

2020 ANNUAL REPORT



61st

YEAR OF CONTINUOUS SERVICES

BIBOJEE GROUP



**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 ensure strict compliance by conducting regular internal audit and educating our employees about the law.

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



CORPORATE INFORMATION

Board of Directors	Mr. Raza Kuli Khan Khattak	Chairman
	Mr. Gohar Ayub Khan	Chief Executive
	Mr. Ahmed Kuli Khan Khattak	
	Mrs. Shahnaz Sajjad Ahmed	
	Mr. Muhammad Imran Malik	
	Mr. Haroon Ahmed Zuberi	
	Mr. Khalid kuli Khan Khattak	
Principal Officer	Mr. Amir Raza	
Chief Financial Officer	Mr. Ashfaq Ahmed	
Company Secretary	Mr. Liaqat Ali Shaukat	
Internal Auditor	Mr. Abdul Waheed Chaudhry	
Auditors	M/s. Junaidy Shoaib Asad Chartered Accountants	
Legal Adviosor	Rana Muhammad Aamir Zulfiqar (Advocate)	
Share Registrar	M/s. Hameed Majeed Associates (Pvt.) Ltd. H.M House, 7-Bank Square, Lahore Phone # 042-37235081-82 Fax: # 042-37358817	
Registered Office:	Universal Insurance House 63-Shahrah-e-Quaid-e-Azam, Lahore, 54000 Pakistan Ph: 042-37353453-37353458 Fax: 042-37230326 Web: www.uic.com.pk Email: info@uic.com.pk	



BOARD AND MANAGEMENT COMMITTEES

Board Committees:

i) Ethics, Human Resource & Remuneration Committee

Mr. Haroon Ahmed Zuberi	Chairman	Independent
Mr. Ahmed Kuli Khan Khattak	Member	Non-Executive
Mr. Gohar Ayub Khan	Member	Executive
Mr. Muhammad Imran Malik	Member	Independent
Mr. Liaqat Ali Shaukat	Secretary	

ii) Investment Committee

Mr. Haroon Ahmed Zuberi	Chairman	Independent
Mr. Ahmed Kuli Khan Khattak	Member	Non-Executive
Mr. Gohar Ayub Khan	Member	Executive (CEO)
Mr. Muhammad Imran Malik	Member	Independent
Mr. Ashfaq Ahmed	Member/Secretary	Chief Financial Officer

iii) Audit Committee

Mr. Muhammad Imran Malik	Chairman	Independent
Mr. Haroon Ahmed Zuberi	Member	Independent
Mr. Ahmed Kuli Khan Khattak	Member	Non-Executive
Mrs. Shahnaz Sajjad Ahmed	Member	Non-Executive
Mr. Abdul Waheed Ch.	Secretary	

Management Committees:

iv) Underwriting, Reinsurance & Co-Insurance Committee;

Mr. Muhammad Imran Malik	Chairman	Independent
Mr. Gohar Ayub Khan	Member	Executive
Mr. Muhammad Alyas	Member/Secretary	

v) Claims Settlement Committee;

Mr. Haroon Ahmed Zuberi	Chairman	Independent
Mr. Gohar Ayub Khan	Member	Executive
Mr. Ahmed Kuli Khan Khattak	Member	Non-Executive
Mr. Amir Raza	Member	
Mr. Abdul Waheed Ch.	Secretary	

vi) Risk Management & Compliance Committee

Mr. Gohar Ayub Khan	Chairman	Executive
Mrs. Shahnaz Sajjad Ahmed	Member	Non-Executive
Mr. Amir Raza	Member	
Mr. Ashfaq Ahmed	Member	
Mr. Muhammad Alyas	Secretary	



