competent partner of our customers against insured perils.

MISSION STATEMENT/QUALITY POLICY

We strive to provide our customers cost effective insurance cover by continually increasing the productivity of our employees. To increase productivity, we conduct regular training programs during which employees are assessed and allocated a career path in accordance with their performance.

We diligently follow the applicable laws and ensure strict compliance by conducting regular internal audits and educating our employees about the law.

We try to improve our services by continually assessing our systems and procedures based on customers and team feedback. We strive to maintain a customer focused approach by ensuring that our service is delivered to the customer on time, according to the customer required specifications and with in our stipulated cost.

CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. RAZA KULI KHAN KHATTAK (Chairman)
 LT. GEN (R) ALI KULI KHAN KHATTAK
 MR. AHMED KULI KHAN KHATTAK
 BEGUM ZEB GOHAR AYUB KHAN (Chief Executive)
 MRS. SHAHNAZ SAJJAD AHMED
 DR. SHAHEEN KULI KHAN KHATTAK
 MR. MUSHTAQ AHMED KHAN F.C. A.
 CH. SHER MOHAMMAD
 MR. MOHAMMAD KULI KHAN KHATTAK
 MR. SARDAR KHAN (Managing Director)

CHIEF OPERATING OFFICER

MR. OMAR AYUB KHAN

CHIEF FINANCIAL OFFICER

MR. AMIR RAZA

COMPANY SECRETARY

MR. IJAZ AHMED

INTERNAL AUDITOR

MR. ABDUL WAHEED CHAUDHRY

AUDITORS

M/S. MUNIFF ZIA UDDIN & COMPANY
 CHARTERED ACCOUNTANTS

LEGAL ADVISOR

MR. MAQSOOD HASAN ADVOCATE

SHARE REGISTRAR

M/S HAMEED MAJEED ASSOCIATES (PVT) LTD.
 H.M HOUSE, 7-BANK SQUARE, LAHORE
 PHONE # 042-37235081-82
 FAX # 042-37358817

REGISTERED OFFICE:

UNIVERSAL INSURANCE HOUSE
 63-SHAHRAH-E-QUAID-E-AZAM,
 LAHORE, 54000
 PAKISTAN.
 PH: 042-37353453-37353458
 FAX: 042-37230326
 WEB: www.uic.com.pk
 EMAIL: tuic@nexlinx.net.pk



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 50th Annual General Meeting of the Shareholders of the Universal Insurance Company Limited will be held on Thursday 29th April, 2010 at 10:00 a.m. at the Registered Office of the Company at 63-Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:-

A. ORDINARY BUSINESS

1. To Confirm the Minutes of the 49th Annual General Meeting held on 28th May, 2009.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st December, 2009 and reports of the Directors and Auditor's thereon.
3. To appoint auditors for the year 2010 and to fix their remuneration. The Board on recommendations of Audit Committee of the company has proposed the appointment of M/s. Riaz Ahmad & Company Chartered Accountants as external auditor for the year 2010. A notice under section 253 (1) of the Companies Ordinance 1984 has also been received from a shareholder of the company to the same effect.

B. Any other business with permission of the Chair.

By Order of the Board

(IJAZ AHMED)
Secretary

Dated: April 03, 2010

NOTES:

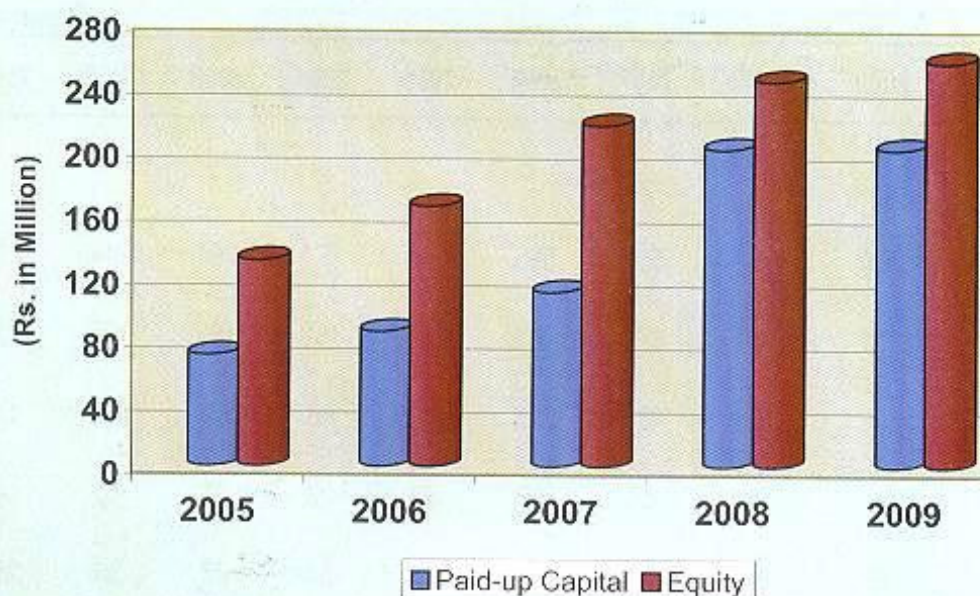
1. The Share Transfer Books of the Company will remain closed from 27th April, 2010 to 3rd May, 2010 (both days inclusive).
2. A member entitled to attend and vote at the above meeting may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies, in order to be effective, must be received by the Universal Insurance Company Limited, Universal Insurance House, 63 - Shahrah-e-Quaid-e-Azam, Lahore not less than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.
3. CDC shareholder are requested to bring their original National Identity Cards, Account, Sub-Account Numbers and participant's Number in Central Depository Company for identification purposes for attending the meeting. In case of Corporate entity, the Board of Director's 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.
4. Members are requested to notify change in the address, if any.

TEN YEARS KEY FINANCIAL DATA

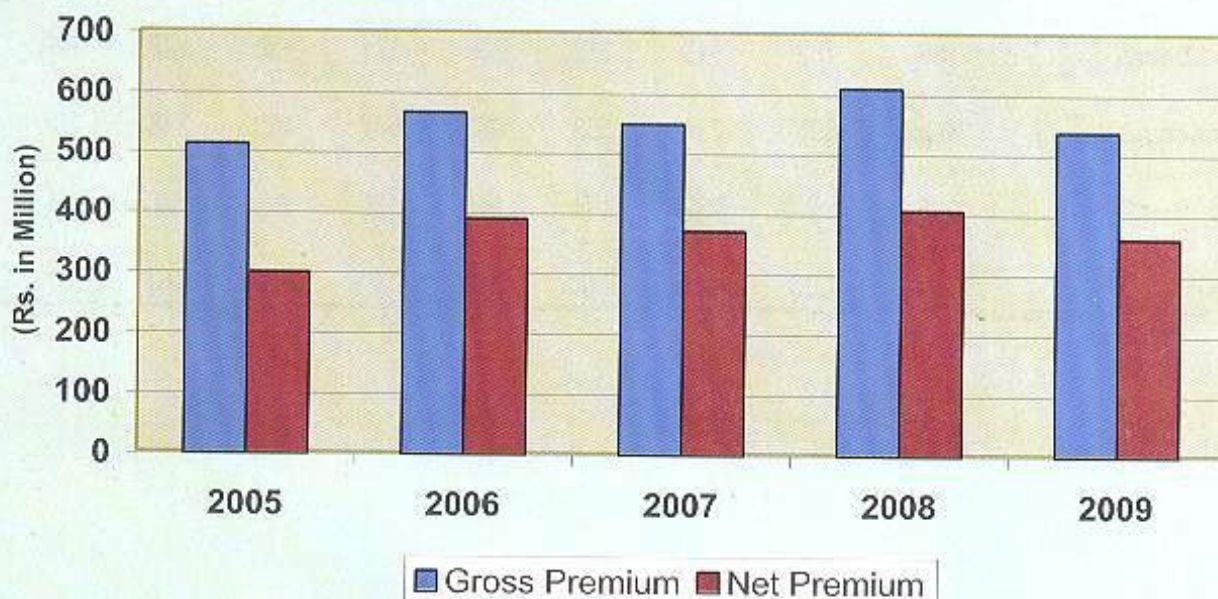
(Rupees in million)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Gross Premium	539	611	550	568	514	371	301	247	238	214
Net Premium	361	407	372	391	300	188	162	125	132	101
Net Claim	182	197	187	203	147	86	69	57	58	48
Investment	53	84	89	46	39	23	11	10	8	2
Underwriting Profit	58	96	75	80	75	54	47	30	26	52
Profit Before Tax	12	34	63	35	41	26	20	8	(0.5)	32
Profit After Tax	9	21	50	24	27	17	13	5	(0.5)	29
Paid-up Capital	210	210	120	100	80	80	50	50	50	26
Cash and Banks	159	152	143	212	239	171	158	128	129	114
Total Property & Assets	1004	856	788	753	663	547	432	346	207	196
Equity	265	257	236	174	145	130	83	69	64	65
EPS (Rs)	0.42	1.00	4.15	2.00	2.68	3.27	2.59	0.97	(0.09)	5.7

