

# Annual Report 2018

# 59<sup>th</sup>

Year Of Continuous Services



**The Universal  
Insurance Co. Ltd.**



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## VISION STATEMENT

*We, at Universal Insurance Company Limited recognize the importance of satisfying our customers by consistently providing quality insurance service 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 customers 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

<b>Board of Directors</b>	<b>Mr. Raza Kuli Khan Khattak</b>	<b>Chairman</b>
	<b>Mr. Gohar Ayub Khan</b>	<b>(Chief Executive)</b>
	<b>Mr. Mushtaq Ahmed Khan F.C.A</b>	
	<b>Dr. Shaheen Kuli Khan Khattak</b>	
	<b>Mr. Muhammad Imran Malik</b>	
	<b>Mr. Khalid Kuli Khan Khattak</b>	
	<b>Mr. Muhammad Kuli Khan Khattak</b>	
	<b>Mr. Sikandar Kuli Khan Khattak</b>	
<b>Principal Officer</b>	<b>Mr. Amir Raza</b>	
<b>Chief Financial Officer</b>	<b>Mr. Ashfaq Ahmed</b>	
<b>Company Secretary</b>	<b>Mr. Liaqat Ali Shaukat</b>	
<b>Internal Auditor</b>	<b>Mr. Abdul Waheed Chaudhry</b>	
<b>Auditors</b>	<b>M/s. Shinewing Hameed Chaudhri &amp; Company</b> <b>Chartered Accountants</b>	
<b>Legal Adviosor</b>	<b>Rana Muhammad Aamir Zulfiqar (Advocate)</b>	
<b>Share Registrar</b>	<b>M/s. Hameed Majeed Associates (Pvt.) Ltd.</b> <b>H.M House, 7-Bank Square, Lahore</b> <b>Phone # 042-37235081-82 Fax: # 042-37358817</b>	
<b>Registered Office:</b>	<b>Universal Insurance House</b> <b>63-Shahrah-e-Quaid-e-Azam, Lahore, 54000</b> <b>Pakistan</b> <b>Ph: 042-37353453-37353458</b> <b>Fax: 042-37230326</b> <b>Web: www.uic.com.pk</b> <b>Email: info@uic.com.pk</b>	



## BOARD AND MANAGEMENT COMMITTEES

### Board Committees:

#### i) Ethics, Human Resource & Remuneration Committee

Mr. Muhammad Imran Malik	Chairman	Independent
Mr. Raza Kuli Khan Khattak	Member	Non-Executive
Mr. Gohar Ayub Khan	Member	Executive
Mr. Mushtaq Ahmed Khan F.C.A	Member	Non-Executive
Mr. Pervez I. Khan	Member	Non-Executive
Dr. Shaheen Kuli Khan Khattak	Member	Non-Executive
Mr. Liaqat Ali Shaukat	Secretary	

#### ii) Investment Committee

Mr. Mushtaq Ahmed Khan F.C.A	Chairman	Non-Executive
Mr. Gohar Ayub Khan	Member	Executive
Dr. Shaheen Kuli Khan Khattak	Member	Non-Executive
Mr. Khalid Kuli Khan Khattak	Member	Non-Executive
Mr. Ashfaq Ahmed	Member	Chief Financial Officer
Mr. Liaqat Ali Shauka	Secretary	

#### iii) Audit Committee

Mr. Muhammad Imran Malik	Chairman	Independent
Mr. Mushtaq Ahmed Khan F.C.A	Member	Non-Executive
Mr. Pervez I. Khan	Member	Non-Executive
Dr. Shaheen Kuli Khan Khattak	Member	Non-Executive
Mr. Muhammad Kuli Khan Khattak	Member	Non-Executive
Mr. Abdul Waheed Ch.	Secretary	

### Management Committees:

#### iv) Underwriting, Reinsurance & Co-Insurance Committee;

Mr. Muhammad Kuli Khan Khattak	Chairman	Non-Executive
Mr. Sikandar Kuli Khan Khattak	Member	Non-Executive
Miss. Bushra Hina Mushtaq	Member	
Mr. Muhammad Alyas	Secretary	

#### v) Claims Settlement Committee;

Mr. Gohar Ayub Khan	Chairman	Executive
Mr. Mushtaq Ahmed Khan F.C.A	Member	Non-Executive
Dr. Shaheen Kuli Khan Khattak	Member	Non-Executive
Mr. Amir Raza	Member	
Mr. Abdul Waheed Ch.	Member	
Mr. Ashfaq Ahmed	Secretary	

#### vi) Risk Management & Compliance Committee

Mr. Sikandar Kuli Khan Khattak	Chairman	Non-Executive
Mr. Amir Raza	Member	
Mr. Ashfaq Ahmed	Member	
Miss. Bushra Hina Mushtaq	Secretary	



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 59th Annual General Meeting of the Shareholders of The Universal Insurance Company Limited will be held on Tuesday April 30, 2019 at 10:30 A.M. at the registered office of the Company at Universal Insurance House, 63-Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:-

### A. ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on April 27, 2018 at Lahore.
2. To receive, consider and adopt the audited accounts of the Company for the year ended December 31, 2018 and reports of the directors and auditors thereon.
3. To appoint auditors for the year 2019 and to fix their remuneration. The Board on recommendation of Audit Committee of the company has recommended the appointment of M/s. ShineWing Hameed Chaudhri & Co. Chartered Accountants as external auditor for the year 2019 being eligible, have offered themselves for re-appointment.

### B. ANY OTHER BUSINESS

To transact any other business with the permission of the Chair.

By Order of the Board

(Liaqat Ali Shaukat)  
Company Secretary

Dated: April 09, 2019

### NOTES:

- 1- The Share Transfer Books of the Company will remain closed from April 23, 2019 to April 30, 2019 (both days inclusive).
- 2- A member entitled to attend and vote at the 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 at the Registered Office of the Company duly stamped, signed and witnessed not later than 48 hours before the meeting. A member shall not be entitled to appoint more than one proxy.
- 3- CDC shareholders are requested to bring their original CNIC card, Account, Sub account numbers and participant's Number in Central Depository Company (CDC) for identification purpose 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- Shareholders are requested to immediately notify shares registrar of the company promptly of any change in their addresses, if any.
- 5- Members who have not yet submitted photocopies of their valid computerized national identity cards to the Company are requested to send the same at earliest directly to our share registrar M/s. Hameed Majeed Associates (Pvt) Ltd, 7-Bank Square, Lahore.
- 6- Form of proxy is appended to the annual report in both English and Urdu languages.
- 7- The audited financial statements of the company for the year ended December 31, 2018 have been placed on the company website [www.uic.com.pk](http://www.uic.com.pk).
- 8- Members who desire to receive annual financial statements and notice of annual general meeting of the company through email in future are hereby requested to convey their consent to company secretary at email address [info@uic.com.pk](mailto:info@uic.com.pk) via email on a standard request form which is available on company website. It is the responsibility of the member to timely update of any change in their registered email address. Members can request a hard copy of Audited Financial Statements which shall be provided free of cost within seven days from the date of requisition.
- 9- Pursuant to SECP S.R.O. No. 43(1)/2016 dated January 22, 2016, the members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the company on the appointment of Execution Officer by the intermediary as a Proxy.

#### **10- Consent for Video Conference Facility**

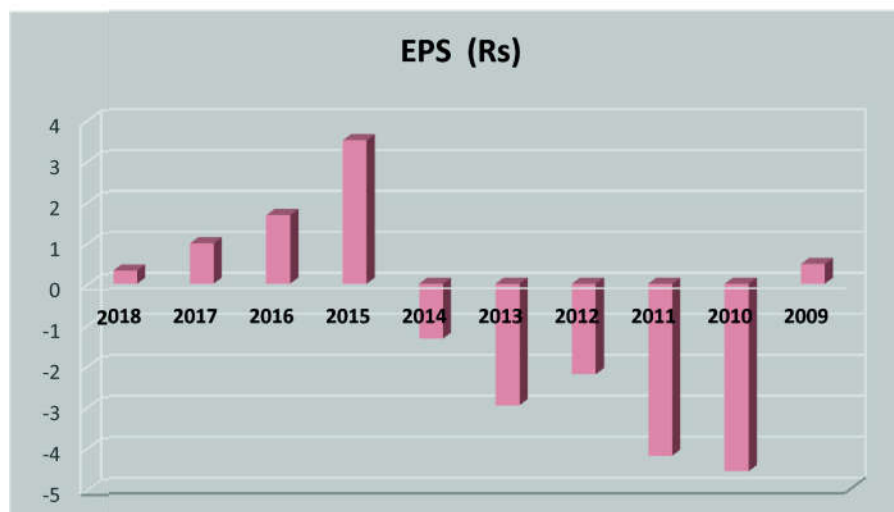
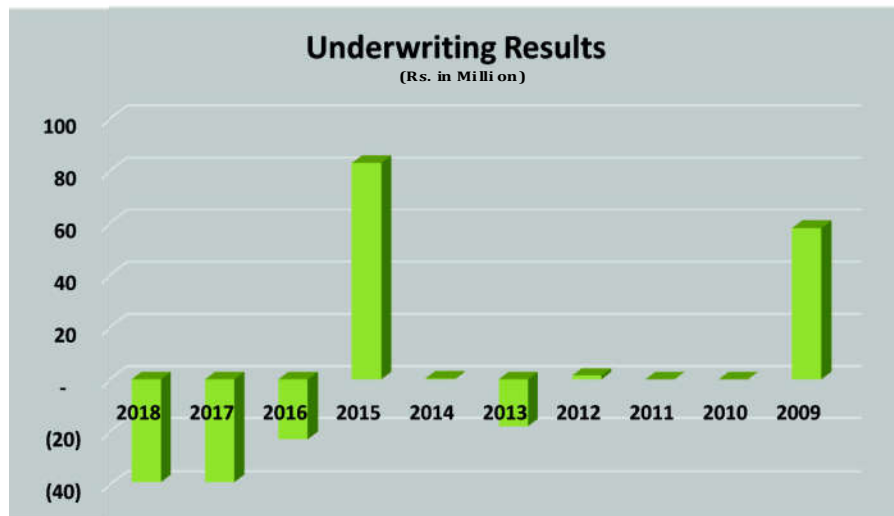
Pursuant to the provision to the Companies Act, 2017 the members can also avail video conference facility. In this regard please fill the following and submit at the registered address of the Company 07 days before holding the general meeting. If the company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting.

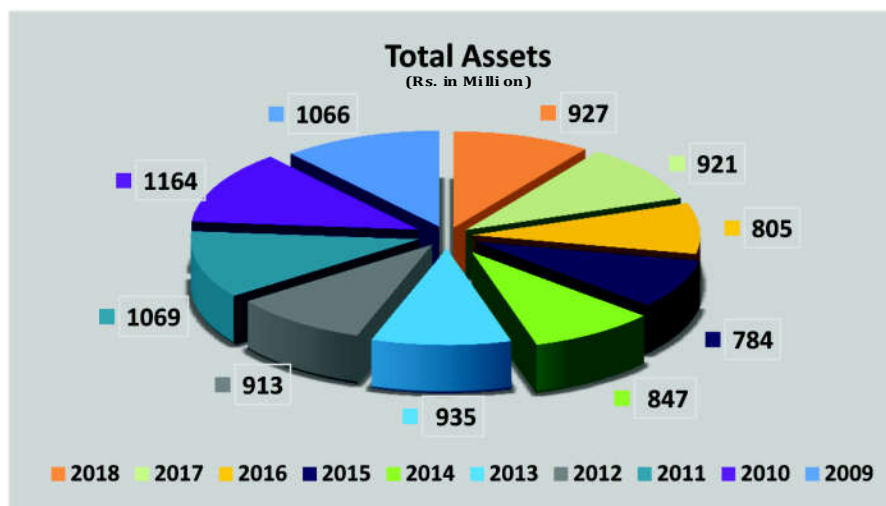
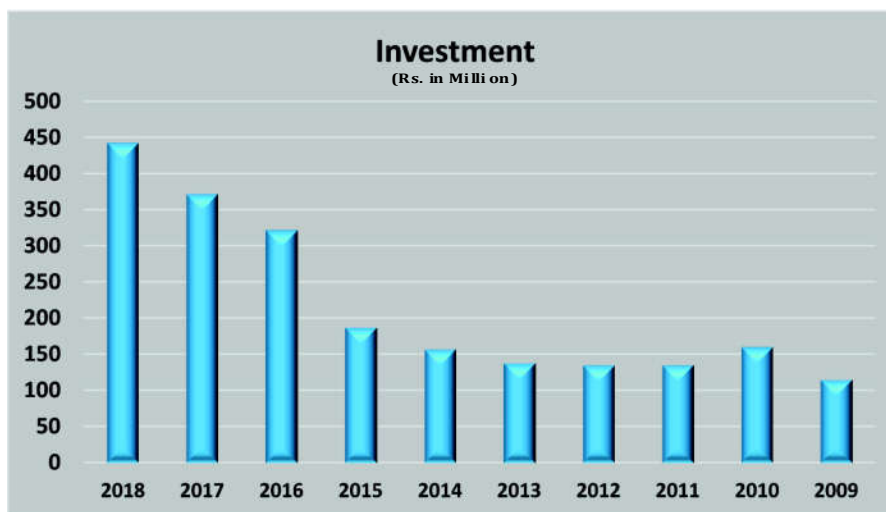
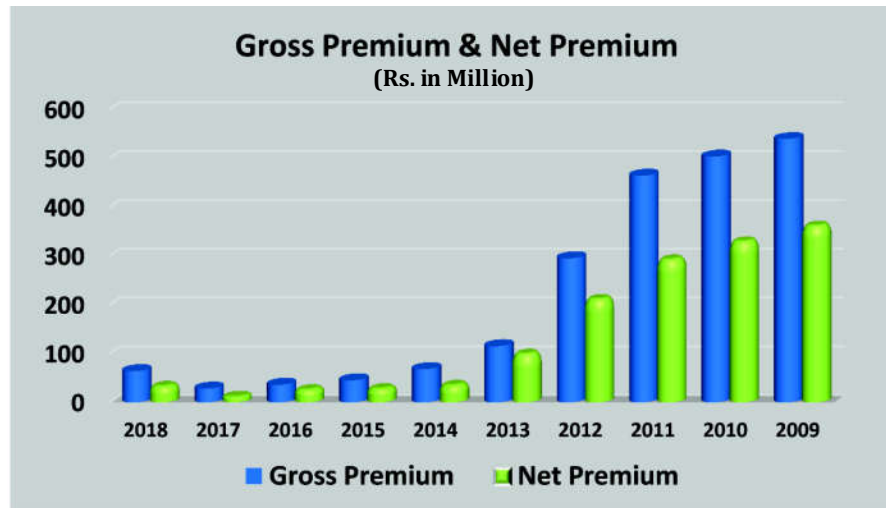
I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of The Universal Insurance Co. Ltd., holder of \_\_\_\_\_ Ordinary Share(s) as per Folio No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.



## TEN YEARS KEY FINANCIAL DATA

	(Rupees in million)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Gross Premium	64	28	36	45	68	115	295	464	503	539
Net Premium	33	12	26	28	35	99	211	292	329	361
Net Claim	2	(9)	(9)	(56)	2	54	102	143	177	182
Investment	443	372	322	187	157	138	135	135	160	115
Underwriting (Loss)/ Profit	(39)	(39)	(23)	83	0.30	(18)	1.4	(2)	(17)	58
(Loss)/ Profit Before Tax	19	45	71	131	(41)	(87)	(66)	(110)	(103)	11
(Loss)/ Profit After Tax	16	41	69	130	(46)	89	(66)	(65)	(86)	8
Paid-up Capital	500	500	416	416	370	300	300	300	262.50	210
Cash and Banks	26	90	6	108	122	160	62	130	88	159
Total Property & Assets	927	921	805	784	647	935	913	1069	1164	1066
Equity	808	780	644	311	13	78	143	208	233	265
EPS (Rs)	0.32	0.98	1.67	3.5	(1.34)	(2.97)	(2.21)	(4.20)	(4.58)	0.48







## CHAIRMAN'S REVIEW

I feel pleased in presenting 59<sup>th</sup> Annual Report and performance view of The Universal Insurance Company Limited on behalf of the Board of Directors of the Company.

### Company Performance:

The Company financials indicators have persistently reflected improvements for the last 4 years which is evident from the fact that, accumulative losses of the Company reduced considerably, resulting into upgrading the Company's IFS rating.

### Future Outlook:

The improvement in financial results of the Company can be attributed to the board's decision executed in 2014 of closure of unprofitable branches across the country and advising the management to shift its entire focus on underwriting the group's business and profitable market business of selected clients. The decision proved fruitful during the period under review. In this connection we have upgraded our IT system with the objective to further reinforce internal control with special emphasis on risk management aiming not to underwrite hazardous risks. IT system has also catered the changed environment required by the regulator for ensuring relevant compliance in all respect. All these measures altogether will contribute toward strengthening board policy for better management of Company affairs.

### Acknowledgement:

I wish to express my sincere appreciation to our valued shareholders, clients, Reinsurers, SECP & financial institutions whose cooperation and support over the year has further strengthened our market image.

*Raza Kuli Khan*

**Raza Kuli Khan Khattak**  
Chairman

**April 08, 2019**  
Lahore

## چیئر مین کی جائزہ رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے مجھے دی یونیورس انشورنس کمپنی کی 59 ویں سالانہ رپورٹ اور کارکردگی کا جائزہ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔  
کمپنی کی کارکردگی  
کمپنی کے مالیاتی نتائج پہلے چار سالوں سے مسلسل بہتری کی عکاسی کر رہے ہیں اس حقیقت سے بہت واضح ہے کہ کمپنی کے مجموعی انتظامات نمایاں حد تک کم ہوئے ہیں اور اس کے نتیجے میں کمپنی کی IFS رینٹنگ بہتر ہوئی ہے۔

مستقبل کا جائزہ

کمپنی کے مالیاتی نتائج میں بہتری کی وجہ ملک بھر میں غیر منافع بخش برانچز پر عمل درآمد کو 2014 میں بورڈ کے کیے گئے فیصلے سے منسوب کیا جاسکتا ہے اور مینجمنٹ کو ہدایت کی کہ وہ اپنی تمام تر توجہ گروپ کے کاروبار اور مارکیٹ سے منتخب خود کوائف کے منافع بخش کاروبار کو اعتراف کرنے پر مرکوز کریں۔ زیر جائزہ دورے کے دوران یہ فیصلہ کارآمد ثابت ہوا اس سلسلے میں ہم نے اپنے آئی سسٹم کو اس مقصد کے ساتھ اپ گریڈ کیا ہے کہ ہم اپنے اندرونی کنٹرول کو مزید مضبوط کریں اور رسک مینجمنٹ پر خصوصی توجہ دیں تاکہ خطرناک رسک کو اعتراف نہ کیا جاسکے۔ آئی سسٹم نے ریگولیٹری طرف سے درکار بدلے، حوالہ کو پورا کیا ہے تاکہ ہر لحاظ سے متعلقہ کپوائف کو یقینی بنایا جائے۔ یہ تمام تر اقدامات کمپنی کے معاملات کی بہتر مینجمنٹ کے لیے بورڈ پالیسی کو مضبوط بنانے میں مددگار ثابت ہوں گے۔

اعتراف

میں اپنے قلمی قدر حصص داران، کلائنٹس، ری انشوررز، SECP اور دیگر ماہیاتی اداروں کا شکر گزار ہوں جن کے تعاون اور سپورٹ کی وجہ سے کمپنی کا مارکیٹ ایچ مزید مضبوط ہوا۔

*Raza Kuli Khan*

(رضا قلی خان خٹک)

چیئر مین

**08 اپریل، 2019ء**

لاہور۔





## DIRECTOR'S REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, I feel immense pleasure in presenting the **59th Annual Report** of the company with audited financial statements for the financial year ended December 31, 2018.

### PRINCIPAL ACTIVITIES OF THE COMPANY

The Universal Insurance Company Limited (the company) is incorporated in Pakistan as a Public Limited Company since 1958 and is listed on the Pakistan Stock Exchange (PSX). The Company's principal activity is non-life insurance business.

### PRINCIPAL RISKS AND UNCERTAINTIES

Information about principal risks and uncertainties is given in the corresponding notes 42 in the financial statements.

### OPERATING RESULTS:

The operating financial results of the company for the year ended 31 December, 2018 are stated below.

	2018	2017
	-----Rupees in '000-----	
Gross premium	63,549	28,324
Net premium	33,184	12,183
Net claims	2,366	(9,017)
Underwriting results	(38,912)	(39,329)
Investment & Other Income	15,891	19,864
Profit before taxation	19,497	45,423
Profit after taxation for the year	15,989	41,452
<b>Earnings per share</b>	<b>0.32</b>	<b>0.98</b>

### Review Of Operating Results:

The financial results of the company for the year ended December 31, 2018 are reflecting remarkable improvement in different segments particularly the Gross Written Premium of the company has enhanced significantly by 124% in comparison with Gross Written Premium of last year. Similarly Net Written Premium has also increased by 172% over the corresponding period.