NOTICE OF 61st ANNUAL GENERAL MEETING

Notice is hereby given that the 61st Annual General Meeting (AGM) of the Shareholders of The Universal Insurance Company Limited will be held on Friday April 30, 2021 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 of the Company held on May 21, 2020 at Lahore.
2. To receive, consider, approve and adopt the annual audited accounts of the Company for the year ended December 31, 2020 and reports of the directors and auditors thereon.
3. To appoint auditors for the year ending December 31, 2021 and to fix their remuneration. The Board on recommendation of Audit Committee of the company has recommended the appointment of M/s. Junaidy Shoaib Asad Chartered Accountants as external auditor for the year 2021 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 08, 2021

NOTES:

- 1- Considering the situation on the spread of the COVID-19 and to protect the wellbeing of shareholders, the Company has decided to facilitate its shareholders by also allowing the shareholders to attend the meeting through video link. For this, the shareholders are requested to register themselves by sending an email along with the following particulars at info@uic.com.pk before close of business hours on April 26, 2021.

Name of shareholder	CNIC No.	Folio No./ CDC Account No.	Contact No.	Email Address

The shareholders can also provide their comments/ questions for the proposed agenda items of the AGM at the email address info@uic.com.pk.

- 2- The Share Transfer Books of the Company will remain closed from April 23, 2021 to April 30, 2021 (both days inclusive). Transfer received in order at the office of the Company Share Registrar M/s. Hameed Majeed Associates, H.M House, 7-Bank Square Lahore up to the close of business on April 22, 2021 will be considered in time to attend and vote at the meeting.



- 3- 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.
- 4- 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.
- 5- Shareholders are requested to immediately notify shares registrar of the company promptly of any change in their addresses, if any and submit copy of valid CNIC if not submitted yet.
- 6- Form of proxy is appended to the annual report in both English and Urdu languages and can be downloaded from the Company's website.
- 7- The audited financial statements of the company for the year ended December 31, 2020 have been placed on the company website 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 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- As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act i.e, May 30, 2017.
The Shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.
- 10- As per provision of Section 244 of the Companies Act, 2017, any dividend which has been declared by a company but has not been paid or claimed within time stipulated in Section 242 and Dividend Regulations, the Company shall within 15 days of the expiry of the said period transfer the total amount of dividend which remains unpaid or unclaimed to a separate profit bearing account to be called the unpaid dividend account. In this regard, the Company is in the process of opening separate bank account to be termed as "Unpaid Dividend Account".

11- Consent for Video Conference Facility

Pursuant to section 132(2) of the Companies Act, 2017, if the Company receives consent from members holding in aggregate 10% or more shareholding, residing at geographical location, to participate in the meeting through video conference at least seven (7) days prior to the date of 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. In order to avail this facility please provide following information to the registered office of the Company:

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



TEN YEARS KEY FINANCIAL DATA

	(Rupees in million)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Written Gross Premium	141	139	64	28	36	45	68	115	295	464
Net Insurance Premium	67	68	33	12	26	28	35	99	211	292
Net Insurance Claim	36	(20)	2	(9)	(9)	(56)	2	54	102	143
Investment	475	440	443	372	322	187	157	138	135	135
Underwriting results	(62)	7	(39)	(39)	(23)	83	0.30	(18)	1.4	(2)
(Loss)/ Profit before Taxation	(109)	4	19	45	71	131	(41)	(87)	(66)	(110)
(Loss)/ Profit after Taxation	(88)	2	16	41	69	130	(46)	89	(66)	(65)
Paid-up Share Capital	500	500	500	500	416	416	370	300	300	300
Cash and Banks	9	46	26	90	6	108	122	160	62	130
Total Assets	986	954	927	921	805	784	847	935	913	1069
Total Equity	830	822	808	780	644	311	118	78	143	208
EPS (Rs)	(1.76)	0.05	0.32	0.98	1.67	3.5	(1.34)	(2.97)	(2.21)	(4.20)

Summary of Sales Tax on Services/ FED on account of Gross Written Premium of the Company-Province-wise