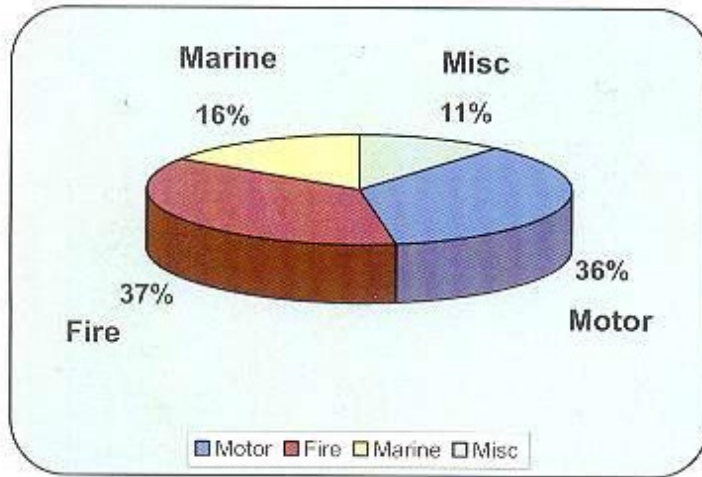
Paid Up Capital / Equity



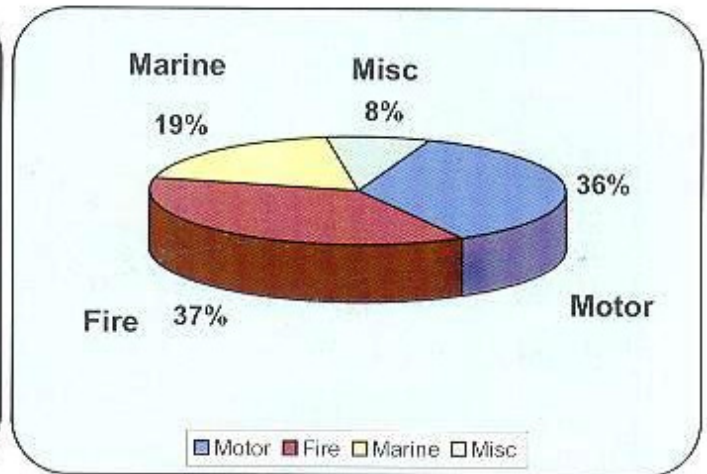
Gross Premium & Net Premium



Gross Premium-Class Wise

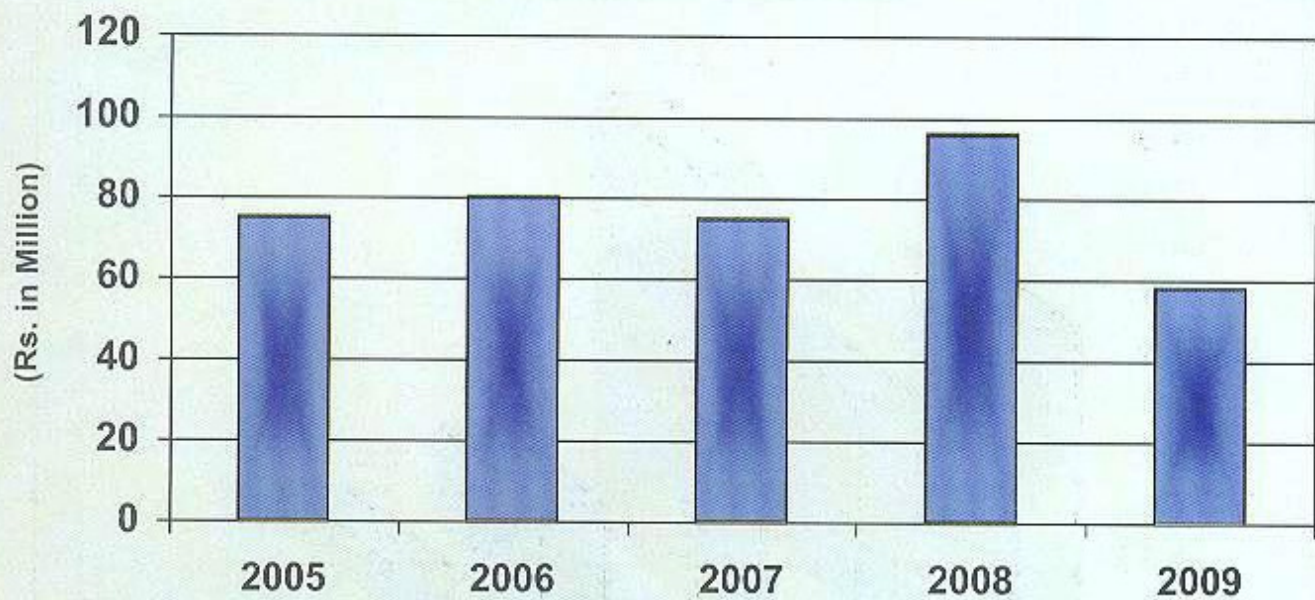


2009

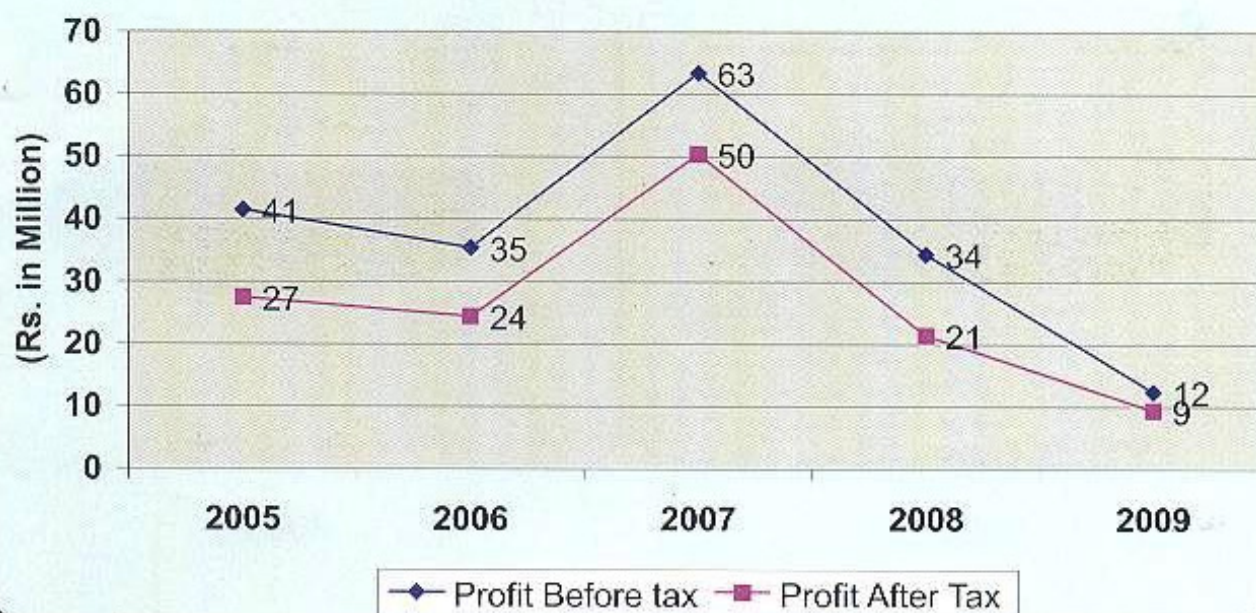


2008

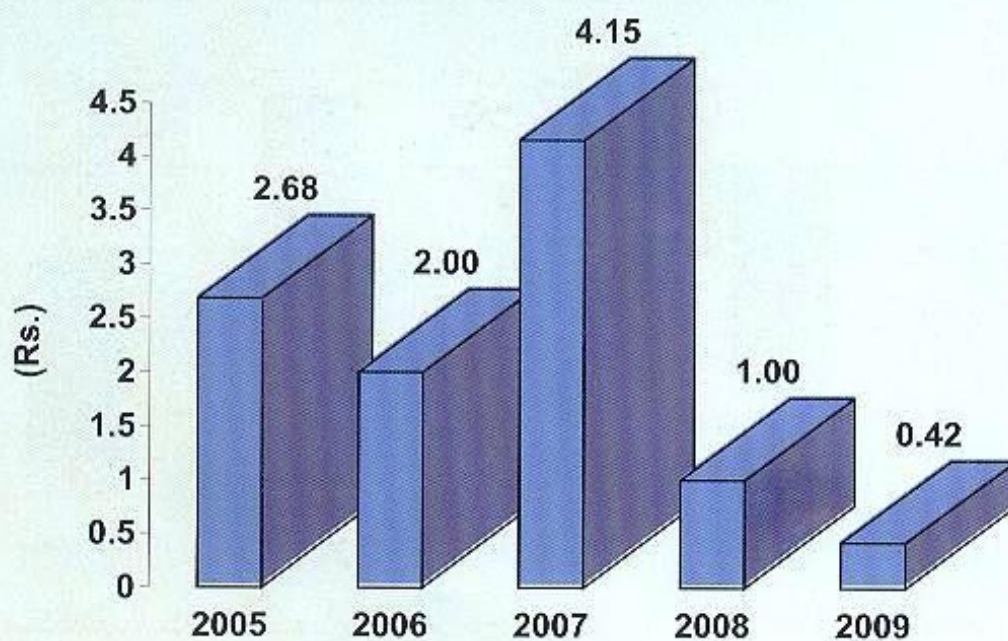
Underwriting Profit



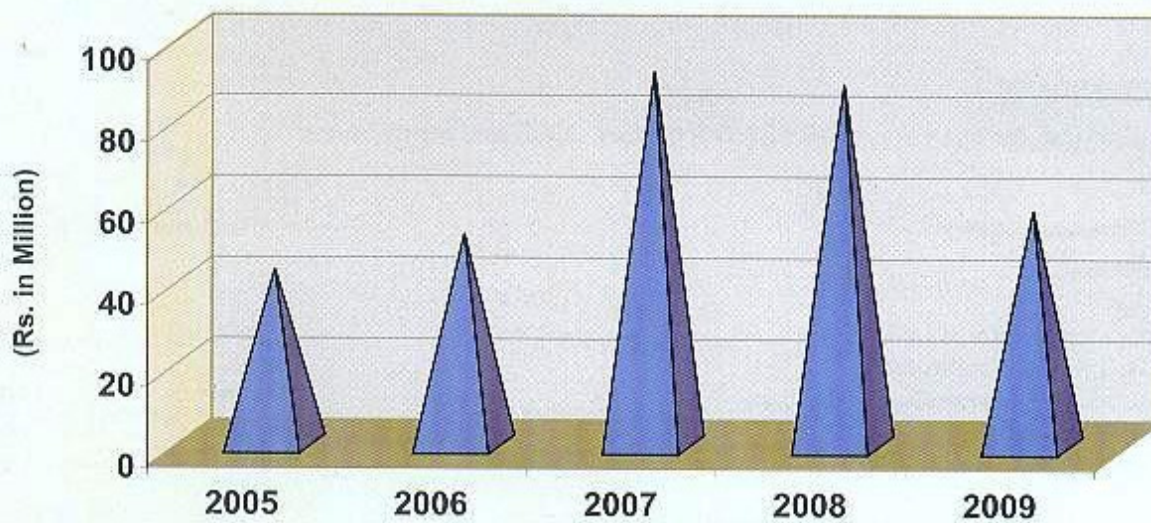
Profit



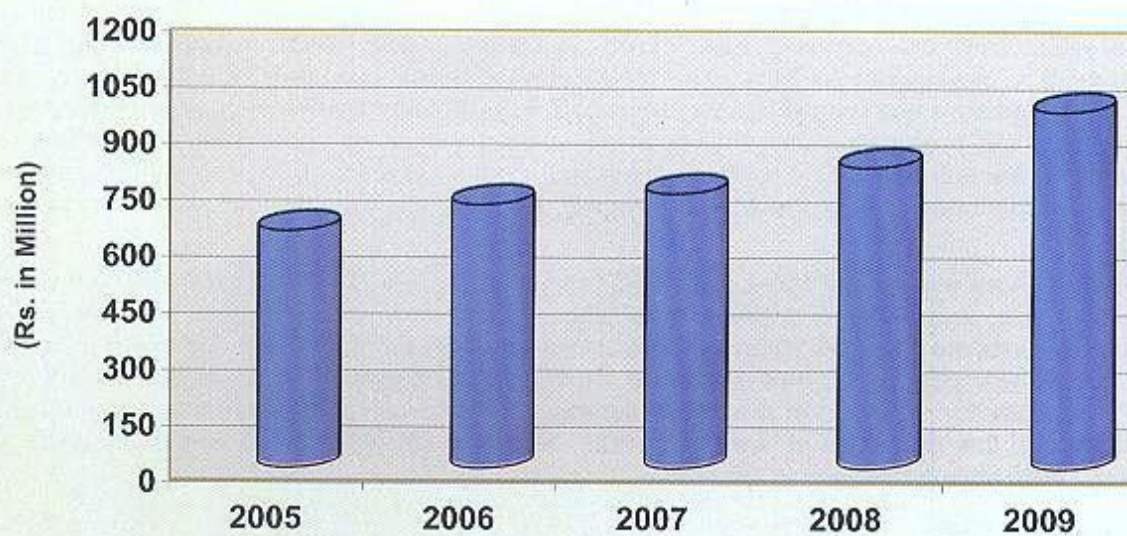
Earning Per Share (Rs)



Investment



Total Assets



DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, it gives me immense pleasure in presenting the **50th Annual Report** of the company together with the audited financial statements for the year ended December 31, 2009.

OPERATING RESULTS

The operating results for the year ended 31 December, 2009 are given below.

	<u>2009</u>	<u>2008</u>
	-----Rupees in '000-----	
Gross premium	538,704	611,236
Net premium	360,799	407,075
Profit from underwriting business	57,840	95,869
Net claims (paid & outstanding)	181,590	196,970
Management / administrative expenses	167,772	165,448
Capital and reserves	265,093	256,914
Profit before taxation	11,933	34,238

DIVIDEND & APPROPRIATION OF PROFIT

The amount available for appropriation is:

Profit after taxation	8,850	21,062
Add: Other comprehensive income for the year	3,083	(17,430)
Add: Balance of unappropriated profit - b/f-Restated	32,546	93,714
Less: Bonus/Dividend paid during the year	-	(64,800)
Profit carry forward to next year	<u>44,479</u>	<u>32,546</u>

REVIEW OF OPERATING RESULTS

The Gross premium of the company has decreased by Rs.72.532 million over the Gross premium of last year which is equivalent to 12%. This reduction of gross premium occurred in all classes of business except Misc class where it has enhanced substantially over the corresponding year. As a result of this the net premium also came down by almost the same volume which produced adverse impact on the underwriting result. Another reason in the fall of underwriting profit is the high claim ratio of all classes of business except the Motor business where claim ratio has decreased over the ratio of last year.

In spite of inflationary factors we have managed the Management & Admin expense by exercising the enhanced controls indicating a nominal increase of 1% over the expense of year 2008. Total comprehensive income for the year exhibits considerable enhancement by Rs.8.301 million as compared to the last year which had a positive impact on the shareholder's equity thus enhancing the company's capacity for retention of maximum premium. The tendency of business mix during the year remained almost the same as it was in 2008. Similarly all classes of business generated the underwriting profit during the year 2009.

INVESTMENT INCOME

The prudent and rational investment decisioning during the year 2009 resulted into investment income of Rs.16.320 million as against the investment loss of Rs.1.531 million in 2008. Better terms and rates were negotiated with the banks and Asset Management Companies for getting the high yield on our surplus fund.

IFS Rating

Insurers Financial Strength Rating of A - (single A minus) assigned by JCR-VIS is indicative of our strong commitment for meeting all financial obligations and we are determined to improve it through enhanced underwriting & prudent claims settlement procedures, and by rationalizing all reinsurance arrangements; extensive investment activities and improved service standards considering these element as pre-requisites for better rating.

ISO Certification

The Company received ISO 9001:2000 certification from M/S Lloyd's Register-EMEA, Karachi since May 17, 2003. M/S Lloyd's Register-EMEA, Karachi has renewed Company's certification ISO 9001:2008 on Jun 01, 2009 for next 3 years which exhibits that Company meets the requirement of standard and maintains satisfactory level of implementation of ISO-Quality System.

EARNING PER SHARE

Earnings per share after tax has reduced to Re.0.42 per share as compared to Re.1.00 per share in the year 2008.

INFORMATION TECHNOLOGY (IT)

The automation renders a pivotal role in the way of providing prompt and efficient services to the clients. Realizing its importance we had already launched the development of automation system throughout of our business network which have now been operating at uninterpeted pace successfully. In order to keep our IT system updated latest developments in this technology are incorporated by our IT team. Further our IT system facilitates us a lot for meeting timely all the regulatory requirements.

HUMAN RESOURCES

Human capital is being developed for managing all the affairs of the company professionally and cost effectively. We have a comprehensive orientation plan for the new appointees of each department. In order to keep the human capital well versed with the latest changes in laws/regulations frequent nominations are recommended to different professional bodies for imparting training. Special incentives are offered to the employees for acquiring professional qualification in every relevant field.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The corporate laws, rules and regulations framed there under spell out the overall functions of the Board of Directors of the company. The Board is fully aware of its corporate responsibilities as envisaged under the Code of Corporate Governance, prescribed by the Securities and Exchange Commission of Pakistan and is pleased to certify that:

- (a) The financial statements, prepared by the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- (b) The company has maintained proper books of accounts as required under the companies Ordinance, 1984.
- (c) The company has followed consistently appropriate accounting policies in preparation of the financial statements and accounting estimates are on the basis of prudent and reasonable judgment.
- (d) Financial statement have been prepared by the company in accordance with the International Accounting Standards as applicable in Pakistan. The departure therefrom, if any, is disclosed adequately.
- (e) The system of internal control is sound and is being implemented and monitored.

(f) The fundamentals of the company are strong and there are no doubts about its ability to continue as a going concern.

(g) The company has followed the best practices of the Corporate Governance as laid down in the Listing Regulations of the stock exchanges and there has been no material departure there from.

(h) Key operating and financial data for the last ten years in summarized form is annexed to this annual report.

(i) Outstanding Taxes and Duties

Details of outstanding taxes and duties are stated in the financial statements.

(j) Related Party Transitions

The related party transactions incurred during the year are ratified by the Audit Committee and approved by the Board of Directors.

AUDIT COMMITTEE

The Board of Directors, in compliance with the Code, has constituted an Audit Committee comprising of the following non-executive directors:

Ch. Sher Mohammad	Chairman
Lt. Gen. (R) Ali Kuli Khan Khattak	Member
Mr. Mushtaq Ahmad Khan - FCA	Member

Major responsibilities of the Audit Committee include reviewing reports of the Company's financial results, monitoring internal audit functions and compliance with the relevant statutory requirements, assisting the Board in discharging its responsibilities for safeguarding the Company's assets, and development & implementation of an effective internal control system.

BOARD OF DIRECTORS' MEETINGS

During the year, Four Board meetings were held. The number of meetings attended by each Director is given hereunder :

<u>Name of Directors</u>	<u>No. of Meetings Attended</u>
Mr. Raza Kuli Khan Khattak	4
Lt. Gen. (R) Ali Kuli Khan Khattak	4
Mr. Ahmed Kuli Khan Khattak	3
Begum Zeb Gohar Ayub Khan	4
Mrs. Shahnaz Sajjad Ahmad	3
Dr. Shaheen Kuli Khan Khattak	1
Mr. Mushtaq Ahmad Khan - FCA	2
Ch. Sher Mohammad	2
Mr. Muhammad Kuli Khan Khattak	0
Mr. Sardar Khan	4

Leave of absence was granted to the Directors who could not attend some of the Board meetings due to their other engagements.

Pattern of Shareholding

The pattern of shareholding is separately shown in the report

Trading in Company's Shares

No trading in the shares of the Company was carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

Appointment of Auditors

The Auditors M/S Muniff Ziauddin Junaidy & Co, Chartered Accountants retire at the conclusion of Annual General Meeting, being eligible for re-appointment has not given their consent. The audit committee has suggested to the Board for the appointment of M/S Riaz Ahmad & Company Chartered Accountants as auditors of the Company for the year ending December 31, 2010 and the Board of Directors has recommended it.

Staff Retirement Benefits

The Company operates a contributory provident fund scheme for all its employees. Value of investments of this fund, based on its audited financial statements for the year ended 30 June, 2009, aggregated Rs. 48.768 million (2008: Rs. 47.961 million).

Future Outlook

The management of your company is very much vigilant about the changes taking place in the insurance market of Pakistan and outside Pakistan. In order to cater the changed insurance requirements new insurance products are designed for offering insurance coverage at enhanced scope but at competitive cost to the existing and prospective & potential clients.

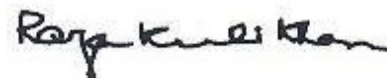
We have plans to re-structure our existing branch network focusing on the establishment of new branches in the areas having high insurance potential.

Acknowledgement

Your Directors are pleased to record their appreciation for the hard work & dedicated efforts put by all members of the staff and we hope the same spirit of devotion will continue in 2010.

We would also like to thank the Insurance Division - Securities & Exchange Commission of Pakistan, Pakistan Reinsurance Company Ltd., State Bank of Pakistan and the Reinsurers for their continued cooperation and guidance through-out the entire year and our valued clients for their continued patronage extended to us.