However, the investment & Other income of the company has diminished by Rs. 3.973 million over the corresponding period in response to high volatility in stock exchange observed during the current financial year. In spite of this reduction in investment income the bottom line of the company remained positive. It is worthwhile to state here that management following the previous practice had again carried out a comprehensive evaluation of company's assets and liabilities with special emphasis on its segment of outstanding claims and after thorough review rationalized its provision with an objective to present very accurate figures of its liabilities and assets.

### Revenue And Reserve

The statement of changes in equity is showing that the company has transferred the balance lying in revenue reserve to accumulated losses.

### Dividend

The directors have not recommended dividend for the year 2018.

### IFS Rating

M/s. PACRA realizing the sustainable improvement in the financial performance of the company has decided to maintain its IFS rating to A- (stable).



### Information Technology (IT)

In the light of changed accounting environment and to cater the additional regulatory requirements the existing IT modules have been configured to cope with changed scenario. Further integration process is underway to assist the different departments for generating the conducive reports & financial statements and we are determined to finalize IT development process before the end of first half of next financial year.

### ISO Certification

The Company received ISO 9001:2015 certification from M/s. Lloyd's Register-LRQA, Karachi since May 17, 2003. M/s. Lloyd's Register-LRQA, Karachi has renewed Company's certification ISO 9001:2015 on September 29, 2018 for next 3 years which exhibits that Company meets the requirement of standard and maintains satisfactory level of implementation of ISO-Quality Management System.

### Statement of 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) Proper books of accounts have been maintained by the Company.
- (c) The company has applied consistently appropriate accounting policies in preparation of the financial statements and accounting estimates are on the basis of prudent and reasonable judgment.
- (d) Financial statements have been prepared by the company in accordance with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) or any other regulation or law as applicable in Pakistan. The departure there from, if any, is disclosed adequately.
- (e) The system of internal control is sound in design and has been effectively implemented and monitored throughout the year. Internal controls and their implementation are reviewed continuously by the Internal Audit department and any weakness in controls is timely addressed.
- (f) There are no significant doubts upon Company's ability to continue as a going concern.
- (g) There has been no material departure from the best practices of Code of Corporate Governance.
- (h) Key operating and financial data for the last ten years in summarized form is annexed to this annual report.
- (i) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 31st December, 2018 except as disclosed in the corresponding notes in the financial statements.
- (j) Four directors of the Company have acquired certification under the Director's Training Program (DTP) and five directors meets the criteria of eligibility for exemption from certificate.

### Related Party Transactions

The related party transactions are approved or ratified by the Board Audit Committee and the Board of Directors

### Holding Company

Bibojee Services (Pvt.) Limited, incorporated in Pakistan, is a holding Company by way of direct ownership of 85.96% shares and other indirect shareholding.

### Composition of the Board

The Composition of the Board is in line with the requirements of the CCG Regulations. The composition of the Board is as follows:

<b>Total number of directors</b>	<b>9</b>
Male	7
Female	2
<b>Independent Director</b>	<b>1</b>
<b>Other Non-executive Directors</b>	<b>8</b>
<b>Executive Director</b>	<b>1</b>



### Board Performance Evaluation

The evaluation of Board's role of oversight and its effectiveness is appraised by the Board itself. The main areas of focus are, but are not limited to, the following :

- Achieving corporate goals and objectives as defined in the Company's vision and mission statements.
- Strategy formulation and dissemination of directors to the management for sustainable planning and operation; and
- Trainings and upgradation of knowledge and skills of directors
- Evaluation of Board's Committees performance in relation to discharging their responsibilities as per defined terms of reference.

### Board of Directors' Meetings:

During the year, Four (4) 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
Mr. Gohar Ayub Khan	4
Mr. Mushtaq Ahmad Khan - FCA	1
Mrs. Shahnaz Sajjad Ahmad	3
Dr. Shaheen Kuli Khan Khattak	3
Mr. Muhammad Imran Malik	3
Mr. Khalid Kuli Khan Khattak	2
Mr. Muhammad Kuli Khan Khattak	3
Mr. Sikandar Kuli Khan Khattak	3

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

No casual vacancy occurred during the year ended December 31, 2018.

### Board and Management Committees

The Board of Directors, in compliance with the Code, has constituted following Board and Management committees which performs according to the terms of reference determined by the Board of the company and which conforms to the requirements of the code

#### Audit Committee

Audit Committee comprising of five members, four of whom are non-executive directors and one independent director who is the chairman of the committee. Four meetings of audit committee were held during the year.

-Mr. Muhammad Imran Malik	Chairman
-Mr. Mushtaq Ahmad Khan - F.C.A	Member
-Mrs. Shahnaz Sajjad Ahmed	Member
-Dr. Shaheen Kuli Khan Khattak	Member
-Mr. Muhammad Kuli Khan Khattak	Member

#### Ethics, Human Resource & Remuneration Committee

The Board's Ethics, Human Resource & Remuneration Committee comprises of following members and the chairman of the committee is an Independent director. Two meetings were held during the year.

-Mr. Muhammad Imran Malik	Chairman
-Mr. Raza Kuli Khan Khattak	Member
-Mr. Gohar Ayub Khan	Member
-Mr. Mushtaq Ahmad Khan - F.C.A	Member
-Mrs. Shahnaz Sajjad Ahmed	Member
-Dr. Shaheen Kuli Khan Khattak	Member



### **Investment Committee**

Investment Committee meets on quarterly basis to review the investment portfolio. The Board's Investment Committee comprises of the following members. Four meetings were held during the year.

-Mr. Mushtaq Ahmad Khan - F.C.A	Chairman
-Mr. Gohar Ayub Khan	Member
-Dr. Shaheen Kuli Khan Khattak	Member
-Mr. Khalid Kuli Khan Khattak	Member
-Mr. Ashfaq Ahmed	Member

### **Underwriting, Re-Insurance & Co-Insurance Committee**

This Committee formulates the underwriting policy and regularly reviews the underwriting and premium policies of the company and ensures adequate reinsurance arrangements for the insurance company's business. The committee is consisting of following members. Four meetings were held during the year.

-Mr. Muhammad Kuli Khan Khattak	Chairman
-Mr. Sikandar Kuli Khan Khattak	Member
-Miss. Bushra Hina Mushtaq	Member

### **Claims Settlement Committee**

Claim Settlement Committee devises the claim settling policy of the Company. It oversees the claims position of the Company and ensures that adequate claims reserves are maintained. The committee is consisting of following members. Four meetings were held during the year.

-Mr. Gohar Ayub Khan	Chairman
-Mr. Mushtaq Ahmad Khan - F.C.A	Member
-Dr. Shaheen Kuli Khan Khattak	Member
-Mr. Amir Raza	Member
-Mr. Abdul Waheed Ch.	Member

### **Risk Management & Compliance Committee**

This committee oversees the activities of the risk management function of the Company and makes appropriate recommendations to the Board to mitigate probable risks falling within the purview of the risk management function. This Committee is consisting of following members. Four meetings were held during the year.

-Mr. Sikandar Kuli Khan Khattak	Chairman
-Mr. Amir Raza	Member
-Mr. Ashfaq Ahmed	Member

### **Remuneration of Directors**

The Company has a formal policy in this regard in accordance with the Companies Act, 2017 and the CCG Regulations. The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings in line with the Board approval. For information on remuneration of Directors and CEO in FY 2018, please refer note 34 to the Financial Statements.

### **Health, Safety and Environment**

We strongly believe in maintaining the highest standards in health, safety and environment (HSE) to ensure the well-being of the people who work with us as well as of the communities where we operate.

### **Corporate Social Responsibility**

The Company considers social, environmental and ethical matters in the context of the overall business environment. The Company is committed to make conscious effort to consider and balance the interest of all stakeholders, in particular the community in which we live and who form our customer base.



### **Internal Audit Function**

The Universal Insurance Company Limited has an independent internal audit function who has suitably designed internal controls to safeguard financial and operational reporting of the Company. The Board Audit Committee quarterly reviews the appropriateness of resources and authority of this function. The head of Internal Audit functionally reports to the audit committee. The Board audit committee approves the audit plans, based on an annual and quarterly assessment of the operating areas.

The Internal Audit function carry's out reviews on the financial, operational and compliance controls, and reports its findings functionally to the Board Audit Committee and administratively to the Chief Executive.

The Board understands its responsibility towards smooth functioning of internal financial controls and continuously strives to achieve the best practices through its regular governance.

### **Statement of Compliance**

Statement of Compliance with the Code of Corporate Governance is separately annexed in the report at page No. 24.

### **Pattern of Shareholding**

The pattern of shareholding is separately annexed in the report at page No. 86.

### **Communication with Stakeholders**

The Company focuses on the importance of the communication with the stakeholders. The annual, half yearly and quarterly reports are placed on company's website ([www.uic.com.pk](http://www.uic.com.pk)) and distributed as specified in the Companies Act, 2017. The activities of the company are updated on its website on timely basis.

### **Trading in Company's Shares**

No trading in the shares of the Company was carried out by the Directors, CEO and their spouses and minor children during the financial year ended December 31, 2018.

### **Appointment of Auditors**

The Auditors M/s. Shinewing Hameed Chaudhri & Co, Chartered Accountants retire and being eligible, offer themselves for reappointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year ending December 31, 2019 to the shareholders for approval.

### **Future Outlook**

Improved financial results of the company for the last four years enabled the Company to approach the banks for its enlistment on their panel and resultantly some of banks enlisted us on their panel. We are firmly hopeful other banks will too enlist us after circulation of our current audited financial statements. In addition to it we are contemplating to restart underwriting the market business by setting up branch network and in this context, result oriented presentation will be given to the board of director by the management in the forthcoming meeting to seek the advice of the board for establishing branch network.

### **Acknowledgement**

We would like to thank the Securities and Exchange Commission of Pakistan, Pakistan Reinsurance Company Ltd., State Bank of Pakistan, Other Reinsures and Co-insurers for their continued cooperation and guidance through-out the year and our valued clients for their continued patronage extended to us.

Date: April 08, 2019

Place: Lahore

For & on behalf of the Board of Directors

  
**GOHAR AYUB KHAN**  
Chief Executive Officer

  
**RAZA KULI KHAN KHATTAK**  
Chairman



## دی یونیورسل انشورنس کمپنی لمیٹڈ

### ممبران کے لئے ڈائریکٹرز کی رپورٹ

(یہ انگریزی رپورٹ کا ترجمہ ہے)

یورڈ آف ڈائریکٹرز کی طرف سے کمپنی کی 59 ویں سالانہ رپورٹ مع 31 دسمبر 2018 کو ختم ہونے والے سال کے لیے نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے مجھے انتہائی خوشی محسوس ہو رہی ہے۔

### کمپنی کی پرنسپل سرگرمیاں (Principal Activities of the Company)

دی یونیورسل انشورنس کمپنی (دی کمپنی) پاکستان میں 1958 کو ایک پبلک لمیٹڈ کمپنی کے طور پر رجسٹرڈ ہے اور یہ پاکستان سٹاک ایکسچینج کی فہرست پر درج ہے۔ کمپنی کی بنیادی سرگرمی میں جنرل انشورنس کا کاروبار ہے۔

### پرنسپل خطرات اور غیر یقینی صورتحال (Principal and Uncertainties)

مالیاتی بیانات کے متعلقہ نوٹ 42 میں پرنسپل خطرات اور غیر یقینی کے بارے میں معلومات دی گئی ہے۔

### آپریٹنگ نتائج (Operating Results)

31 دسمبر 2018 کو اختتام پزیر سال کے آپریٹنگ نتائج مندرجہ ذیل ہیں:-

2018	2017	
روپے '000		
63,549	28,324	- مجموعی پرمیئم
33,184	12,183	- نیٹ پرمیئم
2,366	(9,017)	- نیٹ فلیٹ
(38,912)	(39,329)	- انڈر رائٹنگ نتائج
15,891	19,864	- سرمایہ کاری اور دیگر آمدنی
19,497	45,423	- قبل از ٹیکس منافع
15,989	41,452	- سال کیلئے بعد از ٹیکس منافع
0.32	0.98	- آمدنی فی شیئر

### آپریٹنگ نتائج کا جائزہ (Review of Operating Results)

31 دسمبر 2018 کو ختم ہونے والے کمپنی کے مالیاتی نتائج مختلف شعبوں میں نمایاں بہتری کی عکاسی کر رہے ہیں۔ خاص طور پر کمپنی کے مجموعی پرمیئم میں پچھلے سال کے مجموعی پرمیئم کے مقابلے میں %124 اضافہ ہوا ہے۔ اسی طرح پچھلے سال کی نسبت نیٹ پرمیئم میں بھی %172 اضافہ ہوا ہے۔ تاہم کمپنی کی سرمایہ کاری آمدنی اور دیگر آمدنی پچھلے سال کی نسبت 7.059 ملین نیپے کم ہوئی ہے جو موجودہ مالی سال کے دوران سٹاک ایکسچینج میں علی عدم استحکام کا نتیجہ ہے۔ سرمایہ کاری آمدنی میں کمی کے باوجود کمپنی کے نتائج آخر میں مثبت رہے۔ یہاں یہ بیان کرنا قابل قدر ہے کہ انتظامیہ نے پچھلے طریقوں کو مد نظر رکھتے ہوئے کمپنی کے اثاثوں اور ذمہ داریوں کی وسیع تشخیص کی ہے اور اس کے ساتھ ہی واجب الادا کلیمز کے حصے پر خالص طور پر زور دیا گیا ہے۔ مکمل جائزہ کے بعد پریزن کو اس مقصد کے ساتھ معقول کیا جاوے تاکہ اثاثوں اور ذمہ داریوں کے بہت ہی درست اندازہ شمار پیش کیے جاسکیں۔

### آمدنی اور ذخائر (Revenue And Reserve)

ایکویٹی میں تبدیلیوں کے بیان سے ظاہر ہوتا ہے کہ کمپنی نے آمدنی کے ذخائر میں جمع شدہ رقم کو مجموعی نقصانات میں منتقل کر دیا ہے۔

## ڈیویڈنڈ (Dividend)

ڈائریکٹرز نے سال 2018 کے لیے ڈیویڈنڈ دینے کی سفارش کی ہے۔

## آئی ایف ایس ریٹنگ (IFS Rating)

کمپنی کی مالیاتی کارکردگی میں مسلسل بہتری کی بنا پر M/s. PACRA نے اپنی IFS Rating کو A-(Stable) رکھنے کا فیصلہ کیا ہے۔

## انفارمیشن ٹیکنالوجی (Information Technology)

بدلتے ہوئے حسابات کی روشنی اور آصفائی ریگولیٹری کی ضروریات سے نمٹنے کیلئے موجودہ آئی ٹی مادیات کو ضرورت کے حساب سے ترمیم دیا گیا ہے۔ مزید مختلف شعبوں کی ساز و سامان اور مالی حساب کتاب بہتر بنانے کے لیے انکمپلیمینٹیشن کامرند جاری ہے۔ ورہمہ گائیڈ لائنیں سال کے پہلے ہاف کے اختتام پر آئی ٹی ڈیولپمنٹ کے مرحلے کو حتمی شکل دینے کے لیے پُر عزم ہیں۔

## آئی ایس او سرٹیفیکیشن (ISO Certification)

17 مئی 2003 سے کمپنی نے میسرز لکھنؤ رجسٹر ایل آر کیو اے، کراچی سے ISO 9001:2015 کی سرٹیفیکیشن حاصل کی۔ میسرز لکھنؤ رجسٹر ایل آر کیو اے، کراچی نے 19 ستمبر 2018 کو اگلے تین سالوں کے لیے ISO 9001:2015 کو تجدید کر چکا ہے۔ اس سے صاف ظاہر ہے کہ کمپنی ISO کوالٹی مینجمنٹ سسٹم کے معیار پر پورا اُترتی ہے اور کمپنی نے ISO کوالٹی مینجمنٹ سسٹم سے عمل درآمد کے معیار کو یقینی بنایا ہے۔

## کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کا بیان (Statement of Corporate & Financial Reporting Framework)

کمپنی کے بورڈ آف ڈائریکٹرز کے کارہائے نمایاں کو سراہا جاتا ہے۔ کمپنی کے لیے کاروباری قوانین، اصول و ضوابط موجود ہیں۔ بورڈ اپنے کاروباری فیصلوں سے بخوبی آگاہ ہے جو کہ کارپوریٹ گورننس کے ضابطہ کے مطابق ہے اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کا مقرر کردہ ہے۔ اور اس کی گواہی دیتا ہے کہ:

(اے) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹس اس کی تمام معلومات کو صاف و شفاف انداز میں واضح کرنے کے ساتھ اس کے آپریشنز کے نتائج، کمپنی کی آمدورفت اور انکمپنی میں تبدیلیوں شامل ہیں۔

(بی) کمپنی کے مناسب مالی کھاتہ جات تیار کیے گئے ہیں۔

(سی) مالیاتی اسٹیٹمنٹ اور اکاؤنٹنگ تخمینہ جات کی تیاری کے لیے سب سے زیادہ اہم و اہم پالیسیز مستقل طور پر اپنائی گئی ہیں جو کہ معیاری اصول و ضوابط کے مطابق ہیں۔

(ڈی) کمپنی کی مالیاتی اسٹیٹمنٹ جو کہ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز (IAS)، انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) اور دیگر قوانین جو کہ پاکستان میں نافذ العمل ہیں کہ مطابق تیار کی جاتی ہیں اور کمپنی اس سے انحراف کیا گیا ہو تو اس کو وضع طور پر خطا کر دیا جاتا ہے۔

(ای) داخلی منظور کا نظام مستحکم طور پر ترتیب دیا گیا ہے اور موثر طور پر عمل درآمد کے ساتھ سال بھر اس کی نگرانی کی جاتی ہے۔ داخلی نظام اب اس کے نفاذ کا اہل آؤت ڈیولپمنٹ کی جانب سے مسلسل جائزہ لیا جاتا ہے اور نظام میں کسی بھی خامی کو بروقت حل کیا جاتا ہے۔

(ایف) کمپنی کی اس صلاحیت پر کسی قسم کے شکوک و شبہات نہیں کہ یہ جتنے رہنے والا ادارہ ہے۔

(جی) کوڈ آف کارپوریٹ گورننس کی بہترین طریقوں کی پیروی سے کوئی قابل اثر اندازی انحراف نہیں کیا گیا۔

(ایچ) گزشتہ دو سال کیلئے یہ نمایاں آپریشنل اعداد و شمار کا خاصہ سارا اندر پورٹ کے ساتھ منسلک ہے۔

(آئی) فیکٹس، ڈیپوٹیشن، لیوی اور چارجز کے اکاؤنٹس پر کوئی بھی تو فی اوائس نہیں ہیں جو کہ 31 دسمبر 2018 تک واجب الادا ہوتی ہیں۔ اس کے علاوہ اس کو مالی



بیانات کے متعلقہ نوٹس میں بیان کیا گیا ہے۔  
(جے) کمپنی کے چار ڈائریکٹرز نے ڈائریکٹریٹنگ پروگرام (DTP) کے تحت سرٹیفیکیشن حاصل کر لیا ہے اور پانچ ڈائریکٹرز سرٹیفکیٹ پر چھوٹ کی اہلیت پر پورا اترتے ہیں

### متعلقہ پارٹی ٹرانزیکشنز (Related Party Transactions)

بورڈ آف ڈائریکٹرز اور بورڈ آف ڈائریکٹرز نے متعلقہ پارٹی ٹرانزیکشنز کی منظوری اور توثیق کی ہے۔

### ہولڈنگ کمپنی (Holding Company)

بی بی سی سروسز پرائیویٹ لمیٹڈ پاکستان میں وجود میں آئی جو کہ 85.96% حصص کے حساب سے براہ راست ہولڈنگ کمپنی کی ملکیت ہے۔

### بورڈ کی تشکیل (Composition of the Board)

بورڈ کی تشکیل سی سی جی قوانین کی ضروریات کے مطابق ہے۔ بورڈ کی موجودہ تشکیل حسب ذیل ہے:-

9	ڈائریکٹرز کی کل تعداد
7	مرد
2	خواتین
1	آزاد ڈائریکٹر
8	دھرمیان - ایگزیکٹو ڈائریکٹرز
1	ایگزیکٹو ڈائریکٹر

### بورڈ کی کارکردگی کی جانچ (Board Performance Evaluation)

- بورڈ کے سربراہ کی نگرانی اور اس کی کامیابی کا جائزہ بورڈ نے خود ہی کیا ہے۔ تمام ترجیحات، اہم شعبوں پر مرکوز ہیں۔ نیک صرف مندرجہ ذیل تک محدود نہیں ہیں۔
- کارپوریٹ اہداف اور ان مقاصد کا حصول جو کہ کمپنی کے نقطہ نظر اور مشن اسٹیمپلس میں واضح ہیں۔
- پائیدار منصوبہ بندی اور پریکٹس کے انتظام کے لیے ڈائریکٹرز کی حکمت عملی اور تقسیم اور
- ڈائریکٹرز کی ٹریننگ، مہارت اور علم میں اضافہ۔
- بورڈ کمپنی کی کارکردگی اپنی ذمہ داریوں کے حوالہ جات کی شرائط کے مطابق پورا کرنا