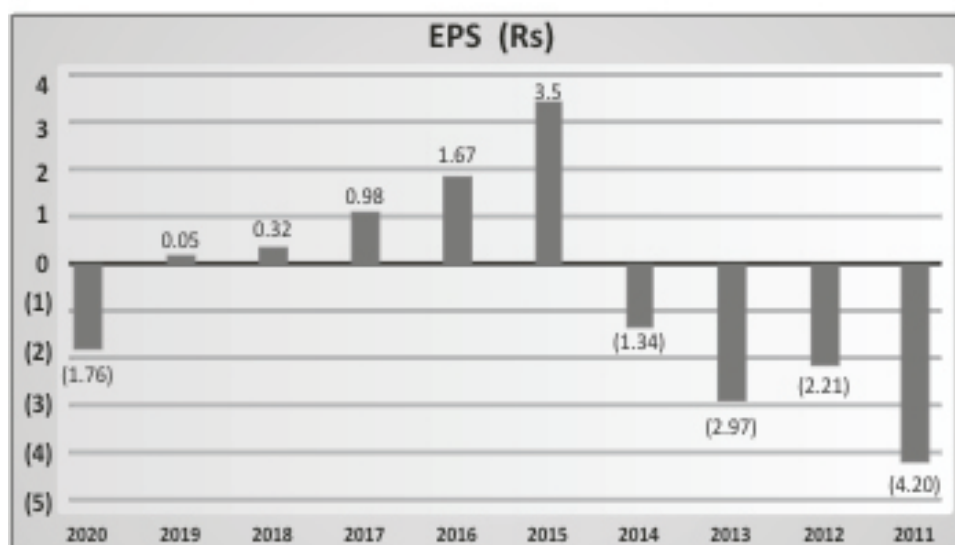
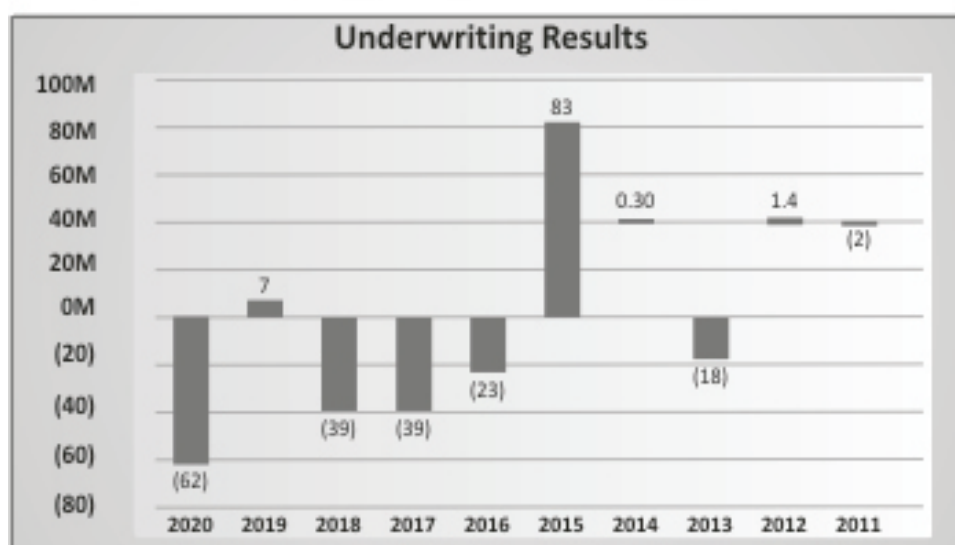
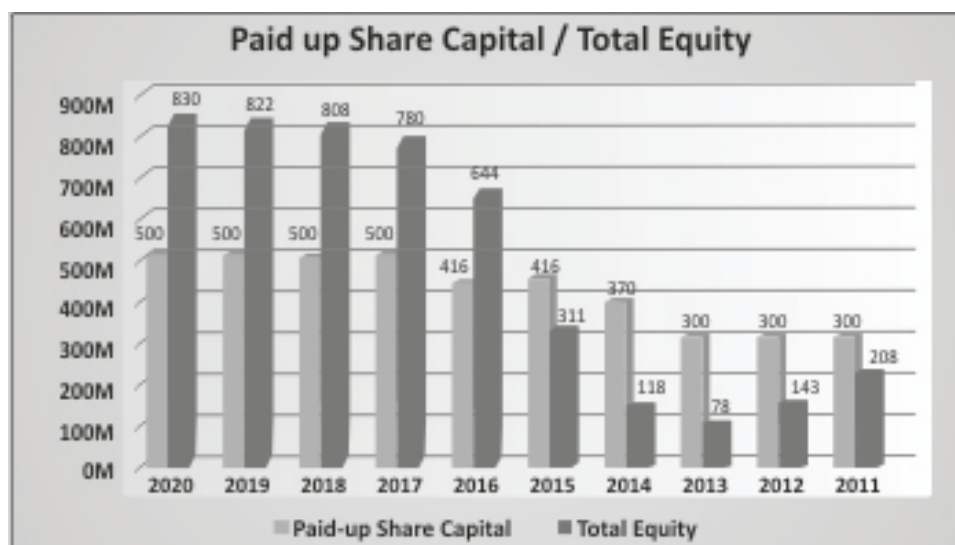
2020		2019	
Sales Tax on Services / FED	Gross Written Premium Plus Admin. Surcharge	Sales Tax on Services / FED	Gross Written Premium Plus Admin. Surcharge