For & on behalf of the Board of Directors



Raza Kuli Khan Khattak
Chairman

Date: April 03, 2010
Place: Lahore

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2009

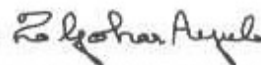
This statement is being presented to comply with the Code of Corporate Governance (the code) contained in the listing regulation No. 37 and Chapter XIII of the Karachi and Lahore stock exchanges respectively for the purpose of establishing a framework of good governance, whereby a listed company is managed 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 on its Board of Directors. At present the Board includes eight independent non-executive directors out of ten directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the directors of the Company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution or a Non Banking Finance Company and none of them is a member of any of the stock exchange.
4. No casual vacancy occurred during the year ended December 31, 2009.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by 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 the 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 CEO and the executive director, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman 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 days before the meetings. The minutes of 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.
10. An orientation course for Directors has been arranged by Ghandhara Nissan Limited and Mr. Zarrar R. Zubair, Director of Pakistan Institute of Management had apprised them of their duties and responsibilities under code of Corporate Governance.
11. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

12. The directors report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed underwriting, claims settlement, reinsurance, Investment and coinsurance committees.
17. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors including the chairman of the committee.
18. The meetings of the audit 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 term of references of the committee have been formed and advised to the committee for compliance.
19. The Company has an internal audit department and is headed by an experienced person, who is fully conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. We confirm that all other material principles contained in the Code have been complied with.

Date: April 03, 2010
Place: Lahore


BEGUM ZEB GOHAR AYUB KHAN
CHIEF EXECUTIVE



STATEMENT OF COMPLIANCE WITH BEST PRACTICES ON TRANSFER PRICING FOR THE YEAR ENDED DECEMBER 31, 2009

The Company has fully complied with the best practices on transfer pricing as contained in the listing regulations of the respective stock exchanges where the Company is listed.

For & on behalf of the Board of Directors

RAZA KULI KHAN KHATTAK
CHAIRMAN

BEGUM ZEB GOHAR AYUB KHAN
CHIEF EXECUTIVE

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed Statement of Compliance with best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **THE UNIVERSAL INSURANCE COMPANY LIMITED** to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited and Chapter XIII of the Lahore Stock Exchange (Guarantee) Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's statement on internal control covers all risks and controls, or to form and opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further sub-Regulation (xiii a) of Listing Regulation NO. 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires to Company to place

before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

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 best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended **31st December, 2009**.



MUNIFF ZIAUDDIN JUNAIDY & CO.
CHARTERED ACCOUNTANTS

Date: April 03, 2010
Place: Lahore

ZIAUDDIN BABRI
(ENGAGEMENT PARTNER)

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

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

of **THE UNIVERSAL INSURANCE COMPANY LIMITED** as at **31 December, 2009** together with the notes forming part thereof, for the year then ended. It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

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



In our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- c) the financial statements, together with the notes, present fairly in all material respects, the state of the Company's affairs as at **31 December, 2009** and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

**MUNIFF ZIAUDDIN JUNAIDY & CO.
CHARTERED ACCOUNTANTS**

**Date: April 03, 2010
Place: Lahore**

**ZIAUDDIN BABRI
(ENGAGEMENT PARTNER)**



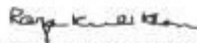
BALANCE SHEET

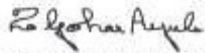


BALANCE SHEET AS AT 31 DECEMBER, 2009

	Note	2009 (Rupees in '000)	2008
SHARE CAPITAL AND RESERVES			
Authorised Share Capital:			
50,000,000 ordinary shares of Rs. 10/- each		<u>500,000</u>	<u>500,000</u>
Issued, Subscribed and Paid-up			
Share Capital	5	210,000	210,000
Retained earnings		44,479	32,546
Reserves	6	<u>10,614</u>	<u>14,368</u>
TOTAL EQUITY		<u>265,093</u>	<u>256,914</u>
Revaluation Reserve	6.1	120,326	-
UNDERWRITING PROVISIONS			
Provision for outstanding claims (including IBNR)		212,980	207,842
Provision for unearned premium		164,598	182,631
Commission income unearned		14,379	15,605
Total underwriting provisions		391,957	406,078
DEFERRED TAXATION	7	29,130	16,873
CREDITORS AND ACCRUALS			
Amounts due to other insurers/reinsurers - including portfolio accounts aggregating Rs.103.633 million (2008 : Rs. 85.434 million)	8	131,000	119,646
Taxation	9	2,815	7,646
Accrued expenses	10	6,382	4,980
Other creditors	11	51,326	29,330
		191,523	161,602
OTHER LIABILITIES			
Unclaimed dividend		610	612
Liabilities against assets subject to finance lease		5,379	13,652
TOTAL LIABILITIES		<u>618,599</u>	<u>598,817</u>
TOTAL EQUITY AND LIABILITIES		<u>1,004,018</u>	<u>855,731</u>
CONTINGENCIES AND COMMITMENTS	13	-	-

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


Raza Kuli Khan Khattak
CHAIRMAN



Begum Zeb Gohar Ayub Khan
CHIEF EXECUTIVE

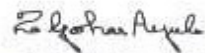

Dr. Shaheen Kuli Khan Khattak
DIRECTOR


Sardar Khan
MANAGING DIRECTOR &
PRINCIPAL OFFICER

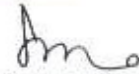
BALANCE SHEET AS AT 31 DECEMBER, 2009

	Note	2009 (Rupees in '000)	2008
CASH AND BANK DEPOSITS			
Cash and other equivalents	14	48	56
Current and other accounts	15	93,019	107,116
Deposits maturing within 12 months	16	65,833	44,802
		<u>158,900</u>	<u>151,974</u>
LOANS TO EMPLOYEES	17	773	554
INVESTMENTS	18	54,757	84,172
OTHER ASSETS			
Premiums due but unpaid - unsecured, considered good	19	137,683	149,446
Amounts due from other insurers/reinsurers - unsecured, considered good	8	193,475	150,666
Accrued investment income	20	1,682	1,809
Reinsurance recoveries against outstanding claims	8	109,668	92,562
Deferred commission expense		23,225	23,019
Advance income tax		5,081	11,708
Prepayments	21	55,635	57,277
Sundry receivables	22	26,598	18,817
		<u>553,047</u>	<u>505,304</u>
FIXED ASSETS - Tangible			
Land and buildings	23	177,584	47,297
Furniture, fixtures and office equipment	23	20,696	20,848
Motor vehicles including vehicles acquired under finance lease arrangements	23	38,261	45,582
		<u>236,541</u>	<u>113,727</u>
TOTAL ASSETS		<u><u>1,004,018</u></u>	<u><u>855,731</u></u>


Raza Kuli Khan Khattak
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DIRECTOR

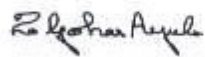

Sardar Khan
MANAGING DIRECTOR &
PRINCIPAL OFFICER

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER, 2009

Note	Fire and Property Damage	Marine and Transport	Motor Accident	Miscellane- ous	Aggregate		
					2009	2008	
					(Rupees in '000)		
REVENUE ACCOUNT							
	89,004	40,309	183,713	47,773	360,799	407,075	
	(33,208)	(11,780)	(106,035)	(30,567)	(181,590)	(196,970)	
Expenses	24	(37,402)	(16,292)	(36,146)	(10,251)	(100,091)	(99,846)
Net commission		112	2,804	(17,942)	(6,252)	(21,278)	(14,390)
Underwriting result		18,506	15,041	23,590	703	57,840	95,869
Investment income/(loss)					16,320		(1,531)
Rental income					1,170		744
Gain on disposal of fixed assets	23.2				1,651		827
Miscellaneous income	25				2,633		3,931
General and administrative expenses	26				(67,681)		(65,602)
Profit before taxation					11,933		34,238
Taxation							
- Current and prior year	9				2,693		7,456
- Deferred					390		5,720
					3,083		13,176
Profit after taxation					8,850		21,062
Other comprehensive income for the year							
Share of Profit /(Loss) of associates- net of taxation					3,001		(14,890)
Investment (Loss) / income					-		(2,540)
Depreciation on Incremental value arising on revaluation of Building (net of deferred Tax)					54		-
Reversal of Deferred Tax on Revaluation Reserves					28		-
					3,083		(17,430)
Total comprehensive income for the year					11,933		3,632
PROFIT AND LOSS APPROPRIATION ACCOUNT							
Balance at commencement of year (Restated)					32,546		93,714
Profit after taxation for the year					8,850		21,062
Other comprehensive income for the year					3,083		(17,430)
Bonus shares issued					-		(64,800)
Balance of unappropriated profit at the end of year					44,479		32,546
BASIC EARNINGS PER SHARE	27				0.42		1.00

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


Raza Kuli Khan Khattak
CHAIRMAN

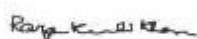

Begum Zeb Gohar Ayub Khan
CHIEF EXECUTIVE

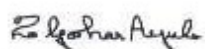

Dr. Shaheen Kuli Khan Khattak
DIRECTOR


Sardar Khan
MANAGING DIRECTOR &
PRINCIPAL OFFICER

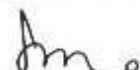
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER, 2009

	Share capital	Reserves				Sub-total	Revaluation Reserves	Retained earnings	Total
		General	Doubtful debts	Exceptional losses	Unrealised gain/(loss) on remeasurement of investments				
(Rupees in '000)									
Balance as at 31 December, 2007 (Restated)	120,000	13,125	25	700	4,222	18,072	-	93,714	231,786
Rights Shares issued	25,200	-	-	-	-	-	-	-	25,200
Adjustment on remeasurement of investments to fair value	-	-	-	-	(3,904)	(3,904)	-	-	(3,904)
Transfer of Doubtful Debts and Exceptional losses to Reserves	-	725	(25)	(700)	-	-	-	-	-
Effect of items directly taken in equity by the associates	-	-	-	-	200	200	-	-	200
Total Comprehensive Income for the year									
Profit for the year ended 31 December, 2008								21,062	21,062
Other Comprehensive Loss									
Share of loss of Associates -net of tax								(14,890)	(14,890)
Investment loss								(2,540)	(2,540)
								(17,430)	(17,430)
Distribution to owners									
Bonus Shares issued	64,800	-	-	-	-	-	-	(64,800)	-
Balance as at 31 December, 2008	210,000	13,850	-	-	518	14,368	-	32,546	256,914
Revaluation Reserve on Land and Building	-	-	-	-	-	-	120,380	-	120,380
Total Comprehensive Income for the year									
Profit for the year ended December 31, 2009	-	-	-	-	-	-	-	8,850	8,850
Other Comprehensive Income									
Share of loss of Associates -net of tax	-	-	-	-	-	-	-	3,001	3,001
Depreciation on Incremental value Arising on Revaluation of Building (net of deferred tax)	-	-	-	-	-	-	(54)	54	-
Reversal of deferred tax on Revaluation Reserves	-	-	-	-	-	-	-	28	28
	-	-	-	-	-	-	(54)	3,083	3,029
Adjustment on Remeasurement of Investments to fair value	-	-	-	-	(3,754)	(3,754)	-	-	(3,754)
	210,000	13,850	-	-	(3,236)	10,614	120,326	44,479	385,419


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PRINCIPAL OFFICER

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2009

	2009	2008
	(Rupees in '000)	
OPERATING CASH FLOWS		
(a) Underwriting activities		
Premiums received	550,467	580,639
Reinsurance premiums paid	(193,813)	(203,657)
Claims paid	(288,652)	(289,786)
Reinsurance and other recoveries received	95,093	105,502
Commissions paid	(80,874)	(77,133)
Commissions received	58,165	62,953
Net cash inflow from underwriting activities	140,386	178,518
(b) Other operating activities		
Income tax paid/Refunds received - net	(2,387)	10,402
General management expenses	(64,703)	(85,627)
Other operating payments	(85,798)	(58,352)
Other operating receipt	2,633	3,931
Loans to employees - net	(218)	81
Other payments in respect of operating assets - net	(16,663)	(10,710)
Net cash outflow from other operating activities	(167,136)	(140,275)
TOTAL CASH (OUTFLOW)/INFLOW FROM ALL OPERATING ACTIVITIES	(26,750)	38,243
INVESTING ACTIVITIES		
Profit / return received	7,929	5,884
Dividends received	1,446	1,964
Rentals received	1,602	24
Held-to-maturity investments - purchased	-	(11,711)
Payments made for Investment	(6,000)	(25,000)
Proceeds from disposal of Investment	41,733	11,189
Fixed capital expenditure including assets acquired under finance lease arrangements	(8,028)	(28,499)
Proceeds from disposal of fixed assets	4,677	3,575
TOTAL CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	43,359	(42,574)

FINANCING ACTIVITIES

Share capital received - (Right Issue)
Lease finance charges paid
Dividend paid
Lease finances - net

-	25,200
(1,407)	(3,032)
(2)	-
(8,273)	(9,096)

TOTAL CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES

(9,682) 13,072

NET CASH INFLOW FROM ALL ACTIVITIES

6,927 8,741

CASH AND CASH EQUIVALENTS - At the beginning of the year

151,973 143,232

CASH AND CASH EQUIVALENTS - At the end of the year

158,900 151,973

Reconciliation to profit and loss account

Operating cash flows
Depreciation expense
Rental income
Lease finance charges
Gain on disposal of fixed assets - net
Investment Income
Share of Profit / (Loss) from Associates - net of taxation
(Decrease) in assets other than cash
Decrease in liabilities
Profit after taxation

(26,750)	38,243
(14,463)	(14,428)
1,170	744
(1,407)	(3,032)
1,651	827
16,320	(4,070)
3,001	(14,890)
(16,060)	(61,685)
48,471	61,923
11,933	3,632

DEFINITION OF CASH

Cash and other equivalents, current and other bank accounts and deposits maturing within 12 months.