## ڈائریکٹرز کا اجلاس (Director's Meeting)

اس سال کے دوران بورڈ میٹنگ کے 4 اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی جانب سے اجلاسوں میں شرکت کی تعداد مندرجہ ذیل میں دی گئی ہے:

4	- جناب رضائی خان خٹک
4	- جناب گوہر ایوب خان
1	- جناب مشتاق احمد خان - ایف سی اے
3	- محترمہ شہناز سجاد احمد
3	- ڈاکٹر شاپین قلی خان خٹک
3	- جناب محمد عمران ملک
2	- جناب خالد قلی خان خٹک
3	- جناب محمد قلی خان خٹک
3	- جناب سکندر قلی خان خٹک

بورڈ ڈائریکٹرز بورڈ کے کچھ سالانہ اجلاسوں میں اپنی دسر مصروفیات کے باعث شرکت نہیں کر سکیں۔ ڈائریکٹرز کے بے غیر حاضری کی چھٹی منظور کر لی گئی۔ 31 دسمبر 2018 کے اختتام پر کوئی بھی سیٹ خالی نہیں ہوئی۔

## بورڈ اور مینجمنٹ کمیٹیز (Board and Management Committees)

بورڈ آف ڈائریکٹرز نے قوانین کے مطابق مندرجہ ذیل بورڈ اور مینجمنٹ کمیٹیاں تشکیل دی ہیں جو کمپنی کے بورڈ کی طرف سے مقرر کردہ ریفرنس کی شرائط کے مطابق سرانجام دیتی ہیں اور کوڈ کی ضروریات کو پورا کرتی ہیں۔

## آڈٹ کمیٹی (Audit Committee)

آڈٹ کمیٹی پانچ ممبران پر مشتمل ہے جس میں چار ممبران ایگزیکٹو ڈائریکٹرز اور ایک آزاد ڈائریکٹر جو کمپنی کا چیئر مین ہے۔ سال کے دوران آڈٹ کمیٹی کے 4 اجلاس منعقد ہوئے۔

چیئر مین	- جناب محمد عمران ملک
زکن	- جناب مشتاق احمد خان - ایف سی اے
زکن	- محترمہ شہناز سجاد احمد
زکن	- ڈاکٹر شاپین قلی خان خٹک
زکن	- جناب محمد قلی خان خٹک



## ضابطہ اخلاق، ہیومن ریسورس اور مراعات کمیٹی (Ethics, HR and Remuneration Committee)

بورڈ کا ضابطہ اخلاق، ہیومن ریسورس اینڈ مراعات کمیٹی مندرجہ ذیل اراکین پر مشتمل ہے اور کمیٹی کا چیرمین ایک آزاد ذمہ دار میکٹر ہے۔ سال کے دوران 2 اجلاس منعقد ہوئے:-

- محمد عمران ملک چیرمین
- رضا علی خان خٹک ڈکن
- جناب گوہر ایوب خان ڈکن
- جناب مشتاق احمد خان رائف سی اے ڈکن
- محترمہ شہناز سجاد احمد ڈکن
- ذاکر شاہین علی خان خٹک ڈکن

## انویسٹمنٹ کمیٹی (Investment Committee)

انویسٹمنٹ بورڈ فولیو کا جائزہ لینے کے لیے انویسٹمنٹ کمیٹی کا سہ ماہی اجلاس منعقد ہوتا ہے۔ بورڈ کی سرمایہ کاری کمیٹی مندرجہ ذیل اراکین پر مشتمل ہے۔ سال کے دوران 4 اجلاس منعقد ہوئے:-

- جناب مشتاق احمد خان رائف سی اے چیرمین
- جناب گوہر ایوب خان ڈکن
- ذاکر شاہین علی خان خٹک ڈکن
- جناب خالد علی خان خٹک ڈکن
- جناب اشفاق احمد ڈکن

## انڈر رائٹنگ، ری انشورنس اور کو انشورنس کمیٹی (Underwriting, Re-Ins. and Co-Ins. Committee)

یہ کمیٹی انڈر رائٹنگ پالیسی تشکیل دیتی ہے تاکہ باقاعدگی سے کمپنی کی انڈر رائٹنگ اور پیمائش کا جائزہ لیا جاسکے اور انشورنس کمپنی کے کاروبار کے ری انشورنس کے مناسب انتظامات کو یقینی بنایا جاسکے۔ یہ کمیٹی مندرجہ ذیل اراکین پر مشتمل ہے۔ سال کے دوران کمیٹی کے 14 اجلاس منعقد ہوئے:-

- جناب محمد علی خان خٹک چیرمین
- جناب سکندر علی خان خٹک ڈکن
- مس بشری حنا مشتاق ڈکن



## کلیئر سیٹلمینٹ کمیٹی (Claims Settlement Committee)

کلیئر سیٹلمینٹ کمیٹی کمپنی کی کلیم سیٹلمینٹ پالیسی وضع کرتی ہے۔ یہ کمیٹی کی کلیم پوزیشن کی نگرانی کرتی ہے تاکہ کمپنی کے معقول کلیئر کے ذخائر کو یقینی حد تک برقرار رکھا جائے۔ یہ کمیٹی مندرجہ ذیل اراکین پر مشتمل ہے۔ سال کے دوران کمیٹی کے 14 اجلاس منعقد ہوئے:-

-	جناب گوہر ایوب خان	چیئرمین
-	جناب مشتاق احمد خان۔ ایف سی اے	زکن
-	ڈاکٹر شاپین ثانی خان۔ بک	زکن
-	جناب عامر رضا	زکن
-	جناب عبدالوحید چودھری	زکن

## رہسک مینجمنٹ اور کمپلائنس کمیٹی (Risk Management and Compliance Committee)

یہ کمیٹی کمپنی کے رہسک مینجمنٹ کی سرگرمیوں کے امور کی نگرانی کرتی ہے۔ اور رہسک مینجمنٹ امور کے دائرے میں آنے والے ممکنہ خطرات سے نمٹنے کیلئے بورڈ کو سوزوں۔ خطرات پیش کرتی ہے۔ یہ کمیٹی مندرجہ ذیل اراکین پر مشتمل ہے۔ سال کے دوران کمیٹی کے 14 اجلاس منعقد ہوئے:-

-	جناب سمندر علی خان۔ بک	چیئرمین
-	جناب عامر رضا	زکن
-	جناب اشفاق احمد	زکن

## ڈائریکٹرز کی مراعات (Remuneration of Directors)

کمیٹی کی اس سلسلے میں رہی پالیسی ہے جو سیکٹرز ایکٹ 2017 اور سی سی جی قوانین کے مطابق ہے۔ بورڈ اراکین کی مراعات بورڈ خود منظور کرتا ہے۔ اجیت کوڈ آف کارپوریٹ گورننس کے تحت یہ یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنی مراعات کے فیصلہ کا تعین خود نہیں کرتا۔ کمیٹی نان ایگزیکٹو ڈائریکٹرز کو کوئی بھی مراعات ادا نہیں کرتی ماسوائے میٹنگ کی حاضری کے جو کہ بورڈ کی مرضی کے مطابق ہوتی ہے۔ FY 2018 میں ڈائریکٹرز اور سی ای او کی مراعات کی انٹرمیڈیٹ کوارٹر فیڈبک اسٹینڈنٹ کے بیچ نمبر 34 میں ملاحظہ کریں۔

## صحت، حفاظتی ماحول (Health, Safety and Environment)

ہم صحت اور حفاظتی ماحول کے اعلیٰ معیار کو برقرار رکھنے پر پختہ یقین رکھتے ہیں جو لوگ۔ ہمارے ساتھ کام کرتے ہیں اور وہ کمیونٹی جہاں ہم کام کرتے ہیں۔

## کارپوریٹ سماجی ذمہ داری (Corporate Social Responsibility)

کمیٹی مجموعی طور پر سماجی، ماحولیاتی اور اخلاقی امور کو اس کے مجموعی کاروباری ماحول کے تناظر میں دیکھتی ہے۔ کمیٹی تمام متعلقہ فریقوں کے مفاد کو متوازن کرنے کی کوششوں کیلئے پرعزم ہے خاص طور پر اپنی کمیونٹی جس میں ہم رہتے ہیں اور جو ہمارے کسٹمر بنانے کی بنیاد ہیں۔

## اندرونی آڈٹ فنکشن (Internal Audit Function)

یونیورسل انشورنس کمپنی لیٹر ایک خود مختار اندرونی آڈٹ کا نظام رکھتی ہے جو کے خصوصی طور پر اندر مل کنٹروں اور کمپنی کی مابنائی اور آپریشنل رپورٹنگ کے لیے ڈیزائن کیا



گیا ہے۔ بورڈ آف آڈٹس کمیٹی سہ ماہی کے اختتام پر مناسب وسائل اور اس کے کام کی اتھارٹی کا جائزہ لیتی ہے۔ انٹرنل آڈٹس کمیٹی کا سربراہ آڈٹس کمیٹی کو فعال طور پر رپورٹ کرتا ہے۔ بورڈ آڈٹس کمیٹی نے آڈٹ منصوبوں کی منظوری دی ہے جو کہ آپریٹنگ ایریا کے سالانہ اور سہ ماہی جائزہ پر مبنی ہے۔ اندرونی آڈٹس کا کام فنڈنل، آپریشنل اور کمپلائنس کنٹرول کی جانچ پڑتال کرنا ہے اور انتہائی طور پر چیف ایگزیکٹو اور بورڈ آف آڈٹس کمیٹی کو اس کی رپورٹ مہیا کرتا ہے۔ بورڈ اپنے اندرونی مالیاتی کنٹرول کے نظام کی ذمہ داریوں سے بخوبی واقف ہیں اور تسلسل کے ساتھ اپنے باضابطہ نظم و ضبط کے ذریعے بہترین خود طریقوں کو رائج کرنے کے لیے پرعزم ہے۔

## تعمیل کا بیان (Statement of Compliance)

انسٹیٹوٹ آف کمپلائنس کوڈ آف کارپوریٹ گورننس کے ساتھ یکجہدہ سے رپورٹ میں صفحہ نمبر 24 پر درج ہے۔

## شیئر ہولڈنگ پیٹرن (Pattern of Shareholding)

شیئر ہولڈنگ کا پیٹرن یکجہدہ سے رپورٹ میں صفحہ نمبر 86 درج ہے۔

## متعلقہ فریقین کے ساتھ مواصلات (Communication with Stakeholders)

کمپنی متعلقہ فریقین کے ساتھ مواصلات کی اہمیت پر توجہ مرکوز رکھتی ہے۔ سالانہ نصف سالانہ اور سہ ماہی رپورٹس کمیٹی کی ویب سائٹ ([www.uic.com.pk](http://www.uic.com.pk)) پر اپ لوڈ کر دی جاتی ہے اور کمپنیز ایکٹ 2017 کے تحت تقسیم بھی کر دی جاتی ہے۔ کمیٹی کی سرگرمیوں کو بروقت اپنی ویب سائٹ پر اپ لوڈ کر دیا جاتا ہے۔

## کمپنی کے شیئرز میں لین دین (Trading in Company's Shares)

31 دسمبر 2018 کے اختتام پذیر مالی سال کے دوران ڈائریکٹرز، ای او ایل کی بیویوں اور ان کے بچوں کی جانب سے کمپنی کے شیئرز میں کوئی لین دین نہیں کیا گیا۔

## آڈیٹرز کی تعیناتی (Appointment of Auditors)

میسرز ڈی این جی محمد پور پری انڈسٹریز اینڈ ٹیکسٹائل سہدف ہوئے اور اہل ہونے کی وجہ سے رضا مندی کے ساتھ دوبارہ تقرری کے خواہشمند ہیں۔ بورڈ آف ڈائریکٹرز نے 31 دسمبر 2019 کو ختم ہونے والے مالی سال کے لیے انھیں داران کی منظوری کے ساتھ ان کی دوبارہ تقرری کیسے آڈٹ کمیٹی کو سفارش کر دی ہے۔

## مستقبل کا جائزہ (Future Outlook)

پچھلے چار سالوں میں کمپنی کے بہتر مالیاتی نتائج کی بدولت کمپنی نے بیجکوں کو اپنے پینل پر اندراج کیلئے اپروچ کیا اور اس کے نتیجے میں کچھ بیجکوں نے ہمیں اپنے پینل پر اندراج کر دیا ہے۔ ہم پر امید ہیں کہ ہمارے موجودہ آڈٹ شدہ مالیاتی نتائج کو نبھانے کے بعد دوسرے پینل بھی ہمیں اپنے پینل پر اندراج کر دیں گے اس کے ساتھ ہی ہم براؤنچ ٹیٹ ورک کو قائم کر کے مارکیٹ پر فزکس کو دوبارہ اندر لانگ کرنے کے بارے میں غور و خوض کر رہے ہیں اور اس تناظر میں کمپنی کی انتظامیہ کی طرف سے بورڈ آف ڈائریکٹرز کو آنے والی بورڈ میٹنگ میں نتیجہ خیز پریزنٹیشن دی جائے گی اور براؤنچ ٹیٹ ورک کو قائم کرنے کیلئے بورڈ سے رائے طلب کی جائے گی۔

## اعتراف (Acknowledgement)

ہم سیکرٹری جنرل اینڈ ایگزیکٹو کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ، ٹیٹ جیک آف پاکستان اور دوسری ری انشوررز اور وائشوررز کی پورے سال کے دوران مسلسل مدد و رہنمائی کے شکر گزار ہیں اور ہم اپنے معزز کلائنٹس کے مسلسل اعتماد پر ان کے بھی شکریہ ادا کرتے ہیں۔

منجانب بورڈ  
Raza Raza  
رضا ظفر خان  
(نائب چیئرمین)

تاریخ: 08 اپریل، 2019  
مقام: لاہور  
گورنر ایوب خان  
چیف ایگزیکٹو آفیسر



## **STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016 & LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017**

Name of Insurer: The Universal Insurance Company Limited(the Company)

Year Ended: December 31, 2018

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance and the Listed Companies (Code of Corporate Governance) Regulations, 2017 (CCG 2017).

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

1. The total number of directors are nine as per the following:
  - a) Male: Seven
  - b) Female: Two
2. The Company encourages representation of independent, non-executive directors and Directors representing minority interest on its Board of Directors (the Board). At present The Board includes:

Category	Names
Independent Director	Mr. Muhammad Imran Malik
Executive Director	Mr. Gohar Ayub Khan
Non-Executive Directors	Mr. Raza Kuli Khan Khattak Mr. Mushtaq Ahmad Khan F.C.A Mrs. Shahnaz Sajjad Ahmed Dr. Shaheen Kuli Khan Khattak Mr. Khalid Kuli Khan Khattak Mr. Muhammad Kuli Khan Khattak Mr. Sikandar Kuli Khan Khattak

The independent director meets the criteria of independence as laid down under the Code and CCG 2017.

3. The directors have confirmed that none of them is serving as a director in more than five listed companies, including this Company.
4. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial institution or, being a member of a stock exchange, has been declared as a defaulter by the stock exchange.



5. No casual vacancy occurred on the board during the year ended December 31, 2018.
6. The Company has prepared a “Code of conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
7. 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.
8. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive directors and the key officers, have been taken by the Board/ Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and CCG 2017.
9. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
10. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and CCG 2017.
11. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all necessary aspects of internal controls given in the Code.
12. Four of the directors have acquired certification regarding the “Directors' Training Program” (DTP) conducted by the local institutions that meet the criteria specified by the Securities and Exchange Commission of Pakistan (SECP). Other five directors possess the minimum qualification and experience criteria for the exemption of DTP as stipulated in the Code.
13. No new appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit was made during the year. The Board had approved the remuneration of CFO, Company Secretary and the Head of Internal Audit Department.
14. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and CCG 2017 and fully describes the salient matters required to be disclosed.
15. The financial statements of the Company were duly endorsed by Chief Executive Officer (CEO) and CFO before approval of the Board.
16. The directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.



17. The Company has complied with all the corporate and financial reporting requirements of the Code and CCG 2017.

18. The Board has formed the following Management Committees:

**Underwriting, Re-insurance & Co-Insurance Committee:**

Name of the Member	Category
Mr. Muhammad Kuli Khan Khattak	Chairman
Mr. Sikandar Kuli Khan Khattak	Member
Miss. Bushra Hina Mushtaq	Member
Mr. Muhammad Alyas	Secretary

**Claims Settlement Committee:**

Name of the Member	Category
Mr. Gohar Ayub Khan	Chairman
Mr. Mushtaq Ahmed Khan F.C.A	Member
Dr. Shaheen Kuli Khan Khattak	Member
Mr. Amir Raza	Member
Mr. Abdul Waheed Ch.	Member
Mr. Ashfaq Ahmed	Secretary

**Risk Management & Compliance Committee:**

Name of the Member	Category
Mr. Sikandar Kuli Khan Khattak	Chairman
Mr. Amir Raza	Member
Mr. Ashfaq Ahmed	Member
Miss. Bushra Hina Mushtaq	Secretary

The functions of Nominations Committee are being performed by the Board

19. The Board has formed the following Board Committees:

**Ethics, Human Resource & Remuneration Committee**

Name of the Member	Category
Mr. Muhammad Imran Malik	Chairman
Mr. Raza Kuli Khan Khattak	Member
Mr. Gohar Ayub Khan	Member
Mr. Mushtaq Ahmed Khan F.C.A	Member
Mrs. Shahnaz Sajjad Ahmed	Member
Dr. Shaheen Kuli Khan Khattak	Member
Mr. Liaqat Ali Shaukat	Secretary



20. The Board has formed an Audit Committee. It comprises of five members, of whom one is independent director and four are non-executive directors. The chairman of the Committee is an independent director. The composition of the Audit Committee is as follows:

**Audit Committee:**

<b>Name of the Member</b>	<b>Category</b>
Mr. Muhammad Imran Malik	Chairman
Mr. Mushtaq Ahmed Khan F.C.A	Member
Mrs. Shahnaz Sajjad Ahmed	Member
Dr. Shaheen Kuli Khan Khattak	Member
Mr. Muhammad Kuli Khan Khattak	Member
Mr. Abdul Waheed Ch.	Secretary

21. The meetings of the Committees, except Ethics, Human Resource and Remuneration Committee, were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.
22. The Board has set up an effective internal audit function equipped with suitably qualified and experienced staff who are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a regular basis.
23. The CEO, CFO, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. The appointed Actuary of the Company also meets the conditions as laid down in the Code. Moreover, the persons heading the underwriting, claims, reinsurance, risk management and grievance functions/ departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

<b>Name of the Person</b>	<b>Designation</b>
Mr. Gohar Ayub Khan	Chief Executive Officer
Mr. Amir Raza	Principal Officer
Mr. Ashfaq Ahmed	Chief Financial Officer
Mr. Muhammad Alyas	Compliance Officer and Head of Reinsurance
Mr. Liaqat Ali Shaukat	Company Secretary
Akhtar & Hassan (Pvt.) Ltd.	Actuary
Mr. Abdul Waheed Ch.	Head of Internal Audit
Miss. Bushra Hina Mushtaq	Head of Underwriting and Risk Management
Mr. Muhammad Rashid Ashraf	Head of Claims
Mr. Aftab Rashid	Head of Grievance Dept.

24. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and are registered with Audit Oversight





Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

25. 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.
26. The appointed Actuary of the Company has confirmed that he or his spouse and minor children do not hold shares of the Company.
27. The Board ensures that the appointed Actuary complies with the requirements set out for him in the Code.
28. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
29. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code.
30. The Company has set up a risk management function, which carries out its tasks as covered under the Code.
31. The Board ensures that as part of the risk management system, the Company gets itself rated from The Pakistan Credit Rating Agency Limited (PACRA), which is being used by its risk management function and the respective Committee as a risk monitoring tool. The rating assigned by PACRA on December 07, 2018 is A- with Stable outlook.
32. The Board has setup a grievance department, which fully complies with the requirements of the Code.
33. The Company has not obtained any exemption from SECP in respect of the requirements of the Code.
34. We confirm that all other material principles contained in the Code and the CCG 2017 have been complied with.

For and on behalf of the  
Board of Directors

**Chairman**

**Chief Executive Officer**

**Director**

**Date: April 08, 2019**

**Place: Lahore**



## **INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF THE UNIVERSAL INSURANCE COMPANY LIMITED**

### **Review Report on the Statement of Compliance Contained in Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **The Universal Insurance Company Limited** (the Company) for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken 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 requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2018.