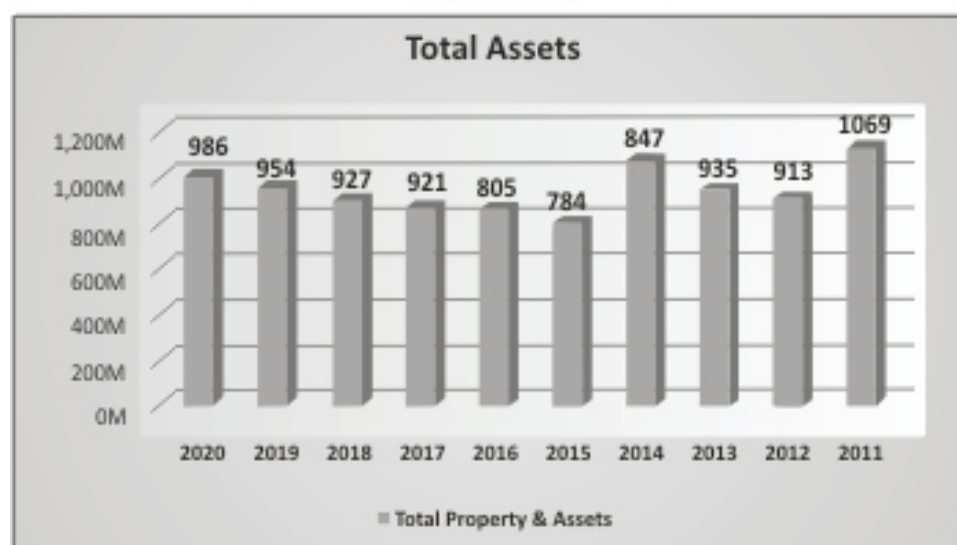
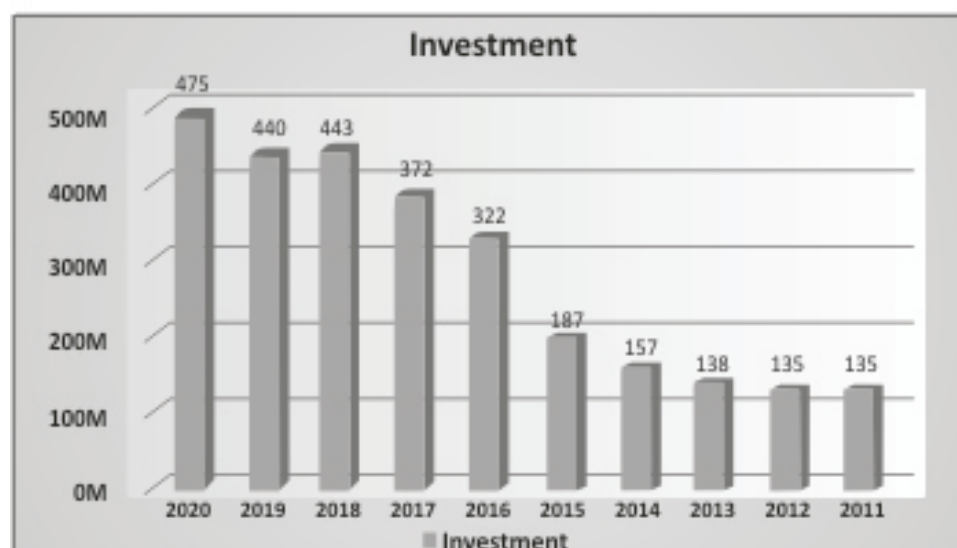
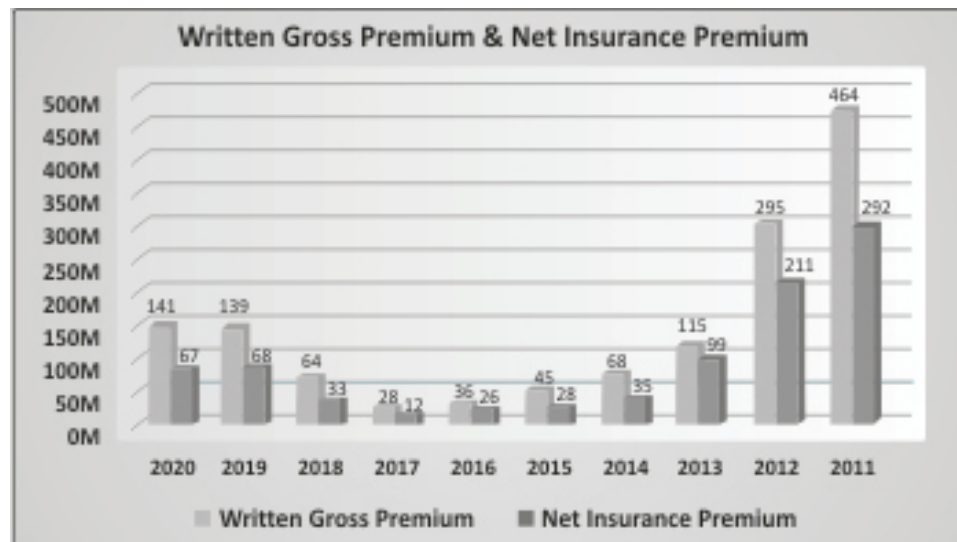
Sales Tax on Services/ FED (Paid)