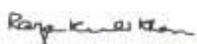
Cash for the purpose of the cash flow statement consists of:

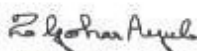
Cash and bank deposits:

- cash and other equivalents
- current and other accounts
- deposits maturing within 12 months

48	56
93,019	107,115
65,833	44,802
158,900	151,973

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


Raza Kuli Khan Khattak
CHAIRMAN


Begum Zeb Gohar Ayub Khan
CHIEF EXECUTIVE


Dr. Shaheen Kuli Khan Khattak
DIRECTOR


Sardar Khan
MANAGING DIRECTOR &
PRINCIPAL OFFICER



STATEMENT OF PREMIUMS FOR THE YEAR ENDED 31 DECEMBER, 2009

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expenses	Net premium revenue	
		Opening	Closing			Opening	Closing		2009	2008
	(Rupees in '000)									
DIRECT AND FACULTATIVE										
Fire and property damage	201,305	72,338	64,440	209,203	117,064	40,509	37,375	120,198	89,005	89,076
Marine and transport	87,688	11,335	8,894	90,129	48,906	5,894	4,981	49,819	40,310	55,986
Motor accident	194,540	77,164	68,585	203,119	20,779	6,173	7,544	19,408	183,711	222,592
Miscellaneous	55,171	21,794	22,679	54,286	7,064	2,397	2,948	6,513	47,773	39,436
	538,704	182,631	164,598	556,737	193,813	54,973	52,848	195,938	360,799	407,090
TREATY RETROCESSION										
Fire and property damage	-	-	-	-	-	-	-	-	-	-
Marine and transport	-	-	-	-	-	-	-	-	-	(15)
Motor accident	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	(15)
	538,704	182,631	164,598	556,737	193,813	54,973	52,848	195,938	360,799	407,075

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

Raza Kuli Khan
Raza Kuli Khan Khattak
CHAIRMAN

Begum Zeb Gohar Ayub Khan
Begum Zeb Gohar Ayub Khan
CHIEF EXECUTIVE

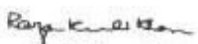
Dr. Shaheen Kuli Khan Khattak
Dr. Shaheen Kuli Khan Khattak
DIRECTOR

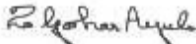
Sardar Khan
Sardar Khan
MANAGING DIRECTOR &
PRINCIPAL OFFICER

STATEMENT OF CLAIMS FOR THE YEAR ENDED 31 DECEMBER, 2009

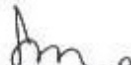
Class	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		2009	2008
(Rupees in '000)										
DIRECT AND FACULTATIVE										
Fire and property damage	83,937	69,934	110,511	124,514	58,938	51,196	83,981	91,723	32,791	29,204
Marine and transport	30,855	33,842	24,535	21,548	20,146	24,729	14,361	9,778	11,770	6,997
Motor accident	139,669	79,791	55,482	115,360	13,646	12,739	8,421	9,328	106,032	136,635
Miscellaneous	33,762	23,306	21,483	31,939	2,364	3,898	2,905	1,371	30,568	23,936
	288,223	206,873	212,011	293,361	95,094	92,562	109,668	112,200	181,161	196,772
TREATY RETROCESSION										
Fire and property damage	418	582	582	418	-	-	-	-	418	161
Marine and transport	9	246	246	9	-	-	-	-	9	37
Motor accident	2	141	141	2	-	-	-	-	2	-
	429	969	969	429	-	-	-	-	429	198
	288,652	207,842	212,980	293,790	95,094	92,562	109,668	112,200	181,590	196,970

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


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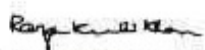

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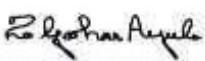
STATEMENT OF EXPENSES FOR THE YEAR ENDED 31 DECEMBER, 2009

Class	Commission paid or payable	Deferred Commission		Net commission expense	Other management expenses refer note 24	Under writing expenses	Commission from reinsurers refer note below	Net underwriting expenses	
		Opening	Closing					2009	2008
(Rupees in '000)									
DIRECT AND FACULTATIVE									
Fire and property damage	37,918	10,488	12,133	36,273	37,402	73,675	36,385	37,290	30,686
Marine and transport	17,801	1,789	1,780	17,810	16,293	34,103	20,614	13,489	13,407
Motor accident	16,712	7,083	5,849	17,946	36,145	54,092	4	54,088	57,986
Miscellaneous	8,443	3,659	3,462	8,640	10,251	18,890	2,388	16,502	12,164
	80,874	23,019	23,224	80,669	100,091	180,760	59,391	121,369	114,243
TREATY RETROCESSION									
Fire and property damage	-	-	-	-	-	-	-	-	-
Marine and transport	-	-	-	-	-	-	-	-	(6)
Motor accident	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(6)
	80,874	23,019	23,224	80,669	100,091	180,760	59,391	121,369	114,237

Note: Commission from reinsurers is calculated after taking the effect of opening and closing unearned commission.

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


Raza Kuli Khan Khattak
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PRINCIPAL OFFICER

STATEMENT OF INVESTMENT INCOME FOR THE YEAR ENDED 31 DECEMBER, 2009

2009 2008
(Rupees in '000)

Income from investment at fair value through profit or loss

Unrealised gain/(loss) on remeasurement of investment to fair value	2,229	(7,566)
Dividend income	750	442
Gain/(loss) on sale of investment - net	4,842	(1,271)
	7,821	(8,395)

Income from non-trading investments

Held-to-maturity

Return on Government securities	2,816	1,225
Return on other fixed income securities and deposits:		
- term deposit receipts	3,792	2,685
- profit on PLS accounts	1,195	1,432
	7,803	5,342

Available-for-sale

Gain/(loss) on sale of investments (net)	-	(2,540)
Dividend income	756	1,588
	756	(952)
	16,380	(4,005)


Less: Investments related expenses
Zakat deducted

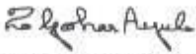
(60) (66)

Net investment income

16,320 **(4,071)**

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


Raza Kuli Khan Khattak
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NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER, 2009**

1. STATUS AND NATURE OF BUSINESS

The Universal Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on 09 May, 1958 under the Companies Act, 1913 (now the Companies Ordinance, 1984). The Company is listed on Karachi and Lahore Stock Exchanges and is engaged in the non-life insurance business. The registered office of the Company is situated at Universal Insurance House, 63-Shahrah-e-Quaid-e-Azam, Lahore. Bibojee Services (Pvt.) Ltd. (the Holding Company) held 15,158,326 (2008:15,158,326) i.e. 72.18% ordinary shares of the Company as at 31 December, 2009.

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan, requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the Securities and Exchange Commission (Insurance) Rules, 2002. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified by the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance 1984, Insurance Ordinance 2000 and SEC (Insurance) Rules, 2002 shall prevail.

2.2. Initial application of a standard, amendment or an interpretation to an existing standard and forthcoming requirements

2.2.1 Initial application of a standard or an interpretation

- The following standards, amendments and interpretation of approved accounting standards became effective during the year:
- Revised IAS 1 - Presentation of financial statements has introduced the term total comprehensive income. Total comprehensive income may be presented in either a single statement of comprehensive income or in an income statement and a separate statement of comprehensive income. The company has opted for single statement approach to present comprehensive income for the year ended December 31, 2009 and comparative years.
- Revised IAS 23 - Borrowing costs has removed the option to expense borrowing costs and requires that an entity capitalize borrowing costs as part of the cost of that asset. This standard did not affect the Company's financial statements.
- IAS 27 - Consolidated and separate financial statements. The amendment removed the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The amendment is not relevant to the Company's financial statements.

- IFRS 4 - Insurance Contracts. The IFRS makes limited improvements to accounting for insurance contracts until the Board completes the second phase of its project on insurance contracts. The standard also requires that an entity issuing insurance contracts (an insurer) to disclose information about those contracts. The required information has been disclosed in notes to these financial statements.
- IFRS 7 - Financial Instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 30 - Disclosures in the Financial Statements of Banks and similar Financial Institutions and the disclosure requirements of IAS 32 - Financial Instrument: Disclosure and Presentation. The application of the standard did not have significant impact on the Company's financial statements other than increase in disclosures.
- IFRS 8 - Operating Segments introduces the "management approach" to segment reporting. IFRS 8 will require a change in the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Company's chief operating decision maker in order to assess each segment's performance and to allocate resources to them. The application of the standard has resulted in increased disclosures only.
- Amendments to IAS 32 - Financial Instruments: Presentation and IAS 1 - Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which required retrospective application, had no impact on the Company's financial statements.
- Amendments to IFRS 2 - Share-based Payment - Vesting conditions and Cancellations clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard did not have any effect on the Company's financial statements.
- Amendments to IFRS 7 - Improving disclosures about Financial Instruments. These amendments have been made to bring the disclosure requirements of IFRS 7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements. The amendment did not affect the Company's financial statements.
- Amendment to IAS 39 and IFRIC 9 - Embedded derivatives. Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instrument when financial assets are reclassified out of the fair value. The amendments are not relevant to the Company's financial statements.

- IFRIC 16 - Hedge of Net Investment in a Foreign Operation has clarified that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation, the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss. The interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used. The amendment is not relevant to the Company's operations.
- IFRIC 18 - Transfers of Assets from Customers clarified the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The interpretation is not relevant to the Company's operations.
- The International Accounting Standards Board made certain amendments to existing standards as part of its first annual improvements project. The effective dates for these amendments vary by standard and most became applicable during the year. These amendments however did not have an impact on the Company's financial statements.

2.2.2 New accounting standards and IFRIC interpretation that are not yet effective

- The following standards, amendments and interpretation of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increased disclosures in certain cases:
- Revised IFRS 3 -Business Combinations (applicable for annual periods beginning on or after 1 July 2009)
- Amended IAS 27 - Consolidated and Separate Financial Statement (effective for annual periods beginning on or after 1 July 2009)
- IAS 24 - Related Party Disclosures (revised 2009) - (effective for annual periods beginning on or after 1 January 2011)
- Amendment to IAS 39 - Financial Instruments: Recognition and Measurement - Eligible hedged items (effective for annual periods beginning on or after 1 July 2009)
- Amendment to IFRS 2 - Share-based Payment - Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010)
- Amendment to IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (effective for annual periods beginning on or after 1 February 2010)

- Amendments to IFRIC 14 IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011)
- IFRIC 15 Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 1 October 2009)
- IFRIC 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010)
- The International Accounting Standards Board made certain amendments to existing standards as part of its Second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Company's 2010 financial statement. These amendments are unlikely to have an impact on the Company's financial statements.
- Improvements to IFRSs 2008 - Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operation - (effective for annual periods beginning on or after 1 July 2009)

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for the measurement at fair value / amortized cost of certain financial assets as stated in note 4.13 and Land and Building which are stated at revalued amounts.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgment 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 involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) provision for outstanding claims including incurred but not reported - IBNR (note 4.4);
- b) taxation including the amount relating to tax contingency (note 4.9);
- c) classification of investments (note 4.14); and
- d) useful life of depreciable assets and provision for impairment there against (note 4.18).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Insurance Contracts

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

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

The company neither issues investment contracts nor does it issue insurance contracts with discretionary participation features (DPF).

4.2 Premium

Premium written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the company.

4.3 Reinsurance Ceded

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 contract are not offset against expenses or income from related insurance assets.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire.

The company assesses its reinsurance assets for impairment on balance sheet 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 recognizes that impairment loss in the profit and loss account.

4.4 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 adjustment to claims outstanding from previous years.

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

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates.

Provision for IBNR is based on the management's best estimate which takes into account the past trends, expected future patterns of reporting of claims and claims actually reported subsequent to the balance sheet date.

Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

4.5 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage.

Provision for unearned premium is being calculated as a proportion of the gross premium of each policy, determined as the ratio of the unexpired period of the policy and the total period, both measured to the nearest day.

4.6 Commission income unearned

Commission income receivable from reinsurers is taken to profit and loss account in accordance with the pattern of recognition of the reinsurance premium to which they relate.

4.7 Premium deficiency reserve

Premium deficiency reserve is maintained where the unearned premium for any class of business is not sufficient to cover the net liability expected to be incurred after the balance sheet date in respect of the policies in that class of business, to comply with the requirements of the Securities and Exchange Commission (Insurance) Rules, 2002. Any movement in the reserve is charged to the profit and loss account.

The management considers that the unearned premium reserve for all classes of business as at the year-end was adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in those classes of business in force at the balance sheet date. Hence, no reserve for the same has been made in the books of account.

4.8 Amounts due to / from other insurers / reinsurers

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

4.9 Taxation

(a) Current

Provision for taxation is based on taxable income at the current rates of taxation, under the relevant provisions of the Income Tax Ordinance, 2001, after taking into account rebates and tax credits available, if any.

(b) Deferred

Deferred tax is recognized using the balance sheet liability method on all major temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The Company records deferred tax assets / liabilities using the tax rates, enacted or substantially enacted at the balance sheet date, expected to be applicable at the time of its reversal.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.10 Creditors, accruals and provisions

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

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an 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 balance sheet date and adjusted to reflect the current best estimate.

4.11 Dividend

Dividends (including stock dividends) are recognized in the period in which these are declared.

4.12 Premiums due but unpaid

These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any.

4.13 Loans to employees and agents

These are recognized at cost, which is the fair value of the consideration given.

4.14 Investments

All investments are initially recognized at cost being the fair value of the consideration given and include transaction cost.

All purchases and sales of financial assets are accounted for at the trade date.

The above investments are classified into the following categories:

- investments in equity instruments of associates;
- held-to-maturity;
- available-for-sale; and
- investments at fair value through profit or loss.

Investments in equity instruments of associates

Investments in equity instruments of associates are stated at the Company's share of their underlying net assets using the equity method.

Held-to-maturity

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

Subsequent to initial recognition at cost, these investments are measured at amortized cost less any accumulated impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition by using the effective interest rate method.

Available-for-sale - marketable investments

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial recognition at cost, these are remeasured at fair value. The Company uses latest stock exchange quotations to determine the fair value of its quoted investments whereas fair value of investments in un-quoted companies is determined by reference to the net assets and financial position of the investee on the basis of the latest available audited financial statements.

Investments at fair value through profit or loss

Investments at fair value through profit or loss are those which are acquired for generating a profit from short-term fluctuation in prices. All investments are initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value is recognized in income.

4.15 Prepaid reinsurance expense

Premium for reinsurance contracts operative on a proportional and non-proportional basis is recorded as a liability on attachment of the underlying risks reinsured or on inception of the reinsurance contract respectively. For proportional reinsurance contracts, the reinsurance expense is recognized in accordance with the pattern of recognition of premium income to which they relate. For non-proportional reinsurance contracts, the reinsurance expense is recognized evenly in the period of indemnity. The portion of reinsurance premium not recognized as an expense is shown as a prepayment.

4.16 Claim recoveries

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

4.17 Deferred commission expense

Commission costs incurred in obtaining and recording policies of insurance and reinsurance are being deferred and recognized as an asset in correlation with unearned premium that will be recognized in the subsequent reporting periods.

4.18 Fixed assets and depreciation - owned

Fixed assets are stated at written down values except for freehold land and Building on Freehold land, which are stated at Revalued amounts. Depreciation on leased buildings is provided applying straight-line method over the lease term of buildings. Depreciation on other fixed assets is provided on reducing balance method so as to write-off the historical cost of an asset over its useful life without taking into account any residual value as considered immaterial. Depreciation on additions is charged from the date the assets are available for use while on disposals, depreciation is charged upto the date in which the assets are disposed-off. The assets' residual values, useful lives and depreciation method are reviewed at each financial year-end and adjusted if impact on depreciation is significant. Rates of depreciation are stated in note 23.

The carrying values of tangible fixed assets are reviewed 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.

Normal repairs and maintenance are taken to profit and loss account as and when incurred.

Gain / loss on disposal of fixed assets, if any, is taken to profit and loss account.

4.19 Assets subject to finance lease

Assets held under finance leases are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less financial charges allocated to future periods are shown as a liability. Depreciation on leased assets is charged applying the reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of the certainty of ownership of the assets at the end of the lease term.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

4.20 Impairment

The carrying amount of the assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such assets is estimated and the impairment losses are recognized in the profit and loss account.

Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Changes in the provisions are recognized as income/expense currently.

4.21 Defined contribution plan

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

4.22 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing on the balance sheet date. Exchange differences are taken to profit and loss account.

4.23 Revenue recognition

(a) Premium income earned

Premium written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the company.

- | | |
|--|---|
| - for direct business | evenly over the period of the policy |
| - for proportional re-insurance business | evenly over the period of the underlying insurance policies |
| - for non-proportional re-insurance business | in accordance with the pattern of reinsurance service |

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

(b) Administrative surcharge

This represents documentation and other charges recovered by the Company from policyholders in respect of policies issued, at a rate of 5% of the premium restricted to a maximum of Rs.2,000 per policy. Administrative surcharge is recognized as revenue at the time, the policies are written.

(c) Commission income

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

(d) Investment income

Income from available-for-sale investments

- Return on fixed income investments

Return on fixed income securities classified as available-for-sale is recognized on a time proportion basis.

- Gain / loss on sale of available-for-sale investments

Gain / loss on sale of available-for-sale investments is included in income currently.