*Shine Wing Hameed Chaudhri & Co.*

**DATE: APRIL 08, 2019  
LAHORE**

**SHINEWINGHAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS**

Engagement Partner: Nafees ud din



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF THE UNIVERSAL INSURANCE COMPANY LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of **THE UNIVERSAL INSURANCE COMPANY LIMITED** (the Company), which comprise the statement of financial position as at December 31, 2018, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2018 and of the profit, total other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Key Audit Matters**

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

Following are the key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1.	<p><b>Compliance with laws and regulations</b></p> <p>The Companies Act, 2017 (the Act) was promulgated on May 30, 2017, which replaced the Companies Ordinance, 1984 and brought changes in the presentation and disclosures of the financial statements by elimination of duplicative disclosures with IFRS disclosure requirements and incorporation of significant additional disclosures. These changes are applicable first time to the Company's financial statements for the year ended December 31, 2018.</p> <p>The changes are considered as a key audit matter as failure to comply with the requirements of the Act could have financial impact on the Company.</p>	<p>We performed following audit procedures:</p> <ul style="list-style-type: none"> <li>- Obtained an understanding of the related provisions and schedules of the Act, applicable to the Company and prepared documents to assess the Company's compliance with the disclosure requirements of the Act.</li> <li>- Discussed the applicable changes with the Company's management and those charged with governance as to whether the Company was in compliance with such changes.</li> <li>- Maintained a high level of vigilance when carrying-out our other audit procedures for identification of any non-compliance.</li> </ul>



S.No.	Key audit matters	How the matter was addressed in our audit
	Refer notes 5, 6.2, 6.3, 7.2, 19, 23, 32.2, 34 and 47 for changes in disclosures made through the Act.	- Ensured that the financial statements have been prepared in accordance with the approved accounting standards and the Act.
2.	<p><b>Valuation of investments</b></p> <p>The Company's investment portfolio represents 48 per cent of the Company's total assets. The valuation of the portfolio involves judgement in selecting the valuation basis for each investment.</p> <p>The areas that involved significant audit effort and judgement included investments in Associates, investments in equity securities and investments in debt securities.</p>	<p>We performed following audit procedures:</p> <ul style="list-style-type: none"> <li>- Assessed the quoted prices with PSX quotations.</li> <li>- Assessed whether the valuation process is appropriately designed and captures relevant valuation inputs.</li> <li>- Tested whether associated controls in respect of the valuation process are operating properly.</li> <li>- Evaluated the valuation assessment performed by the Company to identify any potential impairment in relation to its investments.</li> </ul> <p>We also assessed whether the Company's disclosures in relation to the valuation of investments are compliant with the relevant accounting requirements and the Act.</p>
3.	<p><b>Valuation of outstanding claims including Incurred But Not Reported (IBNR)</b></p> <p>Refer contents of notes 4.4 and 26 of the financial statements for disclosures of related accounting policy and claims disclosures.</p> <p>The Company's outstanding claims constitute 35% of its total liabilities. Valuation of these outstanding claims involves significant management judgment regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Outstanding claims are recognised on intimation of the insured event based on management judgment and estimation. The Company maintains provision for IBNR claims based on the advice of an independent Actuary. The actuarial valuation process involves significant judgment and the use of actuarial assumptions.</p>	<ul style="list-style-type: none"> <li>- We evaluated whether the Company's actuarial methodologies were consistent with those used in the industry and with prior years. No inconsistencies were noted.</li> <li>- As historical claims data is a key input for actuarial valuation process, we tested the completeness, accuracy and reliability of the underlying data utilised by management to support the actuarial valuation.</li> <li>- Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to the claims.</li> <li>- Obtained an understanding, evaluated the design and tested the controls related to recoveries from reinsurance arrangements.</li> <li>- Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations.</li> </ul>



S.No.	Key audit matters	How the matter was addressed in our audit
	<p><b>4. Contingencies</b></p> <p>The Company is subject to litigations involving different courts, which require management to make assessment and judgments with respect to likelihood and impact of such litigations.</p> <p>Management has engaged independent legal counsel on these matters.</p> <p>The accounting for and disclosure of contingencies is complex and is a matter of significance in our audit because of the judgments required to determine the level of certainty on these matters.</p> <p>The details of contingencies along with management's assessment are disclosed in note 24 to the financial statements.</p> <p><b>5. Revenue recognition risk</b></p> <p>Refer contents of notes 4.2, 4.23, 25 and 29 to the financial statements relating to revenue recognition risk.</p> <p>The Company receives its revenue primarily from two main sources that is premiums and investments income.</p> <p>We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognised in the appropriate period.</p>	<ul style="list-style-type: none"> <li>- Used the report of an external Actuary to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the Actuary of the Company for determination of IBNR.</li> <li>- Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions.</li> <li>- In response to this matter, our audit procedures included: <ul style="list-style-type: none"> <li>- Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances.</li> <li>- Obtaining independent opinion of legal advisors dealing with such cases in the form of confirmations.</li> <li>- We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets.</li> <li>- The disclosures of legal exposures and provisions were assessed for completeness and accuracy.</li> </ul> </li> <li>- Our audit procedures in respect of this matter included the following: <ul style="list-style-type: none"> <li>- Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to premiums and investments income.</li> <li>- Assessed the appropriateness of the Company's accounting policy for recording of premiums and investments income in line with the requirements of applicable accounting and reporting standards.</li> <li>- Tested the policies on sample basis where premium was recorded close to the year end and subsequent to the year end, and evaluated that these were recorded in the appropriate accounting period.</li> <li>- Tested the investments income transaction on sample basis where investments income was recorded close to the year end and subsequent to the year end, and evaluated that these were recorded in the appropriate period.</li> </ul> </li> </ul>





### **Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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



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

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 (XXXIX of 2000), the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Mr. Nafees ud din.

**DATE: APRIL 08, 2019  
LAHORE**

*Shinewing Hameed Chaudhri & Co.*  
**SHINEWING HAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS**  
Engagement Partner: Nafees ud din



## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31-2018

			(Re-stated)	(Re-stated)
			January 01,	
		2018	2017	2017
Assets	Note	----- Rupees in thousand -----		
Property and equipment	6	191,519	180,459	173,831
Investment property	7	21,694	20,201	19,232
Investments in Associates	8	267,554	239,993	186,826
Investments				
- equity securities	9	121,780	78,001	87,612
- debt securities	10	53,713	53,593	47,377
Loans and other receivables	11	32,140	32,880	31,845
Insurance / reinsurance receivables	12	123,349	125,014	148,833
Reinsurance recoveries against outstanding claims	26	34,747	54,317	54,162
Deferred commission expense	27	2,436	845	1,231
Deferred taxation	13	33,191	33,191	33,191
Taxation - payments less provisions	14	9,411	9,246	10,756
Prepayments	15	8,929	2,779	4,131
Cash and bank balances	16	26,464	90,165	5,916
<b>Total Assets</b>		<b>926,927</b>	<b>920,684</b>	<b>804,943</b>
<b>Equity and Liabilities</b>				
<b>Capital and reserves attributable to</b>				
<b>Company's equity holders</b>				
Authorised share capital				
75,000,000 (2017: 75,000,000) ordinary shares				
of Rs.10 each		750,000	750,000	500,000
Issued, subscribed and paid-up share capital	17	500,000	500,000	416,180
Capital reserves:				
- share premium	18	13,824	13,824	13,824
- others		18	18	18
- surplus on revaluation of fixed assets	19	282,051	269,644	261,275
Revenue reserve	45	0	14,467	14,467
Fair value reserve on available-for-sale investments		235	308	429
Unappropriated profit / (accumulated loss)		11,981	(18,640)	(62,312)
<b>Total Equity</b>		<b>808,109</b>	<b>779,621</b>	<b>643,881</b>
<b>Liabilities</b>				
<b>Underwriting Provisions</b>				
Outstanding claims including IBNR	26	41,365	64,811	78,055
Unearned premium reserves	25	14,331	6,232	7,857
Premium deficiency reserves		0	0	282
Unearned reinsurance commission	27	1,849	796	1,448
Long term deposits	20	278	125	0
Retirement benefit obligations	21	0	10,940	9,400
Insurance / reinsurance payables	22	32,843	39,501	36,910
Unclaimed dividends		555	557	609
Other creditors and accruals	23	27,597	18,101	26,501
<b>Total Liabilities</b>		<b>118,818</b>	<b>141,063</b>	<b>161,062</b>
<b>Contingencies and commitments</b>	24			
<b>Total Equity and Liabilities</b>		<b>926,927</b>	<b>920,684</b>	<b>804,943</b>

The annexed notes 1 to 49 form an integral part of these financial statements.

  
Raza Kuli Khan Khattak  
CHAIRMAN

  
Gohar Ayub Khan  
Chief EXECUTIVE

  
Muhammad Kuli Khan Khattak  
DIRECTOR

  
Khalid Kuli Khan Khattak  
DIRECTOR

  
Amir Raza  
Principal Officer

  
Ashfaq Ahmed  
Chief Financial Officer





## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018 Rupees in thousand	2017
Net insurance premium	25	33,184	12,183
Net insurance claims	26	(2,366)	9,017
Premium deficiency		0	282
Net commission	27	(3,667)	1,658
Insurance claims		(6,033)	10,957
Management expenses	28	(66,063)	(62,469)
<b>Underwriting results</b>		<b>(38,912)</b>	<b>(39,329)</b>
Investment loss	29	(11,973)	(4,914)
Rental income		876	796
Other income	30	26,988	23,982
Other expenses	31	(4,039)	(6,108)
<b>Results of operating activities</b>		<b>(27,060)</b>	<b>(25,573)</b>
Finance cost		0	(48)
Share of profit of Associates - net	8	46,557	71,044
<b>Profit before taxation</b>		<b>19,497</b>	<b>45,423</b>
<b>Income tax expense</b>	32	<b>(3,508)</b>	<b>(3,971)</b>
<b>Profit after taxation</b>		<b>15,989</b>	<b>41,452</b>
		<b>---Rupee---</b>	
<b>Earnings (after taxation) per share</b>	33	<b>0.32</b>	<b>0.98</b>

The annexed notes 1 to 49 form an integral part of these financial statements.

 Raza Kuli Khan Khattak CHAIRMAN	 Gohar Ayub Khan Chief EXECUTIVE	 Muhammad Kuli Khan Khattak DIRECTOR	 Khalid Kuli Khan Khattak DIRECTOR	 Amir Raza Principal Officer	 Ashfaq Ahmed Chief Financial Officer
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## STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2018

	(Re-stated)	
	2018	2017
	Rupees in thousand	
<b>Profit after taxation</b>	<b>15,989</b>	<b>41,452</b>
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Unrealised loss on available-for-sale investments	(103)	(173)
Impact of deferred taxation on remeasurement of available-for-sale investments	30	52
	(73)	(121)
Remeasurement (loss) / gain on retirement benefit obligations - gratuity	(1,436)	996
Impact of deferred taxation on remeasurement of retirement benefit obligations - gratuity	416	(299)
	(1,020)	697
Surplus arisen upon revaluation of freehold land and buildings on freehold land	14,459	10,829
Impact of deferred taxation on recognition of surplus arisen upon revaluation of buildings on freehold land	(1,177)	(1,377)
	13,282	9,452
Net share of other comprehensive loss of Associates - net of taxation	(669)	(72)
<b>Other comprehensive income for the year</b>	<b>11,520</b>	<b>9,956</b>
<b>Total comprehensive income for the year</b>	<b><u>27,509</u></b>	<b><u>51,408</u></b>

The annexed notes 1 to 49 form an integral part of these financial statements.

 Raza Kuli Khan Khattak CHAIRMAN	 Gohar Ayub Khan Chief EXECUTIVE	 Muhammad Kuli Khan Khattak DIRECTOR	 Khalid Kuli Khan Khattak DIRECTOR	 Amir Raza Principal Officer	 Ashfaq Ahmed Chief Financial Officer
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## STATEMENT OF CHANGING IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

	Attributable to equity holders of the Company							
	Share capital	Capital Reserves			Revenue reserve	Fair value reserve on available-for-sale investments	(Accumulated loss) / unappropriated profit	Total
		Share premium	Other	Surplus on revaluation of fixed assets				
----- (Rupees in thousand) -----								
Balance as at December 31, 2016 (reported)	416,180	13,824	18	0	14,467	429	(62,310)	382,608
Impact of re-statement - note 5	0	0	0	261,275	0	0	(2)	261,273
Balance as at January 01, 2017 (re-stated)	416,180	13,824	18	261,275	14,467	429	(62,312)	643,881
Transfer from surplus on revaluation of buildings on account of incremental depreciation	0	0	0	(1,141)	0	0	1,141	0
Deferred tax adjustment	0	0	0	518	0	0	0	518
Miscellaneous items of Associates accounted for under equity method	0	0	0	(460)	0	0	454	(6)
Transaction with owners: Shares issued during the year	83,820	0	0	0	0	0	0	83,820
Profit for the year ended December 31, 2017	0	0	0	0	0	0	41,452	41,452
Other comprehensive income for the year ended December 31, 2017	0	0	0	9,452	0	(121)	625	9,956
Total comprehensive income for the year ended December 31, 2017	0	0	0	9,452	0	(121)	42,077	51,408
Balance as at December 31, 2017 (re-stated)	500,000	13,824	18	269,644	14,467	308	(18,640)	779,621
Transfer to accumulated loss	0	0	0	0	(14,467)	0	14,467	0
Transfer from surplus on revaluation of buildings on account of incremental depreciation	0	0	0	(1,319)	0	0	1,319	0
Deferred tax adjustment	0	0	0	809	0	0	0	809
Miscellaneous items of Associates accounted for under equity method	0	0	0	(365)	0	0	535	170
Profit for the year ended December 31, 2018	0	0	0	0	0	0	15,989	15,989
Other comprehensive income for the year ended December 31, 2018	0	0	0	13,282	0	(73)	(1,689)	11,520
Total comprehensive income for the year ended December 31, 2018	0	0	0	13,282	0	(73)	14,300	27,509
Balance as at December 31, 2018	500,000	13,824	18	282,051	0	235	11,981	808,109

The annexed notes 1 to 49 form an integral part of these financial statements.

  
Raza Kuli Khan Khattak  
CHAIRMAN

  
Gohar Ayub Khan  
Chief EXECUTIVE

  
Muhammad Kuli Khan Khattak  
DIRECTOR

  
Khalid Kuli Khan Khattak  
DIRECTOR

  
Amir Raza  
Principal Officer

  
Ashfaq Ahmed  
Chief Financial Officer



## Statement of Cash Flows For the Year Ended December 31, 2018

	2018	2017
	Rupees in thousand	
<b>Operating Cash Flows</b>		
<b>a) Underwriting activities</b>		
Insurance premium received	63,549	28,813
Reinsurance premium paid	(28,180)	(16,623)
Claims paid	(17,560)	(11,508)
Reinsurance and other recoveries received	11,318	7,126
Commission paid	(10,457)	(2,298)
Commission received	5,963	6,164
Management expenses paid	(57,723)	(50,897)
<b>Net cash outflows from underwriting activities</b>	<b>(33,090)</b>	<b>(39,223)</b>
<b>b) Other operating activities</b>		
Income tax paid	(3,673)	(3,573)
Other operating payments	(3,934)	(5,625)
Other operating receipts	1,444	13,316
Loans and other receivables	15	(34)
Other payments - net	11,789	17,992
<b>Net cash inflows from other operating activities</b>	<b>5,641</b>	<b>22,076</b>
<b>Total cash outflows from all operating activities</b>	<b>(27,449)</b>	<b>(17,147)</b>
<b>Investment activities</b>		
Profit / return received	5,656	4,590
Dividends received	18,495	17,828
Rental received	876	796
Payment for investments	(91,111)	(21,248)
Proceeds from redemption of investments	30,000	15,000
Fixed capital expenditure	(324)	(760)
Proceeds from sale of fixed assets	156	1,418
<b>Total cash (outflows) / inflows from investing activities</b>	<b>(36,252)</b>	<b>17,624</b>
<b>Financing activities</b>		
Issue of share capital	0	83,820
Financial charges paid	0	(48)
<b>Total cash inflows from financing activities</b>	<b>0</b>	<b>83,772</b>
<b>Net cash (outflows) / inflows from all activities</b>	<b>(63,701)</b>	<b>84,249</b>
Cash and cash equivalents at beginning of the year	90,165	5,916
<b>Cash and cash equivalents at end of the year</b>	<b>26,464</b>	<b>90,165</b>



## Reconciliation to statement of profit or loss

	2018	2017
	Rupees in thousand	
Operating cash flows	(27,449)	(17,147)
Depreciation expense	(3,548)	(3,897)
Provision for doubtful insurance / reinsurance receivables	(2,355)	(5,279)
Provision for retirement benefit obligations - gratuity	(3,218)	(2,709)
Financial charges	0	(48)
(Loss) / gain on disposal on fixed assets	(14)	837
Decrease in assets other than cash	(11,726)	(20,785)
Decrease in liabilities	26,899	22,730
	(21,411)	(26,298)
<b>Other adjustments</b>		
Loss on investments - net	(11,973)	(5,119)
Share of profit of Associates - net of taxation	46,557	71,044
Fair value gain on investment property	1,493	969
Change in premium deficiency reserve	0	282
Dividend income	0	205
Assets written-off	(5)	(483)
Rental income	876	796
Profit on savings accounts	452	56
	37,400	67,750
<b>Profit after taxation</b>	15,989	41,452

## Definition of cash:

Cash comprises of cash-in-hand, bank balances and other deposits, which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

## Cash for the purposes of statement of cash flows consists of:

### Cash and cash equivalents


Cash-in-hand and policy stamps	36	1
<b>Bank accounts</b>		
Current accounts	3,348	24,126
Savings accounts	22,678	66,038
	26,026	90,164
<b>Deposits maturing within 12 months</b>	402	0
<b>Total cash and cash equivalents</b>	26,464	90,165

The annexed notes 1 to 49 form an integral part of these financial statements.

  
Raza Kuli Khan Khattak  
CHAIRMAN

  
Gohar Ayub Khan  
Chief EXECUTIVE

  
Muhammad Kuli Khan Khattak  
DIRECTOR

  
Khalid Kuli Khan Khattak  
DIRECTOR

  
Amir Raza  
Principal Officer

  
Ashfaq Ahmed  
Chief Financial Officer





## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018**

### **1. Legal status and nature of business**

The Universal Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on May 09, 1958 under the Companies Act, 1913 (now the Companies Act, 2017). The Company is listed on Pakistan Stock Exchange Limited and is engaged in non-life insurance business. The registered office of the Company is situated at Universal Insurance House, 63 - Shahrah-e-Quaid-e-Azam, Lahore. Presently, the Company is operating through one (2017: one) branch in Pakistan.

The Company is a Subsidiary of Bibojee Services (Pvt.) Limited (the Holding Company), which holds 42,981,788 (2017: 42,981,788) ordinary shares of the Company at the year-end.

### **2. Basis of preparation**

#### **2.1 Statement of compliance**

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

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

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

#### **2.2 Accounting convention**

These financial statements have been prepared under the historical cost convention except for investments at fair value through profit or loss and available-for-sale investments, which are stated at fair value, held to maturity investments, which are stated at amortised cost, land & buildings, which are stated at revalued amounts and the retirement benefit obligations, which are measured at present value.

#### **2.3 Functional and presentation currency**

These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand unless otherwise stated.

#### **2.4 Use of estimates and judgments**

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



- (b) The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements or judgment was exercised in application of accounting policies are as follows:

- Outstanding claims including IBNR notes 4.4 & 26
- Premium deficiency reserves notes 4.5
- Classification of investments notes 4.8, 8, 9 & 10
- Taxation notes 4.12, 14 & 32
- Retirement benefit obligations notes 4.19 & 21
- Property and equipment notes 4.15 & 6
- Investment property notes 4.16 & 7
- Unearned premium reserves notes 4.17 & 25
- Provision for doubtful receivables notes 4.21 & 12
- Impairment in value of investments notes 4.25 & 9

### **3. INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS**

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

#### **3.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year**

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on January 01, 2018 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

- (a) Transfers of investment property; amendments to IAS 40 'Investment property' are effective for annual periods beginning on or after January 01, 2018. The amendments clarify that an entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's financial statements.
- (b) The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in respect of recognition criteria of surplus on revaluation of fixed assets as more fully explained in note 5 to these financial statements.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the incorporation of significant additional disclosures and elimination of duplicative disclosures with the IFRSs disclosure requirements.