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

-Sindh Revenue Board	1,523	11,714	1,383	10,562
-Punjab Revenue Authority	163	1,018	223	1,371
	1,686	12,732	1,606	11,933

Add: Facultative inward premium	128,254	127,216
Total gross written premium for the year	140,986	139,149







CHAIRMAN'S REVIEW

On behalf of the Board of Directors, I have pleasure in presenting the 61st Annual Report and performance review of The Universal Insurance Company Limited for the year ended 31 December, 2020.

Company Performance:

The Gross Written Premium of the Company during the year 2020 remained almost the same as in 2019. However, the company has suffered losses after taxation amounting to Rs. (87.845) million on account of increase in claim expense, increase in management expense and losses of associated company.


Future Outlook:

To recover the losses of the year 2020 we are planning to set up branch network in order to capture the market business and at the same time we are hopeful that our Co-insurance and Facultative business will enhance in the coming year. Thus, we are anticipating improvement in our financials for the coming year.

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.

April 02, 2021
Lahore


Raza Kuli Khan Khattak
Chairman

چیرمین کا جائزہ

مجھے بورڈ آف ڈائریکٹرز کی طرف سے 31 دسمبر 2020 کو ختم ہونے والے سال کے لیے دی یونیورسل انشورنس کمپنی لمیٹڈ کی 61 ویں سالانہ رپورٹ اور کارکردگی کا جائزہ پیش کرتے ہوئے خوشی ہوئی ہے۔

کمپنی کی کارکردگی (Company Performance)

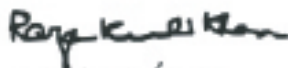
سال 2020 کے دوران کمپنی کا مجموعی تحریری پریئم تقریباً 2019 کی طرح ہی رہا۔ تاہم کمپنی کو کھلیز اخراجات میں اضافے، انتظامی اخراجات میں اضافے اور متعلقہ کمپنی کے نقصانات کی وجہ سے بعد از ٹیکس میں (87.845) ملین روپے کے خسارے کا سامنا کرنا پڑا ہے۔

مستقبل کا جائزہ (Future Outlook)

سال 2020 کے نقصانات کو پورا کرنے کے لیے ہم بڑا چیلنج دیکھ رہے ہیں تاکہ مارکیٹ کے کاروبار کو حاصل کیا جاسکے اور بین الاقوامی وقت ہم پر امید ہیں کہ آنے والے سال میں ہمارا کوالٹی کاروبار میں اضافہ ہوگا۔ اسی طرح آنے والے سال میں ہم اپنے فنانشل میں بہتری کی توقع کر رہے ہیں۔

اعتراف (Acknowledgement)

میں اپنے قابل قدر حصص داران، کلائنٹس، ری انشوررز، SECP اور دیگر مالیاتی اداروں کا شکریہ ادا کرتا ہوں جن کے تعاون اور سپورٹ کی وجہ سے کمپنی کا مارکیٹ امیج مزید مضبوط ہوا۔


(رضا کولی خان خٹک)
چیرمین

02 اپریل، 2021
لاہور۔



DIRECTORS' REPORT TO THE SHAREHOLDERS

We on behalf of the Board of Director would like to present 61st Annual Report of the Company along with audited financial statements for the financial year ended December 31, 2020.

Principal Activities of the Company

The Universal Insurance Company Limited was incorporated as a Public Limited Company in Pakistan in 1958. Our Company is listed on the Pakistan Stock Exchange (PSX). The principal activity of the Company is to underwrite general insurance business in Pakistan.

Principal Risks and Uncertainties

The principal risks and uncertainties have been properly disclosed in the note 40 forming part of annual accounts.

Operating Results:

The operating financial results of the company for the year ended 31 December, 2020 are stated below.

	<u>2020</u>	<u>2019</u>
	-----Rupees in '000-----	
Gross premium	140,986	139,149
Net premium	67,199	68,115
Net claims	(35,774)	19,576
Underwriting results	(62,386)	7,287
Investment & Other Income	22,536	25,106
(Loss)/ Profit before taxation	(109,479)	4,421
(Loss)/ Profit after taxation for the year	(87,845)	2,335
(Loss)/ Earnings per share	(1.76)	0.05

Review of Operating Results:

The Gross Written Premium of the Company has slightly increased over the last year whereas net claim of the company have increased drastically as compared to last financial year. The major reason for this significant enhancement in net claim is on account of major reinsurance recoveries made during the last financial year. Further during the year under review the loss from associated company has sizable increased which adversely impacted on the profitability of the company as compared to last year along with the increase in management expense of the company. The financial indicators also reflect decrease in investment & other income over the corresponding period.