Income from held-to-maturity investments

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

(e) Dividend income and bonus shares

Dividend income is recognized when the right of receipt is established.

Bonus shares are accounted for by increase in number of shares without any change in the value of investments.

(f) Rental and other income

Rental and other income is recognized on accrual basis.

4.24 Pakistan Reinsurance Company Limited (PRCL) Retrocession

PRCL retrocession business is accounted for on the basis of PRCL's statements pertaining to the first two quarters of the current financial year and the last two quarters of the preceding financial year.

4.25 Expenses of management

Management expenses which are directly attributable to the underwriting business are allocated in accordance with the volume of each class of business and portion of management expenses which are not allocable to the underwriting business are charged as General & Administrative expenses.

4.26 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash and bank deposits.

4.27 Related party transactions

Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa. The Company, in the normal course of business, carries-out transactions with such parties. The transactions with related parties are priced at Comparable Uncontrolled Market Price. The Comparable Uncontrolled Price Method determines whether the amount charged in a controlled transaction gives rise to an arm's length result by reference to the amount charged in a comparable uncontrolled transaction.

4.28 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of the financial assets and financial liabilities are taken to profit and loss account currently. Financial instruments carried on the balance sheet have been detailed in note 28. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.29 Off setting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

4.30 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 these of

other business segments. The company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance 2000 and the SECP (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting provided to the 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 company has four primary business segments for reporting purposes namely fire, marine, motor 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.

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

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segment are the same as those described in the summary of significant accounting policies.

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

	2009 (Rupees in '000)	2008 (Rupees in '000)
NOTE		
5. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
5,720,000 (2008 : 5,720,000) Ordinary Shares of Rs. 10/- each issued for cash	57,200	57,200
15,280,000 (2008 : 15,280,000) Ordinary Shares of Rs. 10/- each issued as fully paid bonus shares	152,800	152,800
	210,000	210,000
6. RESERVES		
General reserves	13,850	13,850
Unrealised gain/(loss) on remeasurement of investments	(3,236)	518
	10,614	14,368
6.1 REVALUATION RESERVE:		
Freehold Land	98,203	-
Building on Freehold Land	34,073	-
Less:		
Deferred Tax	11,896	-
	22,177	-
Less: Depreciation on incremental value (net of deferred tax)	54	-
	22,123	-
	120,326	-
7. DEFERRED TAXATION		
The deferred taxation liability comprises of temporary differences arising due to:		
Credit balances arising in respect of:		
- Accelerated tax depreciation allowances	9,322	11,987
- Revaluation of Building	11,868	-
- lease finances	7,940	4,886
	29,130	16,873

2009 2008
(Rupees in '000)

**8. AMOUNTS DUE TO/FROM OTHER INSURERS/
RE-INSURERS AND PREMIUMS DUE BUT UNPAID**

The balances as at 31 December, 2009 relating to amounts due to/from other insurers and reinsurers and premiums due but unpaid, except for associates' balances, although unconfirmed but are considered to be accurately stated by the management.

9. TAXATION - Net

Opening balance	7,646	9,906
Add: Provision made during the year		
- current	2,693	7,646
- prior years'	-	(190)
	<u>2,693</u>	<u>7,456</u>
	10,339	17,362
Less: Payments/Adjustments against completed assessments	<u>7,524</u>	<u>9,716</u>
	<u>2,815</u>	<u>7,646</u>

9.1 Return filed by the company for tax year 2009 has been deemed assessment under the self-assessment scheme envisaged in section 120 of the Income Tax Ordinance 2001.

9.1.1 The tax audit for the tax year 2008 is in progress by the Kamran and Company Chartered Accountants duly appointed by the FBR.

**9.2 Relationship between tax expense and
accounting profit**

Accounting profit before taxation	<u>14,933</u>	<u>16,808</u>
Tax at the applicable rate of 35%	5,227	5,883
Tax effect of expenses which were not deductible for tax purposes and were taken to profit and loss account	5,595	14,735
Tax effect of expenses which were deductible for tax purposes and were not taken to profit and loss account	(8,403)	(13,549)
Rental income Taxed at different tax rate	-	54
Dividend income taxed at different tax rate	-	203
	<u>2,419</u>	
Prior years' tax charge		
Minimum Tax Payable Rs. 538,704,067 @ 0.5%	2,693	130
Deferred taxation	390	5,720
Tax charge (net)	<u>3,083</u>	<u>13,176</u>

	2009 (Rupees in '000)	2008
10. ACCRUED EXPENSES		
Salaries payable	5,598	4,518
Audit fee payable	300	170
Expenses payable	484	292
	<u>6,382</u>	<u>4,980</u>
11. OTHER CREDITORS		
Excise duty	33,419	14,989
Federal insurance fee	574	1,649
Survey fee payable	1,096	1,286
Sundry creditors	7,446	5,783
Employees' union fund	3	6
Bonus shares fractions	4	4
E.O.B.I contribution payable	20	20
Zakat payable	40	18
Due to Provident Fund Trust	1,023	-
Mark-up payable	22	17
Deposits from employees against vehicles	1,273	620
Premium Received in Advance	14	-
Tax deducted at source:		
- agents	621	1,794
- others	1,098	552
Guarantee deposits - refundable	4,673	2,592
	<u>51,326</u>	<u>29,330</u>

12. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

	Upto one Year	From one to five years	2009	Upto one Year	From one to five years	2008
----- (Rupees in '000) -----						
Minimum lease payments	5,464	2,255	7,719	14,442	6,100	20,542
Less: Finance cost allocated to future periods	564	143	707	1,270	419	1,689
	4,900	2,112	7,012	13,172	5,681	18,853
Less: Security deposits adjustable on expiry of lease terms	859	774	1,633	3,838	1,363	5,201
Present value of minimum lease payments	4,041	1,338	5,379	9,334	4,318	13,652

12.1 The Company has entered into lease agreements with ORIX Leasing Pakistan Limited, Askari Leasing Limited, Bank Alfalah Limited, First Habib Modaraba, NBP Capital Limited and Saudi Pak Leasing Company Limited to acquire vehicles and a generator. The liabilities under the lease agreements are payable in monthly installments by **June 2012** and are subject to finance charges at the rates ranging from 14.63% to 22.41% per annum. The Company intends to exercise its option to purchase the leased vehicles upon completion of the respective lease terms. These lease finance facilities are secured against title of the leased vehicles in the name of lessors and demand promissory notes.

13. CONTINGENCIES AND COMMITMENTS

- 13.1** A petitioner has filed an appeal against the company for the payment of alleged insurance of Rs.7.3 Million . The appeal is currently pending adjudication before the Honourable Lahore High Court.
- 13.2** As at **31 December, 2009**, commitments for revolving letters of credits, other than for capital expenditure, were outstanding for **Rs.736** thousand (31 December, 2008: Rs. 624 thousand).
- 13.3** No commitments for capital expenditure were outstanding as at **31 December, 2009** (2008 : Rs. NIL).

		2009 (Rupees in '000)	2008
14. CASH AND OTHER EQUIVALENTS	NOTE		
Stamps-in-hand		<u>48</u>	<u>56</u>
15. CURRENT AND OTHER ACCOUNTS			
PLS accounts	15.1	34,286	62,251
Current accounts		<u>58,733</u>	<u>44,865</u>
		<u>93,019</u>	<u>107,116</u>
15.1 These includes balance amounting Rs.613 thousand (31 December, 2008: Rs. 666 thousand) which has been kept with a bank as security against letters of credit.			
16. DEPOSITS MATURING WITHIN 12 MONTHS			
These represent Term Deposit Receipts issued by different banks and carry interest at the rates ranging from 5% to 13% per annum (2008 : at the rates ranging from 5% to 15.75% per annum).			
17. LOANS TO EMPLOYEES - Secured			
Considered Good			
- against salaries		<u>773</u>	<u>554</u>
18. INVESTMENTS			
These investments comprise of the following:			
Equity instruments of associates	18.1	6,366	3,366
Held-to-maturity	18.2	22,402	21,711
Available-for-sale	18.3	7,909	11,662
Investments at fair value through profit or loss	18.4	<u>18,080</u>	<u>47,433</u>
		<u>54,757</u>	<u>84,172</u>

18.1 Equity instruments of associates

Number of Shares		Face Value	Name of entity	2009	2008
2009	2008				

Rupees

(Rupees in '000)

Quoted - associates

7,152

7,152

10

Woollen

Bannu Woollen Mills Limited
Equity held 0.09% (2008 : 0.09%)
Cost

32

32

Share of post acquisition
profit - net of tax

270

284

302

316

Automobile Assembler

1,192,148

1,192,148

10

Gandhara Industries Limited
Equity held 5.60% (2008 : 5.60%)
Cost

12,160

12,160

Share of post acquisition
(loss)/profit - net of tax

(6,157)

(9,184)

6,003

2,976

5,000

5,000

10

Gandhara Nissan Limited
Equity held 0.01% (2008 : 0.01%)
Cost

103

103

Share of post acquisition
(loss) - net of tax

(42)

(29)

61

74

6,366

3,366

18.2 Held-to-maturity (deposited with State Bank of Pakistan)

9.30% (2008 : 9.30%) Pakistan Investment Bonds
(Face Value Rs. 10 million)
(Maturing 19th May 2011)

10,000

10,000

8.00% (2008 : 8.00%) Pakistan Investment Bonds
(Face Value Rs. 15 million)
(Maturing 6th October 2013)

12,402

11,711

22,402

21,711

18.3 Available-for-sale

Number of Shares/Units		Face Value	Name of entity	2009	2008
2009	2008				
Rupees				(Rupees in '000)	
Quoted					
<u>Closed-end Mutual Fund</u>					
23,245	23,245	10	UTP Growth Fund	135	135
8,391	8,391	10	PICIC Investment Fund	85	85
<u>Textile Spinning</u>					
26,740	26,740	10	Fawad Textile Mills Limited	268	267
<u>Textile Composite</u>					
49,000	49,000	10	Hamid Textile Mills Limited	490	490
<u>Transport</u>					
888	888	10	Pakistan National Shipping Corporation Limited	24	24
				1,002	1,001
Un-Quoted					
1,106	1,106	10	Nowshera Engineering Works Limited (Note 18.7)	11	11
Others					
<u>Open-end Mutual Fund</u>					
231,842	231,842		National Investment Trust Units	10,150	10,150
1,061	1,061		Atlas Stock Fund	500	500
				11,663	11,662
Less: Adjustment arising from remeasurement to fair value - net				(3,754)	-
Market value as at 31 December.				7,909	11,662

18.4 Investment at fair value through profit or loss

Number of Shares/Units		Face Value	Name of entity	2009	2008
2009	2008				
Rupees			(Rupees in '000)		
Quoted					
<u>Commercial Banks</u>					
12,650	12,650	10	Natioanl Bank of Pakistan	3,097	3,097
<u>Cement</u>					
104,511	104,511	10	Pioneer Cement Limited	6,402	6,402
<u>Power Generation & Distribution</u>					
40,000	40,000	10	The Hub Power Co. Limited	1,198	1,198
<u>Fertilizer</u>					
95,000	95,000	10	Fauji Fertilizer Bin Qasim Ltd.	4,041	4,041
<u>Closed-end Mutual Funds</u>					
76,500	76,500	10	PICIC Growth Fund	2,889	2,889
<u>Open-end Mutual Funds</u>					
0	280,773	10	Askari Income Fund	-	26,782
0	115,241	10	HBL Income Fund	-	10,000
811	811		Atlas Income Fund	500	500
111,224	50,062		ABL Income Fund	1,000	500
74,680	34,701		Faysal Saving & Growth Fund	7,000	3,500
197,545	0		NAFA Govt. Securities Fund	2,000	-
				28,127	58,909
Less: Adjustment arising from remeasurement to fair value				(10,047)	(11,476)
Market value as at 31 December.				18,080	47,433

- 18.5** Summarised un-audited financial statements of the associates, including the aggregated amounts of assets, liabilities, revenues and profits are as follows:

Name	Assets	Liabilities	Revenues	Profit
	As at 31 December, 2009		From 01 January, 2009 to 31 December, 2009	
	----- (Rupees in '000) -----			

Ghandhara Industries Limited	2,429,025	1,250,303	1,661,575	50,704
Ghandhara Nissan Limited	3,340,734	1,742,675	2,122,765	(131,611)
Bannu Woollen Mills Limited	746,641	170,449	403,051	(38,335)

Name	Assets	Liabilities	Revenues	Profit
	As at 31 December, 2008		From 01 January, 2008 to 31 December, 2008	
	----- (Rupees in '000) -----			

Ghandhara Industries Limited	2,522,211	1,383,192	1,644,942	(178,286)
Ghandhara Nissan Limited	3,686,104	2,499,056	3,108,848	(185,169)
Bannu Woollen Mills Limited	742,973	150,089	379,740	30,443

- 18.6** Fair value of investments in associates is as follows:

	31 December 2009	31 December 2008
	(Rupees in '000)	
Ghandhara Industries Limited	8,571	30,996
Ghandhara Nissan Limited	28	83
Bannu Woollen Mills Limited	92	390

- 18.7** Net assets value of the investments could not be ascertained as at 31 December, 2009 due to non-availability of financial statements of the investee companies.

- 18.8** Equity percentage of investments in all the investees was less than 10%.