#### **3.2 Standards, amendments and interpretations to published approved accounting standards that are not yet effective but relevant**

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after January 01, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:





- (a) Amendments to IAS 28 'Investments in associates and joint ventures' are effective for annual periods beginning on or after January 01, 2019. The amendments clarify that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.
- (b) Amendments to IFRS 4 'Insurance contract' - Applying IFRS 9 'Financial instruments' with IFRS 4 are effective for annual period beginning on or after July 01, 2018. The amendments address issue arising from the different effective dates of IFRS 9 and the forthcoming new insurance contract standard IFRS 17 'Insurance contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onward to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.
- (c) IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after January 01, 2018. This standard has been notified by the Securities and Exchange Commission of Pakistan (SECP) to be effective for annual periods beginning on or after June 30, 2019. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Company is yet to assess the full impact of this standard on its financial statements.
- (d) IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 01, 2018. This standard has been notified by the SECP to be effective for annual periods beginning on or after July 01, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS - 18 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The Company is yet to assess the full impact of this standard on its financial statements.
- (e) IFRIC 23, 'Uncertainty over income tax treatments' is applicable to accounting periods beginning on or after January 01, 2019. This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of this interpretation on its financial statements.





#### **4. Summary of significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes as indicated below in note 5.

##### **4.1 Insurance contracts**

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

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

Insurance contracts issued by the Company are generally classified in four basic categories, i.e. Fire and Property, Marine and Transport, Motor and Miscellaneous and are issued to multiple types of clients with business in engineering, automobiles, cement, power, textile, paper, agriculture, services and trading sectors, etc. and individuals as well. The tenure of these insurance contracts depends upon terms of the policies written and vary accordingly.

- Fire & Property insurance contracts generally cover the assets of the policy holders against damages by fire, earthquake, riots & strike, explosion, atmospheric disturbance, flood, electric fluctuations impact, burglary and loss of profit followed by incident of fire.
- Marine & Transport insurance contracts generally provide cover for loss or damage to cargo while in transit to and from foreign land and inland transit due to various insured perils including loss of or damage to carrying vessel.
- Motor insurance contracts provide indemnity for accidental damage to or loss of insured vehicles including loss of or damage to third party and other comprehensive car coverage.
- Other insurance contracts provide variety of coverage including cover against burglary, loss of cash in safe, cash in transit and cash on counter, fidelity guarantee, personal accident, workmen compensation, contractor's all risk, erection all risk, machinery breakdown, boiler damage, crop and health.

In addition to direct insurance, the Company also participates in risks under co-insurance contracts from other companies and also accepts risks through re-insurance inward by way of facultative acceptance on case to case basis provided such risks are within the underwriting policies of the Company. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

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 recognised as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognised as revenue in accordance with the pattern of incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognised 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 contracts are not offset against expenses or income from related insurance assets.

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

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

#### **4.4 Claims**

Claims are charged to income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

##### **(a) Outstanding claims (including IBNR)**

A liability for outstanding claims is recognised in respect of all claims incurred up to the reporting date, which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

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

##### **(b) Claims reported but not settled**

Provision for liability in respect of claims reported but not settled at the reporting date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried-out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognised outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

##### **(c) Claims incurred but not reported**

The provision for claims incurred but not reported (IBNR) is made at the reporting date. In accordance with SECP Circular no. 9 of 2016, the Company takes actuarial advice for the determination of IBNR claims. The Expected Loss Ratio method has been used to obtain an adequate estimate of the IBNR claims. Expected Loss Ratio method has been used in place of the Basic Chain Ladder method because of consistently declining claims experience of the Company.

The change in method for estimating IBNR claims has immaterial effect on provision for claims, reinsurance recoveries against outstanding claims and profit for the preceding year.

#### **4.5 Premium deficiency reserve (liability adequacy test)**

At each reporting date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned premium liability for that class.





It is performed by comparing the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the reporting date in respect of policies in force at the reporting date with the carrying amount of unearned premium liability. Any deficiency is recognised by establishing a provision (premium deficiency reserve) to meet the deficit.

The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses, which are not expected to recur during the remaining period of the policies and expectations of future events that are believed to be reasonable.

The movement in the premium deficiency reserve is recognised as an expense or income in the statement of profit or loss for the year.

#### **4.6 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents include cash-in-hand, cash at banks on current and saving accounts.

#### **4.7 Loans to employees**

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

#### **4.8 Investments**

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition except for 'investment at fair value through profit or loss', which is measured initially at fair value.

All 'regular way' purchases and sales of investments are recognised on the trade date, which is the date that the Company commits to purchase or sell the investment.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such indication exists, the Company applies the requirements of IAS 39 'Financial instruments: recognition and measurement' to all investments except for investments in Associates accounted for under equity method, which are tested for impairment in accordance with the requirements of IAS 36 'Impairment of assets'.

##### **(a) Investments in Associates**

Associates are the entities over which the Company has significant influence but not control. Investments in Associates are accounted for using the equity method of accounting and are initially recognised at cost. The Company's share of its Associates' post acquisition profits or losses, movement in other comprehensive income and its share of post-acquisition movement in reserves is recognised in statement of profit or loss, statement of comprehensive income and reserves respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of investments. Distributions received from an Associate reduce the carrying amount of investment.

##### **(b) Held-to-maturity**

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity are subsequently measured at amortised cost using the effective yield method. Any premium paid or discount availed on the acquisition of held to maturity investment is deferred and included in income for the period on a straight line basis over the term of investment. For investments carried at amortised cost, gains and losses are recognised in statement of profit or loss when the investments are de-recognised or impaired.



**(c) Available-for-sale**

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

Subsequent to initial recognition at cost, these are stated at market value in accordance with the requirements of IAS 39 (Financial instruments: recognition and measurement). The Company uses stock exchange quotations at the reporting date to determine the market value of its quoted investments whereas fair value of investments in delisted / unlisted companies is determined by reference to the net assets and financial position of the investee on the basis of latest available audited financial statements.

**(d) Investments at fair value through profit or loss**

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognised in statement of profit or loss.

**4.9 Due from insurance contract holders**

These are recognised when due, at fair value of the consideration receivable less provision for doubtful receivables, if any. Provision for impairment on premium receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to original terms of receivable. Receivables are also analysed as per their ageing and accordingly provision is maintained on a systematic basis.

**4.10 Insurance / reinsurance payables and receivables**

Insurance / reinsurance payables and receivables are carried at cost, which is the fair value of the consideration to be paid / received in the future for services. However, an assessment is made at each reporting date to determine whether there is objective evidence that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying amount.

**4.11 Claim recoveries**

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

**4.12 Taxation**

**(a) Current**

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.





**(b) Deferred**

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity; in this case the tax is also recognised in other comprehensive income or directly in equity respectively.

**4.13 Deferred commission expense**

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

**4.14 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 recognised in accordance with the pattern of recognition of premium income to which they relate. For non-proportional reinsurance contracts, the reinsurance expense is recognised evenly in the period of indemnity. The portion of reinsurance premium not recognised as an expense is shown as a prepayment.

**4.15 Property and equipment**

Fixed assets, except freehold land and buildings on freehold land, are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Freehold land is stated at revalued amount whereas buildings on freehold land are stated at revalued amounts less accumulated depreciation and accumulated impairment loss, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which these are incurred.

**(a) Depreciation**

Depreciation on fixed assets is charged to statement of profit or loss applying the reducing balance method so as to write-off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in note 6. The Company charges depreciation on additions from the date when the asset is available for use and on deletions upto the date when the asset is de-recognised. The residual values and useful lives are reviewed by management at each financial year-end and adjusted if impact on depreciation is significant.



**(b) De-recognition**

An item of fixed assets is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in statement of profit or loss in the year the asset is de-recognised.

**4.16 Investment property**

Investment property is accounted for under the fair value model in accordance with the requirements of IAS 40. Subsequent capital expenditure on existing property and gain / loss on disposals are accounted for in the same manner as for fixed assets.

**4.17 Unearned premium reserves**

Unearned premium reserves represent the portion of premium written relating to the unexpired period of coverage. Unearned premium reserves are 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 as specified in the Insurance Rules for non-life insurance.

**4.18 Unearned reinsurance commission**

Commission income receivable from reinsurers is taken to statement of profit or loss in accordance with the pattern of recognition of the reinsurance premium to which these relate.

**4.19 Retirement benefit obligations**

**(a) Gratuity**

The Company operates an unfunded gratuity scheme for all permanent employees who are entitled to gratuity equivalent to last drawn gross salary multiplied by the number of years of service upto the date of leaving the Company. The latest actuarial valuation was carried-out as at December 31, 2018, using the 'Projected Unit Credit Method' to determine the liability on the reporting date. The amount arising as a result of remeasurements are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the period in which these occur. Amounts recognised in statement of profit or loss are limited to current and past service costs, gains or losses on settlements and net interest income / expense.

**(b) Compensated absences**

The Company accounts for liability in respect of employees' compensated absences in the period in which these are earned.

**4.20 Other creditors and accruals**

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

**4.21 Provisions**

Provisions are recognised when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation.





When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, prices and conditions, and can take place many years in future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

#### **4.22 Contingent liabilities**

A contingent liability is disclosed when the Company

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

#### **4.23 Revenue recognition**

##### **(a) Premium income earned**

Premium written under a policy is recognised as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry as follows:

- for direct business evenly over period of the policy.
- for proportional re-insurance business evenly over the period of underlying insurance policies.

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

##### **(b) Administrative surcharge**

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

##### **(c) Commission income**

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to the 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 recognised on accrual basis.

##### **(d) Dividend income and bonus shares**

Dividend income is recognised 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.



**(e) Investment income**

**Income from held-to-maturity investments**

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

**Income from available-for-sale investments**

**- Return on fixed income investments**

Return on fixed income securities is recognised 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 investments at fair value through profit or loss**

Gain / loss on sale of investments at fair value through profit or loss is included in income currently.

**(f) Rental and other income**

Rental and other income is recognised on accrual basis.

**4.24 Management expenses**

Management expenses, which are directly attributable to the underwriting business, are allocated in accordance with the volume of each class of business. Portion of management expenses, which are not allocable to the underwriting business, are categorised as other expenses. These expenses are charged to statement of profit or loss at the time the policies are accepted.

**4.25 Impairment**

**(a) Financial assets**

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss, in respect of a financial asset measured at amortised cost, is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available-for-sale financial asset is calculated with reference to its current fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

**(b) Non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each year-end to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in statement of profit or loss. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in statement of profit or loss.





#### **4.26 Financial instruments**

Financial instruments carried on the statement of financial position include current & other accounts, investments, insurance / reinsurance receivables, reinsurance recoveries against outstanding claims, loans and other receivables, outstanding claims, insurance / reinsurance payables and other creditors & accruals. Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition except for 'financial instruments at fair value through profit or loss', which are measured initially at fair value.

Financial assets are de-recognised when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realises the rights to benefit specified in the contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

#### **4.27 Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### **4.28 Earnings per share**

The Company presents basic earnings per share for its shareholders. Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

#### **4.29 Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

#### **4.30 Dividend and appropriation to reserves**

Dividend and appropriation to reserves are recognised as liability in the Company's financial statements in the year in which these are approved.

#### **4.31 Foreign currencies**

All monetary assets and liabilities denominated in foreign currencies are translated in Pak Rupees at the rates of exchange prevailing at the reporting date whereas transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated in Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are included in income currently.

#### **4.32 Segment reporting**

The Company accounts for segment reporting using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017 as the primary reporting format based on the Company's practice of reporting to the management is on the same basis.

As the operations of the Company are carried-out in Pakistan, information relating to geographical segment is not considered relevant.



Assets, liabilities and capital expenditure, that are directly attributable to segments, have been assigned to them whereas the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. The assets and liabilities, which cannot be allocated to a particular segment on a reasonable basis, are reported as unallocated corporate assets and liabilities.

## 5. CHANGE IN ACCOUNTING POLICY

Section 235 (Treatment of surplus arising out of revaluation of fixed assets) of the repealed Companies Ordinance, 1984 has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of IAS 16, Property, plant and equipment, surplus on revaluation of fixed assets will now be presented under equity.

Following the application of IAS 16, the Company's policy for surplus on revaluation of fixed assets stands amended as follows:

Increases in the carrying amounts arising on revaluation of freehold land and buildings on freehold land are recognised, net of tax, in statement of other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in statement of other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on fixed assets to retained earnings.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting policies, changes in accounting estimates and errors' and comparative figures have been restated.

The effect of change in accounting policy is summarised below:

	As at December 31, 2017			As at December 31, 2016		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
----- Rupees in thousand -----						
<b>Effect on statement of financial position</b>						
Investments in associates	239,245	748	239,993	186,072	754	186,826
Surplus on revaluation of fixed assets	268,895	749	(269,644)	260,519	756	(261,275)
Equity	0	269,644	269,644	0	261,275	261,275
<b>Effect on statement of changes in equity</b>						
Capital reserve	0	269,644	269,644	0	261,275	261,275
Accumulated loss	(18,639)	(1)	(18,640)	(62,310)	(2)	(62,312)



6. Property and equipment (operating assets)	Cost / Revaluation				Depreciation				Written Down Value as at December 31, 2018	Depreciation rate %	
	As at January 01, 2018	Additions / Revaluations	Disposals / Transfers	Adjustments	Write-offs	As at December 31, 2018	For the Year	On Disposals / Transfers	On Adjustments	On Write-offs	As at December 31, 2018
----- Rupees in thousand -----											
Freehold land	135,200	10,400	0	0	0	145,600	0	0	0	0	145,600
Buildings on freehold land	45,160	4,059	0	0	0	49,219	9,673	1,774	0	0	11,447
Furniture and fixtures	4,045	0	0	0	(33)	4,012	3,081	96	0	(30)	3,147
Office equipment	8,567	150	(325)	0	0	8,392	6,330	257	(228)	0	6,359
Computer equipment	7,954	120	0	0	0	8,074	7,078	278	0	0	7,356
Vehicles	26,556	54	(377)	0	(61)	26,172	20,861	1,143	(304)	0	21,641
	227,482	14,733	(702)	0	(94)	241,469	47,023	3,548	(532)	0	49,950
											191,519
----- Rupees in thousand -----											



#### 6.1 Surplus on revaluation

Latest revaluation of freehold land and buildings on freehold land has been carried-out by Sadruddin Associates (Pvt.) Ltd. (PBA Approved Valuers & Real Estate Appraisers, Business & Finance Centre, Suite # 1004, 10th Floor, I.I. Chundrigar Road, Karachi) as at December 31, 2018 on the basis of present market value of freehold land and current depreciated market value of buildings. Had there been no revaluation, carrying value of buildings on freehold land as at December 31, 2018 would have been lower by Rs.29.016 million (2017: Rs.26.271 million).

6.2 Based on the aforementioned revaluation reports dated December 31, 2018, the forced sale values of the freehold land and buildings on freehold land have been assessed at Rs.146.697 million.

6.3 Freehold land of the Company is located at 63-Sharah-e-Quaid-e- Azam, Lahore; total covered area is 2,080 square yards.

#### 6.4 Disposal of fixed assets

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	(Loss) / Gain	Mode of disposal	Sold to:
----- Rupees in thousand -----							
<b>Office Equipment</b>							
Photo copier machine	100	75	25	7	(18)	Negotiation	Mr. Zahoor Ahmed, Lahore
Air-conditioning equipment	77	48	29	6	(23)	---- do ----	Muhammad Aslam, Lahore
---- do ----	77	48	29	6	(23)	---- do ----	---- do ----
---- do ----	71	57	14	7	(7)	---- do ----	---- do ----
	325	228	97	26	(71)		
<b>Vehicles</b>							
Honda CD-70	54	48	6	18	12	Company policy	Mr. Ghulam Jaffar, Lahore (employee)
---- do ----	54	12	42	64	22	---- do ----	Mr. Arshad Mahmood, Lahore (employee)
---- do ----	59	56	3	12	9	Negotiation	Allah Ditta, Lahore
---- do ----	70	69	1	11	10	---- do ----	---- do ----
---- do ----	54	50	4	8	4	---- do ----	Syed Ali Faisal, Lahore
Honda CG-125	86	69	17	17	0	---- do ----	---- do ----
	377	304	73	130	57		
2018	702	532	170	156	(14)		
2017	2,969	2,388	581	1,418	837		

#### 6.5 Assets written-off during the year

Particulars	Cost	Accumulated depreciation	Book value
----- Rupees in thousand -----			
<b>Furniture and fixtures</b>	<b>33</b>	<b>30</b>	<b>3</b>
<b>Vehicle</b>	<b>61</b>	<b>59</b>	<b>2</b>
<b>2018</b>	<b>94</b>	<b>89</b>	<b>5</b>
<b>2017</b>	<b>4,560</b>	<b>4,077</b>	<b>483</b>



## 7. Investment property

	Note	2018 Rupees in thousand	2017
Opening balance		17,282	17,282
Unrealised fair value gain upon revaluation:			
Opening balance		2,919	1,950
Gain arisen upon revaluation carried-out during the year	30	1,493	969
Closing balance		4,412	2,919
Closing book value		21,694	20,201

7.1 The management, during the financial year ended December 31, 2016, has transferred its properties located at Mumtaz Centre and Eden Centre, Lahore having aggregate book value of Rs.17.282 million to Investment Property as it intends to earn rentals against these properties.

7.2 Based on the revaluation reports of Sadruddin Associates (Pvt.) Ltd. dated December 31, 2018, forced sale values of the Company's investment properties have been assessed at Rs.17.355 million.

## 8. Investments in Associates - Quoted

	2018	(Re-stated) 2017	(Re-stated) 2016
Bannu Woollen Mills Ltd. (BWM)			
	---- Rupees in thousand ----		
Carrying value at beginning of the year 8,940 (2017: 8,940) ordinary shares of Rs.10 each	2,441	2,448	1418
Share of profit after taxation	16	33	73
Less: dividend received	(22)	(45)	(45)
Changes in comprehensive (loss) / income	(6)	3	(8)
Share of items directly recognised in equity	6	8	7
Share of surplus on revaluation of property, plant and equipment	0	0	249
Share of items directly recognised in equity of Associated Company- restated	0	1	(2)
Share of incremental depreciation and surplus on revaluation of property, plant and equipment of BWM - restated	(7)	(7)	756
	2,428	2,441	2,448

### Ghandhara Industries Ltd. (GIL)

Carrying value at beginning of the year 2,368,296 (2017: 1,184,148) ordinary shares of Rs. 10 each (including 1,184,148 bonus shares received during the year)	237,552	184,378	138,088
Share of profit after taxation	46,541	71,011	46,501
Less: dividend received	(18,473)	(17,762)	(11,841)
Changes in comprehensive loss	(658)	(75)	(20)
Share of items directly recognised in equity	164	0	0
Share of surplus on revaluation of property, plant and equipment of GIL	0	0	11,650
	265,126	237,552	184,378
	267,554	239,993	186,826



- 8.1 Market values of the Company's investments in BWM and GIL as at December 31, 2018 were Rs.431 thousand (2017: Rs.492 thousand) and Rs.650.689 million (2017: Rs.653.744 million) respectively.
- 8.2 Provisions of section 208 of the repealed Companies Ordinance, 1984, now section 199 of the Companies Act, 2017, were duly complied with for making investments in BWM and GIL.
- 8.3 The Company's interests in its Associates were as follows:

Company Name	Country of Incorporation	Assets as at December 31,	Liabilities as at December 31,	Revenues for the period of twelve months ended December 31,	Profit after taxation for the period of twelve months ended December 31,	% Interest held
----- Rupees in thousand -----						
<b>Bannu Woollen Mills Ltd.</b>						
2018	Pakistan	3,362,244	687,897	529,979	16,917	0.09
2017		2,498,266	604,542	792,707	36,193	0.09
<b>Ghandhara Industries Ltd.</b>						
2018	Pakistan	17,078,796	12,303,900	18,726,462	837,336	5.56
2017		9,274,795	4,995,993	14,752,104	1,277,177	5.56

9. Investments in equity securities	Note	2018 Rupees in thousand	2017
Available-for-sale investments	9.1	506	609
Investments at fair value through profit or loss	9.2	121,274	77,392
		<b>121,780</b>	<b>78,001</b>

9.1 Available-for-sale investments

	No. of shares as at December 31, 2018	December 31, 2018			No. of shares as at December 31, 2017	December 31, 2017		
		Cost	Unrealised gain / (impairment)	Carrying value		Cost	Unrealised gain / (impairment)	Carrying value
		---- Rupees in thousand ----				---- Rupees in thousand ----		
Listed shares								
Hamid Textile Mills Ltd.	49,000	490	(490)	0	49,000	490	(490)	0
Pakistan National Shipping Corporation	888	24	27	51	888	24	68	92
Unlisted shares								
Nowshera Engineering Works Ltd. *	0	0	0	0	1,106	11	(11)	0
Fawad Textile Mills Ltd. *	0	0	0	0	26,740	268	(268)	0
Mutual fund								
JS Growth Fund	2,867	135	320	455	2,867	135	382	517
		649	(143)	506		928	(319)	609

\*These investments having nil carrying values have been written-off as approved by the Company's Investment Committee in its meeting held on April 02, 2018.