		2009 (Rupees in '000)	2008 (Rupees in '000)
19. PREMIUMS DUE BUT UNPAID - Unsecured	NOTE		
Considered good-(refer contents of note 8)			
Due from associates	19.1	43,417	55,540
Others		94,266	93,906
		<u>137,683</u>	<u>149,446</u>
19.1 Due from associates on account of normal trading transactions:			
Janana De Malucho Textile Mills Limited		4,962	8,246
Babri Cotton Mills Limited		-	4,109
Bannu Woollen Mills Limited		11	5,972
Rahman Cotton Mills Limited		9,789	388
Ghandhara Nissan Limited		15,470	22,350
Ghandhara Industries Limited		8,526	14,475
General Tyre & Rubber Co. of Pakistan Limited.		3,178	-
Gammon Pakistan Limited.		245	-
Bibojee Services (Pvt) Limited.		1,236	-
		<u>43,417</u>	<u>55,540</u>
20. ACCRUED INVESTMENT INCOME			
Interest/Profit accrued on:			
- Term deposit receipts		1,292	1,414
- Government securities		390	296
- PLS accounts		-	99
		<u>1,682</u>	<u>1,809</u>
21. PREPAYMENTS			
Prepaid reinsurance premium ceded		52,849	54,974
Others		2,786	2,303
		<u>55,635</u>	<u>57,277</u>
22. SUNDRY RECEIVABLES			
Advance for expenses at branches			
- considered good		2,550	3,726
Security deposits		3,009	2,757
Due from provident fund trust		-	61
Advance Tax		3,654	2,163
Rent recoverable		288	720
Sales Tax Receivable		69	-
Premium receivable from travel agent on account of medical travel insurance		190	8,885
Others		36	505
		<u>26,598</u>	<u>18,817</u>

23. FIXED ASSETS - Tangible

PARTICULARS	COST				RATE %	DEPRECIATION			Net Book Value as at 31 December, 2009
	As at 01 January 2009	Additions/ (Disposals)	Revaluation Reserve	As at 31 December 2009		As at 01 January 2009	For the Year/(On disposals)	As at 31 December 2009	
OWNED:	----- (Rupees in '000) -----					----- (Rupees in '000) -----			
Land and buildings:									
Land - freehold	9,157	-	98,203	107,360	-	-	-	-	107,360
Buildings on freehold land	47,549	-	34,073	81,622	5	9,409	1,989	11,398	70,224
	56,706	-	132,276	188,982		9,409	1,989	11,398	177,584
Furniture, fixtures, office equipments & others									
Furniture and fixtures	8,862	553 (97)	-	9,318	10	4,893	422 (8)	5,307	4,011
Air-conditioning equipments	4,699	587	-	5,286	10	2,076	295	2,371	2,915
Electrical appliances	907	129	-	1,036	10	450	51	501	535
Library books	180	56	-	236	30	59	40	99	137
Typewriters and calculators	640	3	-	643	10	486	15	501	142
Telephone installations	1,233	71	-	1,304	10	736	52	788	516
Electric installations	441	-	-	441	10	276	17	293	148
Office equipment	1,903	136	-	2,039	10	701	128	829	1,210
Computers	13,046	891 (1,256)	-	12,681	10	3,887	966 (927)	3,926	8,755
Mobile sets	218	98	-	316	30	41	68	109	207
Generators (owned)	455	155	-	610	15	54	71	125	485
Generators (leased)	2,258	-	-	2,258	15	335	288	623	1,635
	34,842	2,679 (1,353)	-	36,168		13,994	2,413 (935)	15,472	20,696
Motor Vehicles									
Owned									
Cycles/motor cycles	4,756	512 (258)	-	5,010	20	2,814	472 (147)	3,139	1,871
Vehicles	25,576	3,400 (5,885)	-	23,091	20	15,343	2,814 (3,390)	14,767	8,324
Vehicles (transfer from lease)	5,954	33,493	-	39,447	20	3,439	18,307	21,746	17,701
	36,286	37,405 (6,143)	-	67,548		21,596	21,593 (3,537)	39,652	27,896
Leased									
Vehicles	46,377	1,435 (33,493)	-	47,812 (33,493)	20	15,486	6,273 (17,805)	21,759 (17,805)	26,053 (15,688)
Vehicles (transfer to owned)	46,377	(32,058)	-	14,319		15,486	(11,532)	3,954	10,365
	82,663	5,347 (6,143)	-	81,867		37,082	10,061 (3,537)	43,606	38,261
TOTAL	174,211	8,026 (7,496)	132,276	307,017		60,484	14,463 (4,471)	70,476	236,541
	151,129	28,498 (5,416)	-	174,211		48,725	14,427 (2,668)	60,484	113,727

	2009 Rupees	2008 Rupees
23.1 Depreciation Charged to:		
Management Expenses	9,642	10,990
General and Administrative Expenses	4,821	3,437
	<u>14,463</u>	<u>14,427</u>

23.2 Disposal of Fixed Assets - Tangible

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds / Insurance Claims	Gain	Sold through negotiations to
-------------	------	--------------------------	------------	----------------------------------	------	------------------------------

—————(Rupees in '000)—————

Vehicles

Toyota Land Cruiser LEB-07-9211	1,300	305	995	1,200	205	Mr. Liaqat Ali
Toyota Corolla 2.0D IDM-40	1,252	958	294	700	406	Miss. Aliya Rehman
Toyota Corolla Saloon HS-293	1,232	821	411	800	389	Muhammad Azam
Honda Civic VTI LEB-08-1772	715	204	511	680	169	Muhammad Azam
Honda Civic EXI LWD-9276	316	66	250	550	300	Muhammad Shoaib
	4,815	2,354	2,461	3,930	1,469	

Aggregate of items with individual

Book Value not exceeding Rs. 50,000/-	2,682	2,117	565	747	182	Various parties
	7,497	4,471	3,026	4,677	1,651	

2009 2008
(Rupees in '000)

24. MANAGEMENT EXPENSES

Salaries and benefits	62,285	60,518
Rent, electricity etc.	6,435	6,354
Communication	5,152	5,427
Printing and stationery	2,279	1,824
Travelling and entertainment	6,083	3,836
Depreciation	9,642	10,991
Repairs and maintenance	678	3,388
Legal and professional charges	228	217
Advertisement	335	480
Others	6,505	5,800
Lease finance charges	469	1,011
	100,091	99,846

25. MISCELLANEOUS INCOME

Fronting fees	1,186	3,372
Sale of Scrap	45	-
Payable balances written-back	1,402	559
	2,633	3,931

2009 2008
(Rupees in '000)

26. GENERAL AND ADMINISTRATIVE EXPENSES

Auditors' remuneration:

- Statutory audit - current year
- Half yearly review
- Certification and other charges
- Fees of special assignments

300	170
80	80
-	10
55	-
435	260
41,221	40,443
2,887	2,452
1,392	1,368
1,172	900
3,081	3,212
4,821	3,437
1,379	1,146
1,471	1,822
938	2,021
743	867
8,141	7,674
<u>67,681</u>	<u>65,602</u>

27. BASIC EARNINGS PER SHARE

Basic earnings per share have been calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year.

Profit after taxation attributable
to ordinary shareholders

<u>8,850</u>	<u>21,062</u>
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Number of Shares

Weighted average number of shares
outstanding during the year

<u>21,000,000</u>	<u>21,000,000</u>
-------------------	-------------------

Rupees

Basic earnings per share

<u>0.42</u>	<u>1.00</u>
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27.1 No figure of diluted earnings per share has been presented as the Company has not issued any instruments which would have an impact on earnings per share when exercised.

28. FINANCIAL INSTRUMENTS

Particulars	Interest / Mark up Bearing				Non Interest / Mark up Bearing			Total
	Interest/mark-up rates range % per annum	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	%	(Rupees in '000)						
2009								
FINANCIAL ASSETS :								
Cash and bank deposits	5% to 13%	110,738	-	110,738	48,163	-	48,163	158,901
Loans to employees	-	-	-	-	772	-	772	772
Investments	8% to 9.30%	22,401	-	22,401	25,989	-	25,989	48,390
Premiums due but unpaid	-	-	-	-	137,683	-	137,683	137,683
Amounts due from other Insurers/reinsurers	-	-	-	-	193,475	-	193,475	193,475
Accrued investments income	-	-	-	-	1,682	-	1,682	1,682
Reinsurance recoverable against outstanding claims	-	-	-	-	-	-	-	-
Sundry receivables	-	-	-	-	109,668	-	109,668	109,668
		-	-	-	20,126	-	20,126	20,126
		133,139	-	133,139	537,558	-	537,558	670,697
FINANCIAL LIABILITIES:								
Provision for outstanding claims (including IBNR)	-	-	-	-	212,980	-	212,980	212,980
Amounts due to other Insurers/reinsurers	-	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	131,001	-	131,001	131,001
Other creditors	-	-	-	-	6,382	-	6,382	6,382
Unclaimed dividend	-	-	-	-	14,494	-	14,494	14,494
Liabilities against assets subject to finance lease	14.63% to 22.41%	4,041	1,338	5,379	611	-	611	611
		4,041	1,338	5,379	-	-	-	5,379
		4,041	1,338	5,379	365,468	-	365,468	370,847
2008								
FINANCIAL ASSETS :								
Cash and bank deposits	5% to 15.75%	129,172	-	129,172	22,802	-	22,802	151,974
Loans to employees	-	-	-	-	554	-	554	554
Investments	8%-9.30%	21,711	-	21,711	59,095	-	59,095	80,806
Premiums due but unpaid	-	-	-	-	149,446	-	149,446	149,446
Amounts due from other Insurers/reinsurers	-	-	-	-	150,666	-	150,666	150,666
Accrued investments income	-	-	-	-	1,808	-	1,808	1,808
Reinsurance recoverable against outstanding claims	-	-	-	-	92,562	-	92,562	92,562
Sundry receivables	-	-	-	-	12,428	-	12,428	12,428
		-	-	-	-	-	-	-
		150,883	-	150,883	489,361	-	489,361	640,244
FINANCIAL LIABILITIES:								
Provision for outstanding claims (including IBNR)	-	-	-	-	207,842	-	207,842	207,842
Amounts due to other Insurers/reinsurers	-	-	-	-	119,646	-	119,646	119,646
Accrued expenses	-	-	-	-	4,980	-	4,980	4,980
Other creditors	-	-	-	-	9,727	-	9,727	9,727
Unclaimed dividend	-	-	-	-	612	-	612	612
Liabilities against assets subject to finance lease	12.98% to 19.28%	9,334	4,318	13,652	-	-	-	13,652
		9,334	4,318	13,652	-	-	-	13,652
		9,334	4,318	13,652	342,807	-	342,807	356,459

29 RISKS MANAGEMENT

29.1 Reinsurance risk

In common with other insurance companies, in order to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for re-insurance purposes. Such re-insurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is effected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimize its exposure to significant losses from reinsurers insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

Reinsurance ceded contracts do not relieve the Company from its obligations to policy-holders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurers fails to meet the obligations under the reinsurance agreements. The maximum theoretical credit risk exposure in this connection is Rs.109.668 million (2008: Rs.92.562 million).

29.2 Credit risk and concentration of credit risk exposure

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

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and review 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 sector segments.

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

	2009	2008
	----(Rupees '000')-----	
Bank	158,853	151,918
Premium due but unpaid	137,683	149,446
Amounts due from insurers / reinsurers	193,475	150,666
Accrued investment income	1,682	1,809
Reinsurance recoveries against outstanding claims	109,668	92,562
Sundry receivable	26,408	19,106
	627,769	565,507

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

	2009	2008
	-----(Rupees'000')-----	
The age analysis of Premium receivables is as follows:		
Upto 1 year	94,750	99,810
1 - 2 years	30,717	35,737
2 - 3 years	12,217	13,899
	137,683	149,446

The Age analysis of Amounts due from insurers/reinsurers is as follows i.e.

Upto 1 year	125,977	95,306
1 - 2 years	39,876	30,737
2 - 3 years	18,686	16,505
Over 3 years	8,936	8,118
	193,475	150,666

Sector Wise analysis of premiums due but unpaid

Textile Composite	36,621	26,073
Automobile/Engineering	27,083	21,746
Pharmaceutical	4,754	3,403
Bank/Financial Institution	5,313	4,088
Oil & Ghee	4,663	6,216
Food & Allied	3,441	5,166
Miscellaneous	9,884	13,612
Others	45,924	69,142
	137,683	149,446

The credit qualities of company's bank balances can be assessed with reference to external credit rating as follows:

RATINGS OF BANKS						
SR. #	BANKS NAME	RATING		RATING AGENCY	----- Rupees in '000' -----	
		SHORT TERM	LONG TERM		2009	2008
1	ARIF HABIB RUPALI BANK	A-2	A	JCR-VIS	1,574	1,797
2	ASKARI COMM.BANK	A1+	AA	PACRA	182	367
3	ALLIED BANK LIMITED	A1+	AA	PACRA	5,590	5,272
4	BANK AL-HABIB LIMITED	A1+	AA+	PACRA	35,486	78,063
5	BANK ALFALAH LIMITED	A1+	AA	PACRA	16,023	19,420
6	BANK OF KHYBER	A2	BBB	PACRA	5,640	1,547
		A-3	BBB+	JCR-VIS		
7	BANK OF PUNJAB	A1+	AA-	PACRA	2,505	1,799
8	FAYSAL BANK LIMITED	A-1+	AA	PACRA	626	354
		A-1+	AA	JCR-VIS		
9	HABIB BANK LIMITED	A-1+	AA+	JCR-VIS	2,185	1,348
10	HABIB METROPOLITAN BANK	A1+	AA+	PACRA	317	431
11	INVESTMENT NATOVER GROWTH SCHEME				600	600
12	ISLAMIC INVESTMENT BANK LTD				200	200
13	INNOVATIVE HOUSING FINANCE LIMITED				402	402
14	INDUS BANK LIMITED				74	74
15	J.S.BANK	A1+	A	PACRA	31	231
16	K.A.S.B BANK LIMITED	A1	A	PACRA	500	5,190
17	MCB BANK LIMITED	A1+	AA+	PACRA	6,055	5,272
18	MY BANK LIMITED					6,000
19	NATIONAL BANK OF PAKISTAN	A-1+	AAA	JCR-VIS	60,616	2,587
20	NIB BANK LIMITED	A1+	AA-	PACRA	57	56
21	ROYAL BANK OF SCOTLAND	A1+	AA	PACRA	140	5,047
22	SAUDI PAK COM.BANK					4,400
23	SONERI BANK LIMITED	A1+	AA-	PACRA	1,058	1,058
24	STANDARD CHARTERED BANK	A1+	AAA	PACRA	1,499	3,047
		A-1+	AA+	JCR-VIS		
25	UNITED BANK LIMITED	A-1+	AA+	JCR-VIS	17,493	7,355
TOTAL					158,853	151,917

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

	Amounts from other insurers/ reinsurers	Reinsurance recoveries against outstanding claims	2009	2008
-----Rupees '000'-----				
A or above (including PRCL)	180,967	91,095	272,062	220,474
BBB	7,370	15,012	22,381	18,353
Others	5,139	3,561	8,700	4,402
Total	193,476	109,668	303,143	243,229

29.3 Fair value of financial instruments

The estimated fair values of financial instruments are not significantly different from their book values as shown in these financial statements. The fair values of the financial instruments are stated in their respective notes where the fair value is different from the book value.

29.4 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices. The Company has invested its funds in ordinary shares, Mutual Funds and National Investment Trust Units, resulting in exposure due to the fluctuation in the rate of interest and dividend earned thereon and the possibility of capital gains or losses arising from the sale of these investments.

The Company minimizes such risk by having a diversified investments portfolio. In addition, the Company actively monitors the key factors that affect the investment market.

29.5 Interest / markup rate risk

Interest / yield rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. The Company is exposed to interest / yield rate risk for certain deposits with the banks and liabilities against assets subject to finance lease.

At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

Financial Assets	2009	2008	2009	2008
	Effective Interest rate (In %)		-----Rupees '000'-----	
Bank Deposits	5 to 13	5 to 15.75	65,833	44,802
Investments	8 to 9.30	8 to 9.30	22,402	21,711

29.6 Currency risk

Foreign currency risk arises mainly where receivables / payables exist due to transactions with foreign undertakings. The Company is not exposed to currency risk as none of its financial assets and liabilities are payable in foreign currency at the year-end.

29.7 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

29.8 Sensitivity analysis

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below.

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

	Profit & Loss 100 bps	
	-----Rupees '000'-----	
As at December 31, 2009		
Cash Flows sensitivity-variable rate financial liabilities	-	-
Cash Flows sensitivity-variable rate financial assets	208	(208)
As at December 31, 2008		
Cash Flows sensitivity-variable rate financial liabilities	-	-
Cash Flows sensitivity-variable rate financial assets	134	(134)

29.9 Price Risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs.18.080 million (2008:47.433 million) at the balance sheet date.

The company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments.

The carrying value of investments subject to equity price risk are based on quoted market prices as of the balance sheet date except for investments in associates which are carried under equity method and available for sale equity instruments which are stated at lower of cost or market value (market value being taken as lower of fall is other than temporary) in accordance with the requirements of the S.R.O.938 issued by the Securities and Exchange Commission of Pakistan (SECP), in December 2002.

29.10 Sensitivity analysis

The table below summarizes company's price risk as of 31 December 2009 and 2008 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in company's equity investment portfolio because of the nature of equity markets.

Had all equity investments, other than associates, been measured at fair values as required by IAS 39 "Financial Instruments: Recognition and Measurement", the impact of hypothetical change would be as follows:

Fair Value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase (decrease) in share holders' equity	Hypothetical increase (decrease) in profit & loss before tax
Rupees '000'		-----Rupees '000'-----		
December 31, 2009	48,391 10 % increase	53,230	4,839	-
	10 % decrease	43,552	(4,839)	-
December 31, 2008	80,806 10 % increase	88,886	8,081	-
	10 % decrease	72,725	(8,081)	-

29.11 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values.

29.12 Insurance risk

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

The company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

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 business. The company minimize its exposure to significant losses by obtaining reinsurance from a number of reinsurance, who are dispersed over several geographical regions.

29.13 Reinsurance arrangements

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

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

Under-Writing Year	Department	Gross Sum Insured	Reinsurance Sum insured	Net Sum Insured
-----Rupees '000'-----				
2009	Fire & Property Damage	60,309,587	35,956,576	24,353,011
	Marine & Transport	62,530,299	36,286,333	26,243,966
	Motor Accident	6,494,504	722,189	5,772,315
	Miscellaneous	1,177,389	152,943	1,024,446
2008	Fire & Property Damage	67,301,167	37,688,653	29,612,514
	Marine & Transport	66,017,296	34,474,232	31,543,064
	Motor Accident	6,765,249	519,571	6,245,678
	Miscellaneous	1,145,855	128,909	1,016,946

29.14 Sensitivity analysis

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

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

Pre Tax Profit		Share Holders' equity	
2009	2008	2009	2008
-----Rupees '000'-----			

10 % Increase in Loss

Net

Fire & Property Damage	(3,321)	(2,936)	(2,158)	(1,909)
Marine & Transport	(1,178)	(703)	(766)	(457)
Motor Accident	(10,603)	(13,664)	(6,892)	(8,881)
Miscellaneous	(3,057)	(2,394)	(1,987)	(1,556)
Total	(18,159)	(19,697)	(11,803)	(12,803)

10 % Decrease in Loss

Net

Fire & Property Damage	3,321	2,936	2,158	1,909
Marine & Transport	1,178	703	766	457
Motor Accident	10,603	13,664	6,892	8,881
Miscellaneous	3,057	2,394	1,987	1,556
Total	18,159	19,697	11,803	12,803

29.15 Claims development table

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 timing of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at 31 December 2009.

Analysis on Gross Basis Accident Year	2007	2008	2009	Total
	-----Rupees '000'-----			
Estimate of Ultimate claim cost:				
At end of accident year	-	351	48,094	48,446
One year later	-	2,183	-	2,183
Two year later	-	-	-	-
Estimate of Cumulative claims	-	2,183	48,094	50,278
Cumulative payment to date	-	-	-	-
Liability recognised in the balance sheet	-	2,183	48,094	50,278

29.16 Revaluation of fixed assets

M/s. Sadruddin Associates (Pvt) Limited, PBA approved valuers has carried out the valuation on 22 December 2009 of all land and buildings partially and fully owned by the company which resulted in a revaluation surplus of Rs.132.276 million. The impact of this revaluation surplus was taken in the books of account for the year ended 31 December 2009.

30 Capital Management

company's goals and objectives when managing capital are:

To be an appropriately capitalized institution in compliance with paid-up capital requirement set by SECP. During the year, minimum paid-up capital requirement for non-life insurers was raised to Rs. 300 million. This requirement is to be met in a phased manner by December 31,2011.

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

The company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend payable to shareholders or issue new shares.

31 SUMMARY OF TRANSACTIONS WITH RELATED PARTIES

Related parties comprise related group companies, associates, directors, key management personnel and employee benefit plan. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from related parties and remuneration of directors & executives have disclosed in the relevant notes. Other material transactions with related parties during the year ended **31 December, 2009** are given below:

Name of associate	Insurance Premiums	Claims Paid	Rental Income	Purchase of Vehicles
----- (Rupees in '000) -----				
Ghandhara Nissan Limited	10,059	6,240	-	-
Ghandhara Industries Limited	3,626	989	-	-
Janana De Malucho Textile Mills Limited	4,746	16	-	-
Babri Cotton Mills Limited	3,633	4,827	-	-
Rahman Cotton Mills Limited	5,795	29	-	-
Bannu Woollen Mills Limited	2,652	-	-	-
General Tyre & Rubber Co. of Pakistan Limited	6,554	4,875	-	-
Gammon Pakistan Limited	414	-	-	-
2009	37,479	16,976	-	-
2008	48,459	2,885	-	2,800

Transactions with the Holding Company

Bibojee Services (Pvt) Limited				
2009	887	33	1,152	-
2008	-	-	-	-

Maximum aggregate debit balance of the associates at any month-end during the year was Rs. 58.80 million (2008 : Rs. 55.54 million).

32. SEGMENT REPORTING

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

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

Fire and property damage	Marine and transport	Motor accident	Miscellaneous	Total
(Rupees in "000")				

2009

Gross premium earned	209,203	90,129	203,121	54,285	556,738
Segment results	18,506	15,041	23,590	703	57,840
Other information					
Segment assets	334,986	107,571	195,626	56,123	694,306
Unallocated corporate assets					309,712
Consolidated total assets					1,004,018
Segment liabilities	264,414	68,154	139,982	50,407	522,957
Unallocated corporate liabilities					95,642
Consolidated total liabilities					618,599
Capital expenditure	1,507	649	1,464	391	4,011
Depreciation	2,835	1,222	2,753	736	7,546

2008

Gross premium earned	206,944	114,387	239,420	45,133	605,884
Segment results	29,025	35,536	27,971	3,337	95,869
Other information					
Segment assets	243,012	108,553	167,367	37,030	555,962
Unallocated corporate assets					299,769
Consolidated total assets					855,731
Segment liabilities	226,791	81,643	167,874	49,417	525,725
Unallocated corporate liabilities					73,092
Consolidated total liabilities					598,817
Capital expenditure	7,301	4,035	8,446	1,592	21,374
Depreciation	3,754	2,075	4,343	819	10,991

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

Particulars	Chief Executive		Managing Director		Executives	
	2009	2008	2009	2008	2009	2008
Managerial remuneration	840	840	3,883	3,240	8,469	6,598
House rent	360	360	1,500	1,200	2,639	2,278
Bonus	-	-	120	498	212	741
Provident fund	-	-	360	324	578	503
Utilities	528	268	268	126	730	613
Rupees	1,728	1,468	6,131	5,388	12,628	10,733
Number of persons	1	1	1	1	6	6

33.1 Chief executive, managing director and executives are also provided with free use of the Company's maintained cars and residential telephones.

33.2 The Company, during the year, paid meeting fee aggregating Rs.290 thousand (2008 : Rs. 490 thousand) to eight (2008 : eight) non-executive directors.

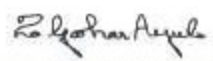
34. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 03, 2010 by the Board of Directors of the Company.

35. FIGURES

- Figures in the financial statements have been rounded-off to the nearest thousand Rupees except stated otherwise.
- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison; however, no significant rearrangements / reclassifications have been made in these financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Begum Zeb Gohar Ayub Khan
CHIEF EXECUTIVE


Dr. Shaheen Kuli Khan Khattak
DIRECTOR


Sardar Khan
MANAGING DIRECTOR &
PRINCIPAL OFFICER

DETAIL OF PATTERN OF SHAREHOLDING AS PER REQUIREMENT OF CODE OF CORPORATE GOVERNANCE

Categories of Shareholders	Shares Held
1 Associated Companies, Undertakings & Related Parties. M/s. Bibojee Services (Pvt) Ltd.	15,158,326
2 N.I.T. & I.C.P M/s. Investment Corporation of Pakistan	1,609
3 Directors, CEO & their Spouse and Minor Children.	
- Mr. Raza Kuli Khan Khattak (Chairman)	510,406
- Lt. Gen. (Retd) Ali Kuli Khan Khattak (Director)	247,928
- Mr. Ahmed Kuli Khan Khattak (Director)	229,920
- Begum Zeb Gohar Ayub Khan (Chief Executive)	123,962
- Mrs. Shahnaz Sajjad Ahmed (Director)	77,472
- Dr. Shaheen Kuli Khan Khattak (Director)	77,472
- Mr. Mushtaq Ahmed Khan, FCA (Director)	2,625
- Mr. Mohammad Kuli Khan Khattak (Director)	6,562
- Ch. Sher Mohammad (Director)	6,562
- Mr. Sardar Khan (Managing Director)	31,456
4 Executives	
- Mr. Muhammad Rafiq Ch. Executive Director Head Office	85,625
- Mr. Fazal-ur-Rehman Malik Executive Director Operations	65,625
- Mr. Amir Raza Chief Financial Officer	25,000
- Sh. Musa Saleem General Manager (Operations)	10,000
- Mr. Rana Abdul Hameed General Manager (Dev.)	50,000
- Mr. Amir Majeed Khan General Manager (Dev.)	20,000
- Mr. Khurram Mansoor Malik Deputy General Manager (Dev.)	5,000
- Malik Zafar Yousaf Deputy General Manager (Dev.)	10,000
5 Public Sector Companies & Corporations.	
6 Banks, Development Finance Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarbas & Mutual Funds.	121,235
7 Shareholders Holding 10% or More. M/s. Bibojee Services (Pvt) Ltd.	15,158,326
8 General Public & Others	4,133,215

PATTERN OF SHARES HOLDINGS AS ON DECEMBER 31st, 2009

Number of ShareHolders	Shareholdings		Total Number of Share Held	Percentage of Total Capital
	From	To		
190	1	100	5,653	0.03
193	101	500	53,731	0.26
134	501	1000	95,741	0.46
338	1001	5000	792,067	3.77
62	5001	10000	430,456	2.05
29	10001	15000	336,248	1.60
13	15001	20000	224,514	1.07
6	20001	25000	134,011	0.64
2	25001	30000	54,342	0.26
3	30001	35000	99,384	0.47
2	35001	40000	74,931	0.36
3	40001	45000	124,582	0.59
2	45001	50000	95,155	0.45
1	55001	60000	56,302	0.27
2	65001	70000	131,950	0.63
3	75001	80000	231,944	1.10
1	80001	85000	80,193	0.38
2	85001	90000	172,850	0.82
1	90001	95000	91,080	0.43
1	95001	100000	96,181	0.46
1	100001	105000	104,125	0.50
3	105001	110000	324,909	1.55
2	120001	125000	245,285	1.17
1	155001	160000	158,136	0.75
1	225001	230000	229,920	1.09
1	245001	250000	247,928	1.18
1	290001	295000	292,600	1.39
1	345001	350000	347,050	1.65
1	510001	515000	510,406	2.43
1	151550001	15160000	15,158,326	72.18
1,001			21,000,000	100.00

Categories	No. of shareholders	Shares Held	%age of Capital
Executives	8	271,250	1.29
Directors, Chief Executive Officer, and their spouse and minor children	10	1,314,365	6.26
Associated Companies, Undertakings and Related Parties	1	15,158,326	72.18
NIT and ICP	1	1,609	0.01
Banks, Development Financial	30	98,992	0.47
Institutions, Non Banking Financial Insurance Companies	1	22,243	0.11
General Public (Local)	949	4,131,367	19.67
Others	1	1,848	0.01
1,001		21,000,000	100.00

THE UNIVERSAL INSURANCE COMPANY LIMITED

HEAD OFFICE / MARKETING EXECUTIVES / MANAGERS

Name	Designation	Telephone Office	Fax No.	Telephone No. Res.	Mobile No.
Begum Zeb Gohar Ayub Khan	Chief Executive		042-37230326		0300-5000888
Mr. Sardar Khan	Managing Director	042-37355579	042-37230326		0300-8476777
Mr. Omar Ayub Khan	Chief Operating Officer	042-37312836	042-37230326		0300-8555354
Mr. Muhammad Rafiq Chaudhary	Executive Director Head Office	042-37112671	042-37353209	042-35311518	0300-8462940
Mr. Fazal-ur-Rehman Malik	Executive Director Operations & Development	042-37311666	042-37230326	051-2878666/2875888	0300-8566777
Mr. Amir Raza	Chief Financial Officer	042-37242913	042-37230326	042-37466444	0300-4489217
Mr. Muhammad Saeed	General Manager - Claims	042-37350482	042-37230326	042-36850023	0300-8441829
Syed Ghulam Qamber Naqvi	Deputy General Manager - Reinsurance	042-37238616	042-37230326	042-37400151	0300-4218945
Mr. Ijaz Ahmed	Company Secretary	042-37359437	042-37230326	042-37587474	0300-4445296
Mr. Shahbaz Hameed	Assistant General Manager Law & H.R.	042-37112691	042-37353209	042-36559892	0333-4231009
Mr. Abdul Waheed Chaudhry	Internal Auditor	042-37353357	042-37230326	-	0300-4508904
Mr. Aftab Rashid	Senior Manager I.T.	042-37353458	042-37325025	042-36669230	0333-4090017
Mr. Jawad Iftaf Rana	Manager Claims	042-37353453	042-37230326	042-37840724	0300-4457894
Syed Hammad Hassan Rizwi	Manager Accounts	042-37243168	042-37230326	042-35310239	0333-4102005
Mr. Zaheer Ahmed Qazi	Manager Underwriting	042-37353453	042-37230327	042-36810552	0345-4230773

Name	Designation	Telephone Office	Fax No.	Telephone No. Res.	Mobile No.
OPERATIONAL / PRINCIPAL / CORPORATE OFFICES					
<i>Executive Director (Operations & Development) Camp Office Islamabad</i>					
3rd Floor Waheed Plaza 52-W		051-2277555-56	051-2825554		
<u>Jinnah Avenue, Blue Area, Islamabad.</u>		051-2825552			
Mr. Fazal-ur-Rehman Malik	Executive Director Operations & Development	051-2825544		051-2878666/2875888	0300-8566777
Mr. Zia-ur-Rehman Malik	Senior Manager				0300-5007666
Mr. Ghulam Qadir Malik	Office Incharge			051-4473288	0333-5640962
<i>Senior General Manager (Operations) Office Paris Road Sialkot</i>					
<u>Obero Building, Paris Road, Sialkot.</u>		052-4596849			
		052-4598402	052-4593022		
Mr. Sheikh Musa Saleem	Senior General Manager - Operations	052-4591023-25		052-4267374	0300-8618080
Mr. Asim Saleem Sheikh	Deputy General Manager - Development	052-4600394/95		052-4267374	0300-8618181
Mr. Sheikh Nauman Shaukat	Zonal Manager - Development	052-4596849		052-3550540	0333-4619922
Mr. Muhammad Jamil	Branch Manager - Development			052-3242477	0300-8612425
Mr. Muhammad Nadeem Butt	Branch Manager - Development			052-4580365	0300-6137766
Mr. Muhammad Boota	Branch Manager - Development				0301-6131354
<i>Multan</i>					
1st Floor, Khawar Centre, Nusrat Road,		061-4540004	061-4581803	061-6524351	
<u>Multan Cantt.</u>		061-4541004			
Rana Abdul Hameed	Senior General Manager - Development	061-4545404		061-6521004	0300-8730104
Rana Irfan Hameed	Regional Manager - Development			061-6521004	0300-6349004
Syed Imtiaz Hassan Naqvi	Regional Manager - Development			061-6223933	0300-8374313
Mr. Atiq-ur-Rehman	Regional Manager - Sadiqabad	068-5702195	068-5702195	068-5801195	0300-8678195
Mr. Muhammad Ashraf	Branch Manager - Mailsi	067-3411115			0300-7735414
Mr. Imran Ali	Branch Manager - Development			061-6776095	0300-7337455
<i>Principal Office Karachi</i>					
807-Business and Finance Centre,		021-2446036-38	021-2446039		
<u>I. I. Chundrigar Road, Karachi.</u>					
Mr. Pervez Chaghtai	General Manager - Development				0300-8294592
Mr. Mohammad Shamim	General Manager - Development	021-426046	021-2446039	021-6704419	0323-2021349