## 9.2 Investments at fair value through profit or loss

	December 31, 2018					December 31, 2017			
	No. of units	Cost	Unrealised loss	Carrying and fair value		No. of units	Cost	Unrealised (loss) / gain	Carrying and fair value
Mutual funds									
HBL Growth and Cash Fund (formerly PICIC Growth Fund)	13,600	520	(280)	240	13,500	509	(126)	383	
NAFA Islamic Stock Fund	11,817,196	125,036	(4,002)	121,034	6,898,329	64,691	12,318	77,009	
			(4,282)	121,274			12,192	77,392	

## 10. Investments in debt securities (Held to maturity)

	No. of certificates		Face value	Value of certificates	
	December 31, 2018	December 31, 2017		December 31, 2018	December 31, 2017
	----- Rupees in thousand -----				
Pakistan Investment Bonds - PIBs (including accrued interest)	8	7	51,500	53,713	53,593
	Maturity date	Coupon rate %	2018 Rupees in thousand	2017 Rupees in thousand	
Pakistan Investment Bond	July 18, 2018	11.50	0	5,251	
-do-	July 18, 2018	11.50	0	15,754	
-do-	July 22, 2020	12.00	5,174	5,113	
-do-	March 26, 2020	9.25	5,709	5,768	
-do-	April 21, 2021	7.75	5,179	5,224	
-do-	April 21, 2019	7.00	10,159	10,235	
-do-	April 21, 2021	7.75	6,201	6,248	
-do-	April 21, 2019	7.00	5,059	0	
-do-	July 19, 2022	12.00	5,425	0	
-do-	July 19, 2022	12.00	10,807	0	
			53,713	53,593	

**10.1** Market value of these PIBs as at December 31, 2018 was Rs.50.930 million (2017: Rs. 50.755 million). Profit on PIBs is received bi-annually.

**10.2** Investments in PIBs have been made to meet the statutory requirements of section 29(2)(a) of the Insurance Ordinance, 2000.



<b>11. Loans and other receivables</b>		<b>2018</b>	<b>2017</b>
	<b>Note</b>	<b>Rupees in thousand</b>	
Advance to employees against expenses		4	688
Security deposits		1,292	1,295
Sales tax - refundable		82	190
Tax paid under protest - refundable	24.1	5,500	5,500
Forced tax recovery	24.2	138	138
Federal excise duty - refundable	24.4	23,831	23,831
Loans to employees - unsecured, considered good	11.1	153	168
Others		1,140	1,070
		<b>32,140</b>	<b>32,880</b>
<b>11.1</b> These represent interest free loans given to employees in accordance with the policy of the Company. These are recoverable in equal monthly instalments.			
<b>12. Insurance / reinsurance receivables - Unsecured and considered good</b>			
Due from insurance contract holders		87,511	87,511
Less: provision for impairment of receivables from insurance contract holders	12.3	(87,511)	(87,501)
		0	10
Due from other insurers		111,147	112,634
Due from reinsurers		37,118	34,941
Less: provision for impairment of due from other insurers / reinsurers	12.4	(24,916)	(22,571)
		123,349	125,004
		<b>123,349</b>	<b>125,014</b>
<b>12.1</b> The balances as at December 31, 2018 relating to insurance / reinsurance receivables are although unconfirmed but are considered to be accurately stated by the management.			
<b>12.2</b> No balance was due from Associated Companies as at December 31, 2018 and December 31, 2017.			
<b>12.3 Provision for doubtful receivables from insurance contract holders</b>			
Balance as at January 01,		87,501	84,599
Provision made during the year		10	2,902
Balance as at December 31,		<b>87,511</b>	<b>87,501</b>
<b>12.4 Provision for doubtful receivables from other insurers / reinsurers</b>			
Balance as at January 01,		22,571	20,194
Provision made during the year		2,345	2,377
Balance as at December 31 ,		<b>24,916</b>	<b>22,571</b>





13. Deferred taxation - net	Note	2018 Rupees in thousand	2017
This is composed of the following:			
<b>Taxable temporary differences arising in respect of:</b>			
- accelerated tax depreciation allowances		1,666	1,752
- surplus on revaluation of buildings		11,906	11,938
- surplus on revaluation of investment property		1,279	876
		14,851	14,566
<b>Deductible temporary differences arising in respect of:</b>			
- unused tax losses		46,930	67,160
- provision for doubtful insurance / reinsurance receivables and others		32,994	33,629
- retirement benefit obligations - gratuity		5,102	4,044
- minimum tax recoverable against normal tax charge in future years		1,516	823
		86,542	105,656
<b>Deferred tax asset</b>		71,691	91,090
Less: deferred tax asset not recognised		38,500	57,899
<b>Net deferred tax asset recognised</b>		33,191	33,191
13.1 Net deferred tax asset recognised in these financial statements has been restricted to Rs.33.191 million (2017: Rs.33.191 million) on the ground of prudence. The management intends to re-assess the recognition of deferred tax asset as at December 31, 2018.			
<b>14. Taxation - payments less provisions</b>			
Advance income tax		12,844	14,329
Provision for taxation		(3,433)	(5,083)
		9,411	9,246
<b>15. Prepayments</b>			
Prepaid reinsurance premium ceded		8,329	2,415
Others		600	364
		8,929	2,779
<b>16. Cash and bank balances</b>			
<b>Cash and cash equivalents</b>			
Cash-in-hand		35	0
Policy stamps		1	1
		36	1
<b>Cash at banks</b>			
- current accounts		3,348	24,126
- savings accounts	16.1	22,678	66,038
		26,026	90,164
<b>Deposits maturing within 12 months</b>			
Term deposit receipts	16.2	1,257	1,257
Provision for impairment		(855)	(1,257)
	16.3	402	0
		26,464	90,165



- 16.1** Rates of profit on these accounts, during the year, ranged from 3.75% to 8.00% (2017: 3.25% to 3.78%) per annum.
- 16.2** These represent term deposit receipts issued by financial institutions as the chances of realisation of these deposits are bleak, these have been fully provided for.
- 16.3** The Company, subsequent to the reporting date, has received Rs.402 thousand from the Joint Official Liquidator of Innovative Investment Bank Ltd. against the claims lodged during the year. Accordingly, provision balance has been reduced.

17. Share capital			2018	2017
			Note	Rupees in thousand
17.1 Authorised share capital				
2018	2017			
Number of shares				
<u>75,000,000</u>	<u>75,000,000</u>	Ordinary shares of Rs.10 each	<u>750,000</u>	<u>750,000</u>
17.2 Issued, subscribed and paid-up share capital				
34,720,000	34,720,000	Ordinary shares of Rs.10 each fully paid in cash	347,200	347,200
15,280,000	15,280,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	152,800	152,800
<u>50,000,000</u>	<u>50,000,000</u>		<u>500,000</u>	<u>500,000</u>
17.3 Movement during the year				
50,000,000	41,617,977	As at January 01,	500,000	416,180
0	8,382,023	Issue of fully paid ordinary shares of Rs.10 each	0	83,820
<u>50,000,000</u>	<u>50,000,000</u>		<u>500,000</u>	<u>500,000</u>

- 17.4** Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding of the shareholders.

- 17.5** The Company, during the preceding year, had issued 8,382,023 ordinary shares of Rs.10 each at par value of Rs.10 per share. This right issue, under section 86(3) of the repealed Companies Ordinance, 1984 (now section 83 of the Companies Act, 2017), was offered to meet the minimum paid-up capital requirement as laid down by the SECP for non-life insurers vide S.R.O No. 828(I)/2015 dated August 18, 2015.

**18. Share premium reserve**

The Company, during the financial year ended December 31, 2015, had issued 4,617,977 shares by way of otherwise than right under section 86(1) of the repealed Companies Ordinance, 1984 to its Holding Company at a price of Rs.12.99 per share. Share premium amounting Rs.13.820 million was received on this issue.

**19. Surplus on revaluation of fixed assets - net**

This represents surplus over book value resulted from revaluations of freehold land and buildings on freehold land carried-out during current and prior years adjusted only by surplus realised on disposal of revalued assets, incremental depreciation arising out of revaluation and deferred taxation. The year-end balance has been arrived at as follows:



	(Re-stated) 2018	(Re-stated) 2017	(Re-stated) 2016
	----- Rupees in thousand -----		
Balance as at January 01,	177,864	168,176	161,389
Add: surplus arisen during the year on:			
- freehold land	10,400	6,240	4,160
- buildings on freehold land	4,059	4,589	4,429
	14,459	10,829	8,589
Less: transferred to accumulated loss on account of incremental depreciation for the year	(1,319)	(1,141)	(1,802)
	191,004	177,864	168,176
Less: deferred tax on:			
- opening balance of surplus	12,818	11,950	11,727
- surplus on revaluation carried-out during the year	1,177	1,377	1,185
- incremental depreciation for the year	(395)	(342)	(577)
	13,600	12,985	12,335
Add: resultant adjustment due to reduction in tax rate	414	167	385
	177,818	165,046	156,226
Share of surplus on revaluation of fixed assets of Associates accounted for under equity method - net of deferred taxation - restated	104,233	104,598	105,049
Balance as at December 31,	282,051	269,644	261,275

## 20. Long term deposits

These interest-free deposits have been received in accordance with the Company's Hire Purchase Policy (Motorbike) and against these deposits motorbikes have been provided to the respective employees. These deposits are adjustable after specified periods by transfer of title of motorbikes to the respective employees.

## 21. Retirement benefit obligations - gratuity

	Note	2018 Rupees in thousand	2017 Rupees in thousand
<b>Statement of financial position reconciliation</b>			
Present value of defined benefit obligations		15,104	10,940
Less: balance classified under other creditors and accruals	23.1	(15,104)	0
		0	10,940

The Company has decided to cease its Gratuity Scheme obligations with effect from December 31, 2018 and settle the liability as at December 31, 2018; thus, the actuarial liability as at December 31, 2018 is nil.

### 21.1 Net movement in liability

Liability as at January 01,		10,940	9,400
Expense recognised in statement of profit or loss	21.3	3,218	2,709
Benefits paid during the year		(490)	(173)
Remeasurement recognised in other comprehensive income	21.4	1,436	(996)
Liability as at December 31,		15,104	10,940





## 21.2 Movement in defined benefit obligations

	Note	2018 Rupees In Thousand	2017
Obligation as at January 01,		10,940	9,400
Current service cost		2,273	1,896
Interest cost		945	813
Actuarial loss / (gain)	21.4	1,436	(996)
Benefits paid		(490)	(173)
Obligation as at December 31,		<u>15,104</u>	<u>10,940</u>

## 21.3 Expense recognised in statement of profit or loss

Current service cost	2,273	1,896
Interest cost	945	813
	<u>3,218</u>	<u>2,709</u>

## 21.4 Remeasurement recognised in other comprehensive income

Loss due to change in financial assumptions	369	14
Loss / (gain) due to change in experience adjustments	1,067	(1,010)
	<u>1,436</u>	<u>(996)</u>

## 21.5 Principal actuarial assumptions are as follows :

The future contribution rates of this scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation:

	2018	2017
Discount rate - per annum	13.25%	8.25%
Expected rate of increase in salary - per annum	12.25%	7.25%

## 21.6 Mortality was assumed to be based on SLIC 2001-05 ultimate mortality rates, with moderate rate of employee turnover.

## 21.7 Historical information

	2018	2017	2016	2015	2014
	..... Rupees In Thousand .....				
Liability for defined benefit obligation	<u>15,104</u>	<u>10,940</u>	<u>9,400</u>	<u>6,714</u>	<u>4,596</u>
Remeasurement loss / (gain) on obligation	<u>1,436</u>	<u>(996)</u>	<u>529</u>	<u>205</u>	<u>(334)</u>

## 22. Insurance / reinsurance payables

	2018	2017
	Rupees In Thousand	
Due to Insurance contract holders	7,644	9,673
Due to other insurers / reinsurers	25,199	29,828
	<u>32,843</u>	<u>39,501</u>

## 22.1 The balances as at December 31, 2018 relating to insurance / reinsurance payables are although unconfirmed but are considered to be accurately stated by the management.



### 23. Other creditors and accruals

	Note	2018 Rupees in thousand	2017
Commission payable		4,545	4,834
Federal excise duty		1,747	792
Federal insurance fee		110	26
Accrued expenses		1,344	3,988
Income tax deducted at source		408	177
Gratuity payable to:			
- key management personnel		10,425	0
- other employees		4,679	0
	23.1	15,104	0
Sundry creditors		1,348	4,451
Leave encashment payable		2,490	2,540
Security deposit against rent		280	280
Deposits against performance bonds	23.2	201	993
Others		20	20
		<b>27,597</b>	<b>18,101</b>

**23.1** Employees' Provident Fund shall be established with effect from January 01, 2019; accordingly, gratuity benefits payable have been classified and grouped under other creditors and accruals.

**23.2** The Company, during the year based on its legal Advisors' advice, has written-back these deposits aggregating Rs.792 thousand received as collateral at the time of issuance of guarantees against premium receivable.

### 24. Contingencies and commitments

**24.1** The Income Tax Department (the Department), during June, 2015, had passed an order under section 161(1)(a)(b) of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2009 creating a demand of Rs.8.586 million with default surcharge amounting Rs.8.447 million under section 205 of the Ordinance. The Company, during the financial year ended December 31, 2015, had filed an appeal before the Commissioner Inland Revenue (Appeals) CIR(A) against the said order. The Company, however, had paid Rs.5.500 million under protest and grouped this amount under loans and other receivables (note 11). The CIR(A), during the financial year ended December 31, 2016, had decided the appeal in the Company's favour. The Company had applied for the refund of forced recovery of Rs.5.500 million made by the Department, which has filed an appeal before the Appellate Tribunal against the order of CIR(A), which is pending adjudication.

**24.2** The Department, vide order dated June 27, 2014 for the tax year 2008, had created tax demand of Rs.50.990 million under section 121 (Best judgement assessment) of the Ordinance. Subsequently as per directions of the Federal Tax Ombudsman (FTO), the Commissioner on February 16, 2016 had vacated the order passed by the Department on June 27, 2014 and remanded it back to the Department for making fresh assessment in accordance with law. The Department, during January 2015, had filed a representation before the President of Pakistan, who, on May 30, 2016, had accepted the representation of the Department and set-aside the impugned recommendations of the FTO as having being passed without jurisdiction.





As per directions contained in the decision of the President of Pakistan, the Commissioner's order dated February 16, 2016 has become infructuous and void ab initio and the original order dated June 27, 2014 stands restored. The Company has filed an appeal before the CIR(A) during July, 2016 against the order dated June 27, 2014. The Department had made a forced recovery of Rs.138 thousand on June 30, 2016, which has been grouped under loans and other receivables (note 11). The CIR(A), vide order dated October 10, 2016, has decided the appeal in the Company's favour.

- 24.3** The Company has filed a civil suit against Premier Alliance Industries Ltd. for recovery of Rs.7.300 million in lieu of issuance of insurance guarantee. The Company's suit has been decreed against the defendant and now execution proceeding is pending before the Civil Court, Lahore.
- 24.4** The Deputy Commissioner Inland Revenue, during the financial year ended December 31, 2016, had passed three orders under the Federal Excise Act, 2005 relating to tax years 2013, 2014 and 2015 creating federal excise duty liability of Rs.15.529 million, Rs.9.497 million and Rs.7.102 million respectively (total Rs.32.128 million). The Company, during these years, had paid sales tax to respective Provincial Governments as after the 18th Constitutional amendment, it had become a provincial matter. The Company, during the financial year ended December 31, 2016, had filed appeals before the Commissioner Appeals, who rejected these appeals. The Sales Tax Department of Federal Board of Revenue (FBR) on December 30, 2016 had effected forced recoveries aggregating Rs.23.831 million by attaching the Company's bank accounts. The Company, thereafter, had filed appeals before the Appellate Tribunal Inland Revenue (ATIR), Lahore Bench. The aforementioned forced recoveries have been accounted for as Federal Excise Duty Refundable and grouped under loans and other receivables (note 11). The ATIR, during the preceding year, had accepted the Company's appeals and vacated the orders of the Authorities below being illegal, void ab initio and not sustainable in the eye of law.

The Company, thereafter, had applied for refund before the FBR and also had to seek Federal Tax Ombudsman's (FTO) intervention as the FBR paid no attention to the Company's request for refund. However, the Honourable FTO passed the order against the Company against which the Company filed a review petition before the FTO, which was also decided against the Company. Lastly, the Company, against order of the FTO, filed a representation before the Honourable President of Pakistan, who also decided against the Company. Being aggrieved from the said order of the President, the Company has filed a writ petition before the Lahore High Court, Lahore, which is pending adjudication.

- 24.5** Bibojee Services (Pvt.) Ltd. (the Holding Company) , during the preceding year, had refunded Rs.12.600 million to the Company. The Company had paid this amount to the Holding Company during the year ended December 31, 2012 on account of gratuity benefits of Mr. Sardar Khan (Ex-Managing Director of the Company). The Holding Company was of the view that Ex-Managing Director was required to adjust certain claims against him. Since, no settlement could be succeeded between the Holding Company and Ex-Managing Director, the Holding Company had refunded the aforementioned amount. No provision against the Ex-Managing Director's claim amounting Rs.20.090 million on account of gratuity along with profit, mark-up, costs, etc. has been made in these financial statements as the management is confident of a favourable outcome of the litigation. The appeal filed by the Company against Ex-Managing Director has been allowed by the Additional District Judge, Lahore vide order dated November 10, 2018 and judgment of the Civil Judge dated January 09, 2017, which was passed against the Company has been set aside. The case has been remanded back to the Civil Judge to decide the case afresh.



- 24.6** Nazir Rice Mills (Pvt.) Ltd., Sialkot, against the Company, had filed an application before the Honourable Insurance Tribunal, Lahore for recovery of Rs.347 million. The Company had rejected the claim on the basis of survey report. The said case has been transferred from the Insurance Tribunal, Lahore to the Honourable Insurance Tribunal, Sialkot, which has dismissed the application during January, 2019 due to non-appearance.
- 24.7** Sheikh Maqbool Elahi had filed an application before the Insurance Tribunal, Lahore against six insurance Companies for recovery of Rs.150 million. UBL Insurers Ltd. is the leading Company whereas the liability of the Company, if any, is to the extent of 15%. The said case was transferred from the Insurance Tribunal, Lahore to the Honourable Insurance Tribunal, Multan, which during the year, has dismissed the case due to non-prosecution.
- 24.8** Ghulam Ali Zahid (the Appellant) had filed an appeal, before the Lahore High Court, Lahore under section 124 of the Insurance Ordinance, 2000, against order of the Insurance Tribunal, Lahore, which dismissed the application of the Appellant during December, 2008. The appeal was decided by the Lahore High Court and the case was remanded back to the Insurance Tribunal, Lahore for recording evidence on additional issues. The Insurance Tribunal, Lahore, during the year, has again dismissed the case for non-prosecution.
- 24.9** Cases filed by Fashion Guide International, Baig Trading Corporation and Rana Basit Rice Mills (Pvt.) Ltd. before the Insurance Tribunal asking for the decrees of Rs.33.884 million, Rs.56.010 million and Rs.38.114 million respectively are pending adjudication. The management is confident about merits of the Company's cases as the survey reports are in the Company's favour.
- 24.10** No commitments were outstanding as at December 31, 2018 and December 31, 2017.

**25. Net insurance premium**

	2018	2017
	<b>Rupees in thousand</b>	
Written gross premium	63,549	28,324
Add: unearned premium reserve opening	6,232	7,857
Less: unearned premium reserve closing	14,331	6,232
Premium earned	55,450	29,949
Less: reinsurance premium ceded	28,180	16,623
Add: prepaid reinsurance premium opening	2,415	3,558
Less: prepaid reinsurance premium closing	8,329	2,415
Reinsurance expense	22,266	17,766
	<b>33,184</b>	<b>12,183</b>

**26. Net insurance claims expense**

Claims paid	17,560	11,508
Add: outstanding claims including IBNR closing	41,365	64,811
Less: outstanding claims including IBNR opening	64,811	78,055
Claims expense	(5,886)	(1,736)
Less: reinsurance and other recoveries received	11,318	7,126
Add: reinsurance and other recoveries in respect of outstanding claims closing	34,747	54,317
Less: reinsurance and other recoveries in respect of outstanding claims opening	54,317	54,162
Reinsurance and other recoveries revenue	(8,252)	7,281
	<b>2,366</b>	<b>(9,017)</b>





## 26.1 Claims development

Accident Year	Prior to 2015	2015	2016	2017	2018	Total
----- Rupees in thousand -----						
<b>Estimate of ultimate claims cost:</b>						
At the end of accident year	376,122	9,478	7,427	5,752	9,773	<b>408,552</b>
One year later	271,631	3,346	660	538	0	<b>276,175</b>
Two years later	102,888	677	0	0	0	<b>103,565</b>
Three years later	76,718	311	0	0	0	<b>77,029</b>
Four or more years later	63,962	0	0	0	0	<b>63,962</b>
Current estimate of cumulative claims	<b>63,962</b>	<b>311</b>	<b>0</b>	<b>538</b>	<b>9,773</b>	<b>74,584</b>
Cumulative payments / adjustments to date	(23,600)	(311)	0	(450)	(8,858)	<b>(33,219)</b>
Liability recognised in the statement of financial position	<b>40,362</b>	<b>0</b>	<b>0</b>	<b>88</b>	<b>915</b>	<b>41,365</b>

## 27. Net commission expense

	Note	2018 Rupees in thousand	2017
Commission paid or payable		10,168	4,772
Add: deferred commission expense opening		845	1,231
Less: deferred commission expense closing		2,436	845
Net commission		8,577	5,158
Less: commission received or recoverable		5,963	6,164
Add: unearned reinsurance commission opening		796	1,448
Less: unearned reinsurance commission closing		1,849	796
Commission from reinsurers		4,910	6,816
		3,667	(1,658)

## 28. Management expenses

Employees' benefit cost	28.1	50,538	41,124
Travelling		712	1,314
Advertisements and business promotion		67	244
Printing and stationery		343	412
Depreciation	6	3,548	3,897
Rent, rates and taxes		271	1,362
Legal and professional charges - business related		3,752	3,821
Electricity, gas and water		1,196	1,014
Entertainment		514	557
Vehicles' running		776	1,212
Office repairs and maintenance		368	181
Bank charges		57	357
Postage, telegrams and telephone		919	929
Annual supervision fee SECP		100	100
Provision for doubtful insurance / reinsurance receivables	12	2,355	5,279
Miscellaneous		547	666
		66,063	62,469





## 28.1 Employees' benefit cost

Note	2018 Rupees in thousand	2017
	47,320	38,415
21.3	3,218	2,709
	<b>50,538</b>	<b>41,124</b>

28.2 The above expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium revenue.

## 29. Investment loss - net

### Income from equity securities (available-for-sale)

- Dividend income	0	205
- Realised gain on investments at fair value through profit or loss	346	4,530

### Income from debt securities

- Return on fixed income securities and deposits (held to maturity)	4,155	4,480
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### Net unrealised loss on investments at fair value through profit or loss

9.2	(16,474)	(14,129)
	<b>(11,973)</b>	<b>(4,914)</b>

## 30. Other income

### Income from financial assets

Profit on savings accounts	452	56
Payable balances written-back	30.1	23,625
	<b>24,077</b>	<b>8,859</b>

### Income from non-financial assets

Fronting fee		948	679
Gain on disposal of fixed assets	6.4	0	837
Fair value gain on investment property	7	1,493	969
Provision for impairment against term deposit receipts reversed	16.3	402	0
Sale of scrap		68	38
Receipt from the Holding Company	30.2	0	12,600
		<b>2,911</b>	<b>15,123</b>
		<b>26,988</b>	<b>23,982</b>

30.1 (a) The management, during the current year, has written-back balances aggregating Rs.23.625 million payable to claimants, other insurers, reinsurers and various other miscellaneous parties, who have not raised any demand since the last many years. The written-back balances pertained to periods prior to the financial year ended December 31, 2015. The management has also obtained legal opinion from its legal advisor, who has confirmed that under the provisions of the Limitation Act, 1908 the period of limitation is three years; accordingly, the management may write-back these payable balances.



(b) Balances written-back during the preceding year included provident fund balances of ex-employees aggregating Rs.4.790 million, who had resigned or had been terminated at least seven years ago. The Company's legal Advisor had advised that as these cases were time-barred, the Company might write-back these payable balances.

**30.2** This represents amount refunded by the Holding Company during the preceding year; the Company had advanced this amount to the Holding Company in prior year for settlement of gratuity benefits of Ex-Managing Director of the Company. Also refer contents of note 24.5.

**31. Other expenses**

	Note	2018 Rupees in thousand	2017
Legal & professional fees other than business related		577	1,496
Auditors' remuneration	31.1	1,056	919
Donations - without directors' interest		10	10
Loss on disposal of fixed assets	6.4	14	0
Subscription		749	1,845
Insurance		844	810
Office expenses		260	239
Assets written-off	6.5	5	483
Repair and maintenance of computer equipment		180	114
Others		344	192
		<b>4,039</b>	<b>6,108</b>

**31.1 Auditors' remuneration**

Statutory audit fee	400	400
Half yearly review	150	150
Regulatory returns	110	105
Certification charges	193	130
Out-of-pocket expenses	203	134
	<b>1,056</b>	<b>919</b>

**32. Taxation**

Current year	(3,511)	(3,638)
Prior years - net	78	(1,445)
	<b>(3,433)</b>	<b>(5,083)</b>
Deferred	(75)	1,112
	<b>(3,508)</b>	<b>(3,971)</b>

**32.1** No numeric tax rate reconciliation is presented in these financial statements as the Company is mainly liable to pay tax due under sections 5 (Tax on dividends) and 113 (Minimum tax on the income of certain persons) of the Income Tax Ordinance, 2001. Unused tax losses as at December 31, 2018 aggregated Rs.161.829 million (2017:Rs.223.868 million).



### 32.2 Management assessment on sufficiency of provision for income taxes

A comparison of provision on account of income tax with most recent tax assessment for the last three tax years is as follows:

	2017	2016	2015
	----- Rupees in thousand -----		

Provision in financial statements for income tax	3,638	2,108	1,312
Tax assessed as per most recent tax assessment	5,083	2,092	585

As at December 31, 2018, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate Authorities on similar matters, the provision in financial statements for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax Authorities.

### 33. Earnings per share

	2018	2017
	Rupees in thousand	
Profit after taxation attributable to ordinary shareholders	<u>15,989</u>	<u>41,452</u>
	--Number of shares--	
Weighted average number of shares outstanding during the year	<u>50,000,000</u>	<u>42,192,088</u>
	----- Rupee -----	
Earnings per share - basic	<u>0.32</u>	<u>0.98</u>

- 33.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2018 and December 31, 2017, which would have any effect on the earnings per share of the Company if the option to convert is exercised.

### 34. Compensation of directors, principal officer and executive

The aggregate amounts charged in these financial statements for remuneration including all benefits to the chief executive, principal officer and executive of the Company are as follows:

	Chief executive		Principal officer		Executive	
	2018	2017	2018	2017	2018	2017 *
	----- Rupees in thousand -----					
Managerial remuneration	5,653	3,313	5,694	4,951	1,413	1,228
Leave encashment	0	0	716	623	238	183
Bonus	0	0	1,332	952	359	261
Gratuity	0	0	716	623	211	183
House rent	1,727	1,013	1,752	1,524	636	553
Utilities and others	2,601	1,892	915	870	141	123
Medical allowance	134	106	86	89	0	0
	<u>10,115</u>	<u>6,324</u>	<u>11,211</u>	<u>9,632</u>	<u>2,998</u>	<u>2,531</u>
No. of persons	1	1	1	1	1	1

\* Comparative figures have been restated to reflect changes in the definition of executive as per the Companies Act, 2017.

- 34.1 Chief executive, principal officer and executive are also provided with other facilities, including free use of the Company maintained cars.
- 34.2 No meeting fee was paid to directors during the current and preceding year.
- 34.3 No remuneration was paid to non-executive directors of the Company.





### 35. Transactions with related parties

Related parties comprise of the Holding Company, Associated Companies and key management personnel. The Company in the normal course of business carries-out transactions with various related parties. Details of significant transactions with related parties, other than those which have been specifically disclosed else where in these financial statements, are as follows:

#### 35.1 Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the Company. The Company considers its Chief Executive, directors and all members of the management team to be its key management personnel.

#### 35.2 Significant transactions with related parties during the year

i) The Holding Company		2018	2017
	Nature of transaction	Rupees in thousand	
Bibojee Services (Pvt.) Ltd.	Amount received against issue of share capital	0	72,055
ii) Associated Companies due to common directorship			
Janana De Malucho Textile Mills Ltd.	Salaries & benefits paid	1,517	2,006
	Expenses paid	89	107
Bannu Woollen Mills Ltd.	Dividend received	22	45
Ghandhara Industries Ltd.	--- do ---	18,473	17,762
iii) Key management personnel			
	Salary and other employment benefits	5,361	4,596

### 36. Segment information

The Company has following four primary segments:

- Fire & property damage insurance provides coverage against damages caused by fire, riot & strike, explosion, earthquake, atmospheric damage, flood, electric fluctuations and other related perils.
- Marine & transport insurance provides coverage against cargo risk, war risk, damages occurring in inland transit and other related perils.
- Motor insurance provides comprehensive car coverage, indemnity against third party loss and other related coverages.
- Others insurance provides coverage against burglary, loss of cash-in-safe and cash-in-transit, engineering losses and other coverages.



December 31, 2018

	Fire and property damage	Marine and Transport	Motor	Others	Total
----- Rupees in thousand -----					
Premium receivable (inclusive of federal excise duty, federal insurance fee, and administrative surcharge)	21,692	15,290	25,595	2,877	65,454
Less: Federal excise duty	105	489	1,115	63	1,772
Federal insurance fee	7	38	83	5	133
Gross written premium (inclusive of administrative surcharge)	21,580	14,763	24,397	2,809	63,549
Gross direct premium	650	3,733	8,260	472	13,115
Facultative inward premium	20,928	10,991	16,074	2,325	50,318
Administrative surcharge	2	39	63	12	116
	21,580	14,763	24,397	2,809	63,549
Insurance premium earned	14,228	14,866	24,106	2,250	55,450
Insurance premium ceded to reinsurers	11,001	8,931	721	1,613	22,266
Net insurance premium	3,227	5,935	23,385	637	33,184
Commission income	2,566	2,037	0	306	4,909
Net underwriting income	5,793	7,972	23,385	943	38,093
Insurance claims	704	(10,452)	3,801	61	(5,886)
Insurance claims recovered from reinsurers	591	(10,056)	880	333	(8,252)
Net claims	(113)	396	(2,921)	272	(2,366)
Commission expense	(2,877)	(2,960)	(2,401)	(338)	(8,576)
Management expenses	(22,462)	(15,195)	(25,104)	(3,302)	(66,063)
Premium deficiency expense	0	0	0	0	0
Net insurance claims and expenses	(25,452)	(17,759)	(30,426)	(3,368)	(77,005)
Underwriting result	(19,659)	(9,787)	(7,041)	(2,425)	(38,912)
Net investment loss					(11,973)
Rental income					876
Other income					26,988
Other expenses					(4,039)
Finance cost					0
Share of profit of Associates - net					46,557
Profit before taxation					19,497
Segment assets	76,373	43,369	41,684	7,434	168,860
Unallocated assets					758,067
					926,927
Segment liabilities	54,081	19,620	12,731	3,956	90,388
Unallocated liabilities					28,430
					118,818



December 31, 2017

	Fire and property damage	Marine and transport	Motor	Others	Total
----- Rupees in thousand -----					
Premium receivable (inclusive of federal excise duty, federal insurance fee, and administrative surcharge)	7,087	11,285	9,586	2,107	30,065
Less: Federal excise duty	110	368	1,091	54	1,623
Federal insurance fee	6	28	80	4	118
Gross written premium (inclusive of administrative surcharge)	6,971	10,889	8,415	2,049	28,324
Gross direct premium	685	2,806	8,023	403	11,917
Facultative inward premium	6,285	8,062	321	1,635	16,303
Administrative surcharge	1	21	71	11	104
	6,971	10,889	8,415	2,049	28,324
Insurance premium earned	9,384	11,000	7,109	2,456	29,949
Insurance premium ceded to reinsurers	7,427	8,125	609	1,605	17,766
Net insurance premium	1,957	2,875	6,500	851	12,183
Commission income	3,030	3,335	0	451	6,816
Net underwriting income	4,987	6,210	6,500	1,302	18,999
Insurance claims	589	1,623	(3,948)	0	(1,736)
Insurance claims recovered from reinsurers	610	1,479	2,584	2,608	7,281
Net claims	21	(144)	6,532	2,608	9,017
Commission expense	(1,938)	(2,215)	(700)	(305)	(5,158)
Management expenses	(15,617)	(24,364)	(18,117)	(4,371)	(62,469)
Premium deficiency expense	0	0	0	282	282
Net insurance claims and expenses	(17,534)	(26,723)	(12,285)	(1,786)	(58,328)
Underwriting results	(12,547)	(20,513)	(5,785)	(484)	(39,329)
Net investment loss					(4,914)
Rental income					796
Other income					23,982
Other expenses					(6,108)
Finance cost					(48)
Share of profit of Associates - net					71,044
Profit before taxation					45,423
Segment assets	68,382	74,975	27,355	11,879	182,591
Unallocated assets - restated					738,093
					920,684
Segment liabilities	45,331	46,234	14,135	5,639	111,339
Unallocated liabilities					29,724
					141,063





### 37. Movement in investments

	Held to maturity	Available-for-sale	At fair value through profit or loss	Total
	----- Rupees in thousand -----			
As at January 01, 2017	47,377	782	86,830	134,989
Additions during the year	6,227	0	15,161	21,388
Disposals (redemptions)	0	0	(10,470)	(10,470)
Fair value net loss (excluding net realised gains)	(32)	(173)	(14,129)	(14,334)
Designated at fair value through profit or loss upon initial recognition	21	0	0	21
As at December 31, 2017	53,593	609	77,392	131,594
<b>Additions during the year</b>	<b>21,101</b>	<b>0</b>	<b>70,010</b>	<b>91,111</b>
<b>Disposals (sale)</b>	<b>(20,000)</b>	<b>0</b>	<b>(9,654)</b>	<b>(29,654)</b>
<b>Fair value net loss (excluding net realised gains)</b>	<b>(1,171)</b>	<b>(103)</b>	<b>(16,474)</b>	<b>(17,748)</b>
<b>Designated at fair value through profit or loss upon initial recognition</b>	<b>190</b>	<b>0</b>	<b>0</b>	<b>190</b>
<b>As at December 31, 2018</b>	<b>53,713</b>	<b>506</b>	<b>121,274</b>	<b>175,493</b>

### 38. Financial and insurance risk management objectives and policies

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

The individual risk wise analysis is given below:

#### 38.1 Credit risk and concentration of credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and causes 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 sectors 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 affect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in these financial statements. The management monitors and limits the Company's exposure and makes estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.



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

	2018	2017
	Rupees in thousand	
Bank balances	26,428	90,164
Investments in equity securities	121,780	78,001
Investments in debt securities	53,713	53,593
Insurance / reinsurance receivables	123,349	125,014
Reinsurance recoveries against outstanding claims	34,747	54,317
Loans and other receivables	2,585	2,533
	<b>362,602</b>	<b>403,622</b>

Provision is made for doubtful insurance / reinsurance receivables according to the Company's policy. The impairment provision is written-off when the Company expects that it cannot recover the balance due. During the year, provision for doubtful insurance / reinsurance receivables aggregating Rs. 2.355 million (2017: Rs.5.279 million) have been made. The provision for doubtful insurance / reinsurance receivables is shown in note 12 to these financial statements.

The age analysis of amount due from insurance contract holders is as follows:

Past due one year but less than three years				<b>0</b>	<b>10</b>
	Short term	Long term	Rating agency	2018	2017
				Rupees in thousand	
Bank Al Habib Ltd.	A1+	AA+	PACRA	8,481	68
National Bank of Pakistan	A1+	AAA	-do-	48	47
Habib Bank Ltd.	A1+	AAA	VIS	17,453	89,997
United Bank Ltd.	A1+	AAA	-do-	44	52
				<b>26,026</b>	<b>90,164</b>

The credit quality of insurance / reinsurance receivables can be assessed with reference to external credit ratings as follows:

	Insurance / reinsurance receivables	Reinsurance recoveries against outstanding claims	Total	
			2018	2017
	----- Rupees in thousand -----			
A or above (including PRCL)	115,073	32,416	147,489	167,232
BBB	8,276	2,331	10,607	12,089
Total	123,349	34,747	158,096	179,321





### 38.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity requirements are monitored regularly and the management ensures that sufficient liquid funds are available.

The following are the contractual maturities of financial liabilities on an undiscounted cash flow basis:

	Carrying amount	Contractual cash flow	Upto one year
----- Rupees in thousand -----			
<b>2018</b>			
<b>Financial liabilities</b>			
Outstanding claims (including IBNR)	41,365	41,365	41,365
Insurance / reinsurance payables	32,843	32,843	32,843
Other creditors and accruals	22,562	22,562	22,562
Unclaimed dividends	555	555	555
<b>Total</b>	<b>97,325</b>	<b>97,325</b>	<b>97,325</b>
<b>2017</b>			
Outstanding claims (including IBNR)	64,811	64,811	64,811
Insurance / reinsurance payables	39,501	39,501	39,501
Other creditors and accruals	14,286	14,286	14,286
Unclaimed dividends	557	557	557
<b>Total</b>	<b>119,155</b>	<b>119,155</b>	<b>119,155</b>

### 38.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters while optimising the return. The market risks associated with the Company's business activities are interest / mark-up rate risk, price risk and currency risk.

#### a) Interest / mark-up rate risk

Interest / mark-up rate risk is the risk that the value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark-up rate risk arises from mismatching of financial assets and liabilities that mature or repaid in a given period. The Company manages this mismatch through risk management strategies where significant changes in gap position can be adjusted. At the reporting date, the interest / mark-up rate profile of the Company's significant interest / mark-up bearing financial instruments was as follows:

	2018	2017	2018	2017
	Effective interest rate		Rupees in thousand	
	Percentage			
<b>Fixed rate financial instruments</b>				
<b>Financial assets</b>				
Investments - Pakistan Investment Bonds	7.00 to 12.00	7.00 to 12.00	53,713	53,593
<b>Floating rate financial instruments</b>				
<b>Financial assets</b>				
Bank deposits	3.75 to 8.00	3.25 to 3.78	22,678	66,038



## b) 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 profit for the year by Rs.227 thousand (2017: Rs.660 thousand). 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 above. The analysis assumes that all variables remain constant.

## c) 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 instrument or its issuer, or factors affecting all or similar financial instrument traded in the market. The Company is not exposed to commodity price risk. The Company is exposed to equity price risk that arises as a result of changes in the levels of Pakistan Stock Exchange-Index and the value of individual shares.

Available-for-sale investments are stated as per the policy detailed in note 4.8(c). The carrying and market values of these investments have been disclosed in note 9.1 to these financial statements.

As the Company is only exposed to price risk for investments classified in the available-for-sale and at fair value through profit or loss categories, a 10% increase / decrease in share / unit prices at the year-end would have increased / decreased profit for the year and equity as at December 31, 2018 by Rs.12,178 thousand (2017: Rs.7,800 thousand).

## d) Currency risk

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

2018	Held to maturity	Available-for-sale	At fair value through profit or loss	Bank accounts, deposits, loans and other receivables	Total
Financial assets as per statement of financial position	----- Rupees in thousand -----				
Bank balances	0	0	0	26,428	26,428
Investments in equity securities	0	506	121,274	0	121,780
Investments in debt securities	53,713	0	0	0	53,713
Insurance / reinsurance receivables	0	0	0	123,349	123,349
Reinsurance and other recoveries against outstanding claims	0	0	0	34,747	34,747
Loans and other receivables	0	0	0	2,585	2,585
	<b>53,713</b>	<b>506</b>	<b>121,274</b>	<b>187,109</b>	<b>362,602</b>





2017

	Held to maturity	Available-for-sale	At fair value through profit or loss	Bank accounts, deposits, loans and other receivables	Total
----- Rupees in thousand -----					
Bank balances	0	0	0	90,164	90,164
Investments in equity securities	0	609	77,392	0	78,001
Investments in debt securities	53,593	0	0	0	53,593
Insurance / reinsurance receivables	0	0	0	125,014	125,014
Reinsurance and other recoveries against outstanding claims	0	0	0	54,317	54,317
Loans and other receivables	0	0	0	2,533	2,533
	53,593	609	77,392	272,028	403,622

	2018	2017
Financial liabilities as per statement of financial position	Rupees in thousand	
Outstanding claims including IBNR	41,365	64,811
Insurance/ reinsurance payables	32,843	39,501
Other creditors and accruals	22,562	14,286
Unclaimed dividends	555	557
	97,325	119,155

### 39. Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas.

The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims and similar procedures are put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. Reinsurance policies are written with approved reinsurers on either a proportionate basis or non-proportionate basis. The reinsurers, carefully selected and approved, are dispersed over several geographical regions.



Experience shows that larger is the portfolio of similar insurance contracts, smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Company principally issues the general insurance contracts e.g. marine & transport, fire & property damage, motor and others. Risks under non-life insurance policies usually cover twelve months duration. For general insurance contracts, the most significant risks arise from accidental fire, atmospheric disaster and terrorist activities. Insurance contracts at times also cover risk for single incident that exposes the Company to multiple insurance risks.

**a) Concentration of insurance risk**

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

Risk surveys are carried-out on a regular basis for the evaluation of physical hazards associated primarily with the commercial / industrial occupation of the insured. Details regarding the fire separation / segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurers for their evaluation. Reference is made to the standard construction specifications laid down by IAP (Insurance Association of Pakistan). For fire & property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk. The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualize the risk exposure to the Company, which determines the appropriate amount of reinsurance coverage to protect the business portfolio.