Name	Designation	Telephone Office	Fax No.	Telephone No. Res.	Mobile No.
Corporate Office Peshawar					
Dean Trade Centre, T.F. No.9 & 10,		091-5273794	091-5272246		
3rd Floor Opp. State Bank of Pakistan,		091-5250081			
Saddar Road, Peshawar Cantt.					
Mr. Javaid Akhter Khan	General Manager - Development	091-5273794	091-5272246	091-5816958	0333-9102267
Mr. Iftikhar-ud-din Durrani	Asstt. General Manager - Development	091-5273789	091-5272246		0333-9106008
Mr. Barkat Ali Bhatti	Zonal Manager - Development	091-5272217	091-5272001	091-5271312	0300-9007600
Mr. Muhammad Sohail Khan	Senior Manager				0300-8476713
GENERAL MANAGER OFFICES					
Eden Centre Lahore					
213-Eden Centre, 43-Jail Road, Lahore.		042-37596684-6	042-37585297		
Mr. Mushtaq Ahmed	General Manager - Development			042-35727596	0321-8447890
Mr. Nadeem Safdar Ch.	Asstt. General Manager - Development				
Syed Ali Faisal	Branch Manager - Development			042-35836094	0301-5678957
Asim Shafiq	Branch Manager - Development			0322-4676646	0321-4637317
Kashmir Road, Sialkot					
Al-Nasir Zone Near Habib Bank Ltd, Kashmir Road, Sialkot.		052-4262770	052-4268073		
Mr. Amer Majeed Khan	General Manager - Development	052-4263371-74		052-3510513	0300-8611501
Mr. Shakeel Ashraf Qureshi	Asstt. General Manager - Development			052-4588234	0300-8710518
Mr. Ahmed Ali Bhatti	Regional Manager - Development			052-3241572	
Mr. Javed Iqbal Barki	Regional Manager - Development			052-3551472	0333-8603052
Mr. Anjum Nazir	Branch Manager - Development			052-3607800	0300-6201956
Queens Road Lahore					
Mumtaz Centre, Queens Road, Lahore.		042-36374533	042-36303558		
Mr. Imtiaz Ahmed Chaudhry	General Manager - Development	042-36374872		042-35016496	0300-8416004
Mr. Javaid Talib Hussain	Zonal Manager - Development	042-36365649		042-36552790	0301-8472201
Mr. Manzoor Ahmed Chaudhry	Regional Manager - Development	042-36365649		042-35017471	0321-8413050
Mr. Hafiz Munir-ud-Din Hashmi	Branch Manager Development	042-36362277		042-37577874	0300-4690884

Name	Designation	Telephone Office	Fax No.	Telephone No. Res.	Mobile No.
<u>SENIOR DEPUTY / DEPUTY GENERAL MANAGER OFFICES</u>					
<i>Islamabad</i>					
<u>3rd Floor, Waheed Plaza, 52-W, Jinnah Avenue Blue Area, Islamabad.</u>		051-2277555-56	051-2825554		0321-8556454
Malik Zafar Yousaf	Senior Deputy General Manager - Development	051-2825558		051-5475238	0300-8556454
Miss. Humaira Bajwa	Branch Manager - Development			051-2825558	0322-5074947
<i>Abbot Road, Sialkot</i>					
<u>Near OK Sports, Abbot Road, Sialkot.</u>		052-4262603-4	052-4262601		0321-8617856
Mr. Nadeem Sohail Qureshi	Deputy General Manager - Development			052-4290409	0300-8617856
Mr. Tohid Qaiser Qureshi	Zonal Manager - Development			052-4266271	0300-8616856
<i>Cavalary Ground Lahore Cantt</i>					
<u>2nd Floor, 54-Commercial Area, Cavalary Ground, Lahore Cantt.</u>		042-36601470-71			
		042-36619727	042-36601674		0300-8441828
Mr. Salman-ul-Haq	Deputy General Manager - Development	042-36682323			0321-8441828
Mr. Sheikh Rehmat Ali	Senior Branch Manager - Development	042-36619727			0300-4141431
Mr. Muhammad Aslam Shad	Senior Branch Manager - Development	042-36601471			0333-4246222
<i>Deputy General Manager Office</i>					
<u>Room No.23, 4th Floor, Al-Latif Centre, 88/D-1, Main Boulevard, Gulberg-III, Lahore.</u>		042-35789980-81			0300-4001539
Mr. Khurram Mansoor Malik	Deputy General Manager - Development	042-35763066	042-35789979	042-35031301	0300-4541991
Mr. Ahsan Raza	Branch Manager - Development				
<i>Faisalabad-III</i>					
<u>4th Floor, Ahmed Plaza Bilal Road, Civil Line Area, Faisalabad.</u>		041-2602234	041-2635800		
Mr. Muhammad Attiq Siddiqui	Deputy General Manager - Development	041-2602235		041-2643200	0300-8655265
Mr. Muhammad Anwar	Regional Manager - Development				0321-9664800
Mr. Muhammad Ali	Branch Manager - Development				0300-7996008
<u>ASSISTANT GENERAL MANAGER OFFICES</u>					
<i>Kutchery Road Faisalabad</i>					
<u>Akbar Manzil, Kutchery Bazar, Faisalabad.</u>		041-2632917	041-2601388		
		041-2641977		041-8713377	
Mr. Muhammad Irshad Chaudhry	Asstt. General Manager - Development			041-8712277	0300-9656477

Name	Designation	Telephone Office	Fax No.	Telephone No. Res.	Mobile No.
<i>Circular Road Faisalabad</i>					
<u>P-184, Jamal Building, Circular Road, Faisalabad.</u>		041-2623322	041-2637546		
		041-2601024			
Mr. Muhammad Shaukat Rana	Asstt. General Manager - Development	041-2643532		041-8716252	0300-6601228
Mr. Umer Din	Branch Manager - Development				0321-6902352
Mr. Atif Rana	Branch Manager - Development				
<i>Cavalary Ground Lahore Cantt</i>					
<u>2nd Floor, 54-Commercial Area, Cavalary Ground, Lahore Cantt.</u>					0300-8404354
Mr. Imran Ali Khan	Asstt. General Manager - Development	042-36619724	042-36619723	042-35173799	0321-8404354
<i>Gujrat</i>					
<u>Near Sultan Public School, G.T. Road, Gujrat.</u>		053-3514094	053-3514095		
Mr. Asim Habib Khan	Asstt. General Manager - Development			053-3520031	0300-8621212
<i>Brandreth Road Lahore</i>					
<u>2nd Floor, Shahzadi Rafiqat Market , 83-Brandreth Road, Lahore.</u>		042-37641593	042-37630866		
		042-37637367			
Mr. Muhammad Shahbaz	Asstt. General Manager - Development			042-36681975	0321-4620006
<u>Zonal Offices</u>					
<i>Abbot Road Lahore</i>					
<u>Khursheed Plaza, 2nd Floor, 10 Abbot Road, Lahore.</u>		042-6364420-21	042-6278917		
Mr. Zeeshan Ahmed	Zonal Manager - Development				0321-4624569
Mr. M. Nadeem Shahzad	Branch Manager - Development				0307-4443000
<i>Rawalpindi</i>					
<u>Opposite Rwp. General Hospital, Murree Road, Rawalpindi.</u>		051-4571354	051-4414579		
Haji Liaqat Ali Malik	Zonal Manager - Development				0300-5157344
<i>Vehari</i>					
<u>55-Faisal Town, Vehari</u>					
Mr. Muhammad Sharif Chaudhry	Zonal Manager - Development	067-3363529	067-3363529	067-3363529	0300-7725029

Regional Offices

Sargodha

Al-Munir Market, Block No.4 Sargodha.

Mr. Manzoor Hussain Khan Regional Manager - Development
Mr. Hafiz M. Hassan Zia-ullah Branch Manager - Development

048-3720913 048-3700655

048-3220580 0321-6020170
048-3220580 0321-6036710

Mall Branch

63-Shahrah-e-Quaid-e-Azam, Lahore.

Mr. Asif Noor Regional Manager - Development

042-35089711

042-37324045 042-37325021

0300-9479486

Branch Offices

Mirpur (A.J.K.)

Al-Rahi Square, Sector C-1, Mirpur A.J.K.

Mr. Shahid Majeed Khan Senior Branch Manager - Development

058274-36181

058274-36181

052-3510562 0300-8615212

Gujranwala

Opp. General Bus Stand, Near PSO Petrol Pump,
G.T.Road, Gujranwala.

Mr. Qaiser Saleem Chaudhary Senior Branch Manager - Development

055-8243300

055-3731948

055-8247700

055-3495899 0300-7444427
0321-6435363

Senior G. M. (Operations) Camp Office

301/2-Zia Chamber Mcleod Road, Lahore.

Mr. M.N. Aqil Khan Branch Manager - Development

042-37356316

042-37221609

Mr. Muhammad Shahid Office Incharge

042-37236247

0321-8400155

0300-4440091

Sub Branch Office (E.D. Camp Office, Islamabad)

Room No.23, 4th Floor, Al-Latif Centre,
88/D-1, Main Boulevard, Gulberg-III, Lahore.

Mr. Jehanzeb Mansoor Office Incharge

042-35789980/81

042-35789979

0300-9412837

FORM OF PROXY

I / We _____ of _____ being a member(s) of The Universal Insurance Company Limited and holder of _____ Ordinary Shares as per Registered Folio No./CDC Participant's ID and Account No. _____ hereby appoint _____ of _____ or failing him / her _____ of _____ who is also member of The Universal Insurance Company Limited vide Registered Folio No./CDC Participant's ID and Account No. _____ as may / our proxy to vote for me / us and on my / our behalf at the 50th Annual General Meeting of the company to be held on Thursday 29th April, 2010 at 10:00 a.m. and any adjournment thereof.

Signed this _____ day of _____ 2010.

AFFIX
REVENUE
STAMP
RS.5/-

Witness: _____

Name with NIC No.: _____

Address: _____

Signature: _____

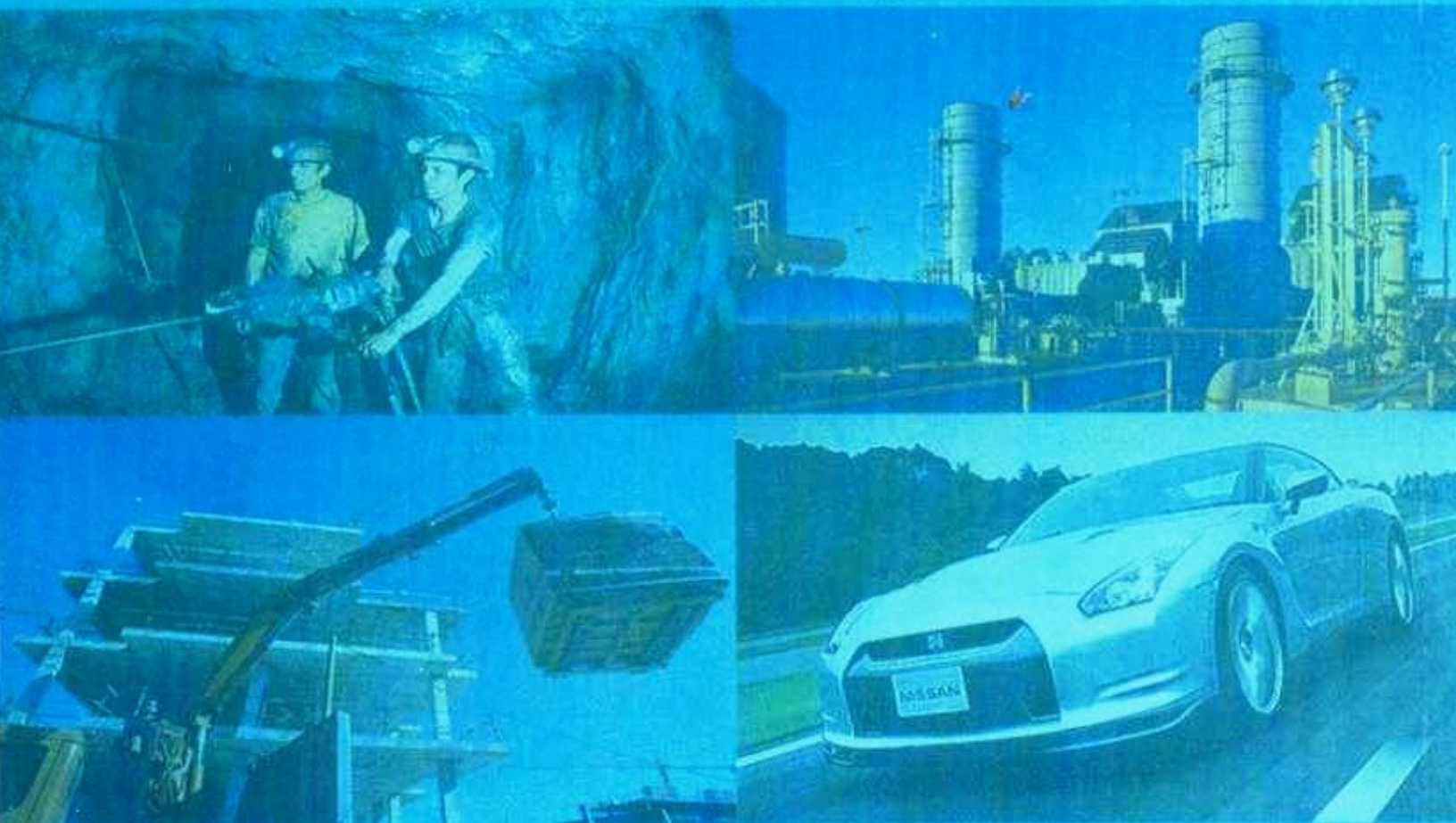
Witness: _____

Name with NIC No.: _____

Address: _____

IMPORTANT:

1. This form of Proxy duly completed must be deposited at the Company's Registered office The Universal Insurance Company Limited, 63-Shahrah-e-Quaid-e-Azam, Lahore not later than 48 hours before the time of holding the meeting.
2. A Proxy should also be a member of the company.
3. CDC Shareholders and their Proxies must each attach an attested photocopy of their National Identity Card of Passport with this Proxy with this Proxy Form.



THE UNIVERSAL INSURANCE CO. LTD.

**UNIVERSAL INSURANCE HOUSE
63-SHAHRAH-E-QUAID-E-AZAM
LAHORE-54000 PAKISTAN.**

PH: 042-3735 3453, 3735 5426, 3732 4244, 3732 4194

FAX: 042-3723 0326

WEB: www.uic.com.pk

E-MAIL: tuic@nexlinx.net.pk