**b) Reinsurance risk**

As per general practice of the insurance industry, in order to minimise financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other companies for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from sizeable risk and provide additional underwriting capacity, which also constitutes towards the growth of premium. A significant portion of the reinsurance is effected under treaty, facultative and also under excess of loss reinsurance contracts to protect the Company's exposure towards catastrophic losses.

To minimise its exposure to any possible losses from reinsurers' insolvencies, the Company evaluates the financial condition of the reinsurers, their rating and monitors concentrations of credit risk arising from the respective geographic regions, activities or economic characteristics of the reinsurers.

In compliance with the regulatory requirement, the reinsurance agreements are duly submitted to the 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:

	Gross sum insured		Reinsurance		Net	
	2018	2017	2018	2017	2018	2017
	----- Rupees in thousand -----					
Fire	23,520,401	5,442,985	18,345,913	4,789,827	5,174,488	653,158
Marine	17,766,095	14,526,746	10,659,657	10,895,060	7,106,438	3,631,686
Motor	3,014,524	2,325,153	60,290	162,761	2,954,234	2,162,392
Others	413,492	426,355	305,984	370,929	107,508	55,426
	<b>44,714,512</b>	<b>22,721,239</b>	<b>29,371,844</b>	<b>16,218,577</b>	<b>15,342,668</b>	<b>6,502,662</b>

**c) Neutral assumptions for claims estimation**

The process used to determine the assumptions for calculating the outstanding claims reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available .

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried-out to estimate the size of the reinsurance recoveries.

The estimation process takes into account the past claims reporting pattern and details of reinsurance programs. The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserves and premium deficiency reserves) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of the reporting date. The expected future liabilities are determined on the Actuary's advice.

**d) 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 considers that the liability for insurance claims recognised in the statement of financial position is adequate. However, actual experience may 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 taxation, net of reinsurance:

	Net impact of increase / decrease in average claim by 10 % on			
	Underwriting result		Shareholders' equity	
	2018	2017	2018	2017
	----- Rupees in thousand -----			
Fire	11	24	11	24
Marine	1,469	14	1,469	14
Motor	292	0	292	0
Others	24	41	24	41
	<b>1,796</b>	<b>79</b>	<b>1,796</b>	<b>79</b>





#### 40. Maturity analysis of financial assets and liabilities

2018						
Interest / mark-up bearing			Non interest / mark-up bearing			Total
Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	

-----Rupees in thousand-----

##### Financial assets on statement of financial position

Investments in equity securities	0	0	0	121,780	0	121,780	121,780
Investments in debt securities	15,218	38,495	53,713	0	0	0	53,713
Loans and other receivables	0	0	0	2,585	0	2,585	2,585
Insurance/ reinsurance receivables	0	0	0	123,349	0	123,349	123,349
Reinsurance and other recoveries against outstanding claims	0	0	0	34,747	0	34,747	34,747
Bank balances	22,678	0	22,678	3,750	0	3,750	26,428
	37,896	38,495	76,391	286,211	0	286,211	362,602
Off statement of financial position	0	0	0	0	0	0	0
<b>Total</b>	<b>37,896</b>	<b>38,495</b>	<b>76,391</b>	<b>286,211</b>	<b>0</b>	<b>286,211</b>	<b>362,602</b>

##### Financial liabilities on statement of financial position

Outstanding claims (including IBNR)	0	0	0	41,365	0	41,365	41,365
Insurance/ reinsurance payables	0	0	0	32,843	0	32,843	32,843
Other creditors and accruals	0	0	0	22,562	0	22,562	22,562
Unclaimed dividends	0	0	0	555	0	555	555
	0	0	0	97,325	0	97,325	97,325
Off statement of financial position	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>97,325</b>	<b>0</b>	<b>97,325</b>	<b>97,325</b>
On statement of financial position gap	37,896	38,495	76,391	188,886	0	188,886	265,277
Off statement of financial position gap	0	0	0	0	0	0	0



2017						
Interest / mark-up bearing			Non interest / mark-up bearing			Total
Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	

----- Rupees in thousand -----

Financial assets on statement of financial position

Investments in equity securities	0	0	0	78,001	0	78,001	78,001
Investments in debt securities	21,005	32,588	53,593	0	0	0	53,593
Loans and other receivables	0	0	0	2,533	0	2,533	2,533
Insurance/ reinsurance receivables	0	0	0	125,014	0	125,014	125,014
Reinsurance and other recoveries against outstanding claims	0	0	0	54,317	0	54,317	54,317
Bank balances	66,038	0	66,038	24,126	0	24,126	90,164
	87,043	32,588	119,631	283,991	0	283,991	403,622
Off statement of financial position	0	0	0	0	0	0	0
Total	87,043	32,588	119,631	283,991	0	283,991	403,622

Financial liabilities on statement of financial position

Outstanding claims (including IBNR)	0	0	0	64,811	0	64,811	64,811
Insurance/ reinsurance payables	0	0	0	39,501	0	39,501	39,501
Other creditors and accruals	0	0	0	14,286	0	14,286	14,286
Unclaimed dividends	0	0	0	557	0	557	557
	0	0	0	119,155	0	119,155	119,155
Off statement of financial position	0	0	0	0	0	0	0
Total	0	0	0	119,155	0	119,155	119,155
On statement of financial position gap	87,043	32,588	119,631	164,836	0	164,836	284,467
Off statement of financial position gap	0	0	0	0	0	0	0



#### 41. Fair value

IFRS 13 (Fair value measurement) defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

**Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

**Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Following are the assets where fair value is only disclosed and is different from their carrying value:

	<b>Fair value measurement using level 1</b>	
	<b>2018</b>	<b>2017</b>
	<b>Rupees in thousand</b>	
Investments in Associates	<u><b>651,120</b></u>	<u><b>654,236</b></u>

#### 42. Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and meet the regulatory, solvency and paid-up capital requirements so that it can continue to provide returns for shareholders and benefits for other stakeholders.

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 paid to shareholders or issue new shares.

#### 43. Claims review

**43.1** The management, during the year, has carried-out a comprehensive exercise to bring fairness in the Company's outstanding claim liabilities; accordingly claim liabilities aggregating Rs.15.660 million (2017: Rs.6.709 million), which are no longer payable / settlements with the clients finalised, have been reversed / adjusted in the books of account of the Company.

**43.2** The management, during the preceding year, had also reversed / adjusted / written-back health insurance claims aggregating Rs.0.779 million against which neither the claim related documents were available nor the Claimants had raised any demand. These claims pertained to financial years ended upto December 31, 2012. The management had also obtained an opinion from its legal Advisor, who had confirmed that these claims were time-barred and hence might be reversed / adjusted / written-back.



<b>44. Statement of solvency</b>	<b>Rupees in thousand</b>
<b>Assets as disclosed in the statement of financial position as at December 31, 2018</b>	
Property and equipment	191,519
Investment property	21,694
Investments in equity securities	121,780
Investments in debt securities	53,713
Loans and other receivables	32,140
Insurance / reinsurance receivables	123,349
Reinsurance recoveries against outstanding claims	34,747
Deferred commission expense	2,436
Deferred taxation	33,191
Taxation - payments less provisions	9,411
Prepayments	8,929
Cash and bank balances	26,464
	<u>659,373</u>
Investments in Associates - at market value	<u>651,120</u>
<b>Total Assets</b>	<b>(A) 1,310,493</b>
<b>In-admissible assets as per the following applicable clauses of section 32(2) of the Insurance Ordinance, 2000 (the Ordinance)</b>	
(d)	753
(g)	651,124
(j)	33,191
(u)(i)	4,531
(u)(ii)	2,751
(u)(iii)	865
(v)	17,866
<b>Total in-admissible assets</b>	<b>(B) 711,081</b>
<b>Total admissible assets</b>	<b>(C = A - B) 599,412</b>
<b>Liabilities as disclosed in the statement of financial position as at December 31, 2018</b>	
<b>Underwriting provisions</b>	
Outstanding claims including IBNR	41,365
Unearned premium reserves	14,331
Premium deficiency reserves	0
Unearned reinsurance commission	1,849
Long term deposits	278
Insurance / reinsurance payables	32,843
Unclaimed dividends	555
Other creditors and accruals	27,597
<b>Total Liabilities</b>	<b>(D) 118,818</b>
<b>Total net admissible assets</b>	<b>(E = C - D) 480,594</b>
<b>Minimum solvency requirement (higher of the following)</b>	
Method A - under section 36(3)(a) of the Ordinance	<u>150,000</u>
Method B - under section 36(3)(b) of the Ordinance	<u>6,637</u>
Method C - under section 36(3)(c) of the Ordinance	<u>5,570</u>
<b>Excess in net admissible assets over minimum requirements</b>	<b>150,000</b>
	<u>330,594</u>





45. The management, during the year, has transferred the balance lying in revenue reserve to accumulated loss for fair presentation of the Company's financial statements.

46. Number of employees	2018	2017
Number of employees as at December 31,	<u>25</u>	<u>26</u>
Average number of employees during the year	<u>25</u>	<u>25</u>

47. **Significant transactions and events affecting the Company's financial position and performance**

47.1 Due to applicability of the Companies Act, 2017 to the financial statements of the Company, amounts reported for the previous years have been restated. For detailed information please refer to note 5.

47.2 The Company has decided to discontinue the gratuity scheme and introduce the provident fund scheme with effect from January 01, 2019. Refer contents of note 21.

47.3 For a detailed discussion about the Company's performance please refer to the Directors' report.

48. **Corresponding figures**

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, except for the following, no material re-arrangements and reclassifications have been made in these financial statements.

As required by provisions of the Companies Act, 2017, unclaimed dividends have been disclosed as a separate line item on the face of statement of financial position whereas surplus on revaluation of fixed assets has been reclassified and made part of equity and investments in Associates have been restated accordingly as fully detailed in note 5.

49. **Date of authorisation for issue**

These financial statements were authorised for issue on April 08, 2019 by the board of directors of the Company.

					
Raza Kuli Khan Khattak CHAIRMAN	Gohar Ayub Khan Chief EXECUTIVE	Muhammad Kuli Khan Khattak DIRECTOR	Khalid Kuli Khan Khattak DIRECTOR	Amir Raza Principal Officer	Ashfaq Ahmed Chief Financial Officer





**THE UNIVERSAL INSURANCE COMPANY LIMITED**  
**PATTERN OF SHAREHOLDING**  
**AS ON DECEMBER 31ST, 2018**

Number of ShareHolders	Shareholdings		Total Number of Share Held	Percentage of Total Capital
	From	To		
290	1 -	100	6,488	0.01
161	101 -	500	45,631	0.09
86	501 -	1000	64,833	0.13
242	1001 -	5000	589,420	1.18
50	5001 -	10000	351,559	0.70
23	10001 -	15000	278,774	0.56
13	15001 -	20000	227,392	0.45
3	20001 -	25000	68,175	0.14
2	25001 -	30000	51,927	0.10
8	30001 -	35000	260,059	0.52
4	35001 -	40000	150,662	0.30
3	40001 -	45000	124,602	0.25
3	45001 -	50000	150,000	0.30
1	50001 -	55000	51,000	0.10
2	75001 -	80000	150,771	0.30
3	80001 -	85000	248,576	0.50
1	85001 -	90000	85,630	0.17
1	90001 -	95000	93,075	0.19
1	95001 -	100000	96,181	0.19
2	105001 -	110000	216,086	0.43
1	155001 -	160000	158,136	0.32
1	175001 -	180000	177,028	0.35
1	250001 -	255000	254,000	0.51
1	275001 -	280000	276,226	0.55
2	295001 -	300000	597,861	1.20
1	320001 -	325000	322,180	0.64
1	400001 -	405000	403,500	0.81
1	415001 -	420000	415,237	0.83
1	485001 -	490000	490,000	0.98
1	610001 -	615000	613,203	1.23
1	42980001 -	42985000	42,981,788	85.96
<b>911</b>			<b>50,000,000</b>	<b>100.00</b>

**THE UNIVERSAL INSURANCE COMPANY LIMITED**  
**CATEGORIES OF SHAREHOLDERS**  
**AS ON DECEMBER 31ST, 2018**

Sr. #	Categories	No. of Shareholders	Shares Held	Percentage
1	Executives	2	3,603	0.0072
2	Directors, Chief Executive Officer, and their spouse and minor children	9	859,129	1.7183
3	Associated Companies, Undertakings and Related Parties	1	42,981,788	85.9636
4	NIT and ICP	1	1,363	0.0027
5	Banks, Development Financial Institutions, Non Banking Financial Institutions	1	1,359	0.0027
6	Insurance Companies	1	22,243	0.0445
7	General Public (Local)	887	5,238,721	10.4774
8	Others	9	891,794	1.7836
<b>TOTAL:</b>		<b>911</b>	<b>50,000,000</b>	<b>100.0000</b>



**THE UNIVERSAL INSURANCE COMPANY LIMITED**  
**DETAILED CATEGORIES OF SHAREHOLDERS**  
**AS ON DECEMBER 31ST, 2018**

Sr. #	Name	Shares Held	Percentage of Capital
-------	------	-------------	-----------------------

**Executives**

1	Mr. Amir Raza	3,003	0.0060
2	Mr. Abdul Waheed Chaudhry	600	0.0012
<b>Running Total:</b>		<b>3,603</b>	<b>0.0072</b>

**Directors, Chief Executive Officer, and their spouse and minor children**

1	Mr. Raza Kuli Khan Khattak	613,203	1.2264
2	Mr. Gohar Ayub Khan	40,234	0.0805
3	Mr. Mushtaq Ahmed Khan F.C.A.	3,153	0.0063
4	Mrs. Shahnaz Sajjad Ahmed	93,075	0.1862
5	Dr. Shaheen Kuli Khan Khattak	93,075	0.1862
6	Mr. Muhammad Imran Malik	3,003	0.0060
7	Mr. Khalid Kuli Khan Khattak	3,003	0.0060
8	Mr. Mohammad Kuli Khan Khattak	7,883	0.0158
9	Mr. Sikandar Kuli Khan Khattak	2,500	0.0050
<b>Running Total:</b>		<b>859,129</b>	<b>1.7183</b>

**Associated Companies, Undertakings and Related Parties**

3	Bibojee Services (Pvt) Limited	42,981,788	85.9636
<b>Running Total:</b>		<b>42,981,788</b>	<b>85.9636</b>

**NIT and ICP**

1	Investment Corporation of Pakistan	1,363	0.0027
<b>Running Total:</b>		<b>1,363</b>	<b>0.0027</b>

**Banks, Development Financial Institutions, Non Banking Financial Institutions**

1	Shirazi Investment (Pvt.) Limited	1,359	0.0027
<b>Running Total:</b>		<b>1,359</b>	<b>0.0027</b>

**Insurance Companies**

1	Gulf Insurance Co. Ltd.	22,243	0.0445
<b>Running Total:</b>		<b>22,243</b>	<b>0.0445</b>

**General Public (Local)**

**5,238,721 10.4774**

**Others**

1	Salim Sozer Securities (Pvt.) Ltd.	322,180	0.6444
2	AKD Securities Limited	403,500	0.8070
3	Fikrees (Private) Limited	2,500	0.0050
4	Deputy Administrator Abandoned Properties Organization	37,431	0.0749
5	Pearl Securities Limited	75,043	0.1501
6	Cliktrade Limited	40	0.0001
7	Topline Commodities (Pvt.) Limited	51,000	0.1020
8	Millwala Sons (Private) Limited	99	0.0002
9	Maple Leaf Capital Limited	1	0.0000
<b>Running Total:</b>		<b>891,794</b>	<b>1.7836</b>

**50,000,000 100.0000**

**Shareholders holding more than 5% shares:**

1	<b>Bibojee Services (Pvt.) Limited</b>	<b>42,981,788</b>	<b>85.9636</b>
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## HEAD OFFICE EXECUTIVE / DEPARTMENT HEAD

Name	Designation	Telephone Office	Fax No.
Mr. Gohar Ayub Khan	Chief Executive	042-37311666	042-37230326
Mr. Amir Raza	Principal Officer	042-37355579	042-37230326
Mr. Abdul Waheed Chaudhry	D.G.M – Internal Auditor	042-37355426	042-37230326
Mr. Aftab Rashid	Assistant General Manager- IT	042-37355426	042-37230326
Mr. Ashfaq Ahmed	Chief Financial Officer	042-37243168	042-37230326
Mr. Muhammad Alyas	Manager Re-insurance	042-37238616	042-37230326
Mr. Liaqat Ali Shaukat	Company Secretary	042-37322813	042-37230326
Miss. Bushra Hina Mushtaq	Manager Underwriting	042-37311608	042-37230326

## BRANCHES

Sr. No.	Br_Code	Branches	Address	Ph No.	Fax No.
1	117	Principal Office, Karachi	3 <sup>rd</sup> Floor Nelson Chamber I.I Chundrigar Road, Karachi	0334-3360326	0334-3360326

## Investor's Awareness

As per direction of SECP vide their S.R.O. 924 (1) 2015 dated September 09, 2015 we are pleased to incorporate the following informational message on 'JumaPunji' for investor's awareness in Annual Report of the Company for the year ended December 31, 2018.

www.jamapunji.pk



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-  Jamapunji games\*
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-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator (based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

[jamapunji.pk](http://jamapunji.pk)    [@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices







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 59<sup>th</sup> Annual General Meeting of the company to be held on  
 Tuesday 30<sup>th</sup> April, 2019 at 10:30 a.m. and any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

Signature: \_\_\_\_\_

**Witnesses:**

Signature: \_\_\_\_\_

Name : \_\_\_\_\_

CNIC No. : \_\_\_\_\_

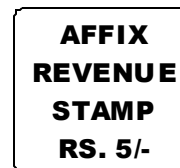
Address: \_\_\_\_\_

Signature: \_\_\_\_\_

Name : \_\_\_\_\_

CNIC 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 attach an attested photocopy of their Computerized National Identity Card or Passport with this Proxy Form.



## دی یونیورسل انشورنس کمپنی لمیٹڈ پراکسی فارم

میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_ بحیثیت ممبر  
دی یونیورسل انشورنس کمپنی لمیٹڈ اور اس عام حصص تعدادی \_\_\_\_\_ برطانیہ رجسٹرڈ فوئیو نمبر / سی ڈی سی شرکت کنندگان شناخت و اکاؤنٹ نمبر  
\_\_\_\_\_ بذریعہ ہذا اپنی جانب سے مسمیٰ \_\_\_\_\_ سکند \_\_\_\_\_ کو مقرر کرتا  
یا ان کی عدم دستیابی کی صورت میں مسمیٰ \_\_\_\_\_ سکند \_\_\_\_\_ کے مطابق نرس ہے  
/ کرتی ہوں جو کہ یونیورسل انشورنس کمپنی لمیٹڈ کے رجسٹرڈ فوئیو نمبر / سی ڈی سی کے اکاؤنٹ نمبر \_\_\_\_\_ کے مطابق نرس ہے  
جو ہماری غیر حاضری کی صورت میں ہمیں یا ہماری جانب سے 59 ویں سالانہ اجلاس عام جو کہ بروز منگل 30 اپریل 2019ء بوقت صبح 10:30 بجے  
ہونا قرار پایا ہے یا اس کے کسی بھی استواء میں میری / ہماری جدہ شرکت کرے اور ووٹ ڈالے۔

دستخط بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2019ء

ریونیونٹ  
51- روپے  
چسپاں کریں

دستخط: \_\_\_\_\_

گواہان:

دستخط: _____	دستخط: _____
نام: _____	نام: _____
شناختی کارڈ نمبر: _____	شناختی کارڈ نمبر: _____
پتہ: _____	پتہ: _____

اہم نوٹ:

- 1- ہر لحاظ سے مکمل شدہ یہ پراکسی فارم کمپنی کے رجسٹرڈ آفس دی یونیورسل انشورنس کمپنی لمیٹڈ 63- شاہراہ قائد اعظم لاہور پہنچ جائیں جو میننگ کے منعقد ہونے کے 48 گھنٹے سے لیٹ نہ ہو۔
- 2- پراکسی لگانے والے کیلئے ضروری ہے کہ وہ کمپنی کا ممبر ہو۔
- 3- سی ڈی سی شیرز ہولڈرز اور ان کی پراکسی لگانے والوں کیلئے ضروری ہے کہ وہ اس پراکسی فارم کے ساتھ اپنی تصدیق شدہ قومی شناختی کارڈ یا پاسپورٹ کی کاپی لگائیں۔



-  Universal Insurance House  
63-Shahrah-e-Quaid-e-Azam  
Lahore-54000 Pakistan
-  +92-42-3735 5426, 3732 4244,  
3732 4194, 3731 3878
-  Fax: 042-3723 0326
-  Email: [info@uic.com.pk](mailto:info@uic.com.pk)
-  Web: [www.uic.com.pk](http://www.uic.com.pk)