Dividend

Due to accumulated losses, the directors have not recommended dividend for the year 2020.

IFS Rating

M/s. PACRA has maintained IFS rating to A- (stable) in view of improvement in the financial indicators of the company.

Information Technology (IT)

Our IT system has been further upgraded to meet the new IT related requirements encountered during the year. Most of the statutory reports are now generated through our IT system.



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 renewed Company's certification ISO 9001:2015 on June 04, 2019 till October 18, 2021 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, 2020 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 three directors meets the criteria of eligibility for exemption from certificate.
- (k) The value of investment of provident fund based on their unaudited accounts is Rs. 4.900 million as on 31 December, 2020.

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.



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:

Total number of directors	7
Male	6
Female	1
Independent Director	2
Non-executive Directors	3
Executive Director	1
Female Director	1

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:

The Directors of the Company were elected at the Annual General Meeting held on May 21, 2020 for a term of three years commencing from May 22, 2020. During the year, Six (6) 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>	
Lt. Gen (R) Ali Kuli Khan Khattak	2	(Resigned from Board on 31-12-2020)
Mr. Raza Kuli Khan Khattak	6	
Mr. Gohar Ayub Khan	6	
Mr. Ahmed Kuli Khan Khattak	2	
Mrs. Shahnaz Sajjad Ahmed	2	
Mr. Muhammad Imran Malik	5	
Mr. Haroon Ahmed Zuberi	1	
Mr. Mushtaq Ahmad Khan - FCA	0	(Retired from Board on May 21, 2020)
Dr. Shaheen Kuli Khan Khattak	3	(Retired from Board on May 21, 2020)
Mr. Pervez I. Khan	0	(Retired from Board on May 21, 2020)
Mr. Khalid Kuli Khan Khattak	3	(Retired from Board on May 21, 2020)
Mr. Muhammad Kuli Khan Khattak	3	(Retired from Board on May 21, 2020)
Mr. Sikandar Kuli Khan Khattak	3	(Retired from Board on May 21, 2020)

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

One casual vacancy occurred during the year 2020 due to resignation of Lt. Gen (R) Ali Kuli Khan Khattak (Director/ Chairman) which was duly filled by Mr. Khalid Kuli Khan Khattak.



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 four members, two of whom are non-executive directors and two independent directors. The chairman of the committee is an independent director. Four meetings of audit committee were held during the year.

- Mr. Muhammad Imran Malik	Chairman
- Mr. Haroon Ahmed Zuberi	Member
- Mr. Ahmed Kuli Khan Khattak	Member
- Mrs. Shahnaz Sajjad Ahmed	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. Haroon Ahmed Zuberi	Chairman
- Mr. Ahmed Kuli Khan Khattak	Member
- Mr. Gohar Ayub Khan	Member
- Mr. Muhammad Imran Malik	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. Haroon Ahmed Zuberi	Chairman
- Mr. Ahmed Kuli Khan Khattak	Member
- Mr. Gohar Ayub Khan	Member
- Mr. Muhammad Imran Malik	Member
- Mr. Ashfaq Ahmed	Member/ Secretary

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 Imran Malik	Chairman
- Mr. Gohar Ayub Khan	Member
- Mr. Muhammad Alyas	Member/ Secretary



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. Haroon Ahmed Zuberi	Chairman
- Mr. Gohar Ayub Khan	Member
- Mr. Ahmed Kuli Khan Khattak	Member
- Mr. Amir Raza	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. Gohar Ayub Khan	Chairman
- Mrs. Shahnaz Sajjad Ahmed	Member
- 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 2020, please refer note 32 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. 79.

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) and distributed as specified in the Companies Act, 2017. The activities of the company are updated on its website on timely basis.

Corporate Briefing Session

Corporate Briefing Session was held for shareholders and analysts on December 10, 2020 as per requirement of the Pakistan Stock Exchange Limited. Company's Senior Management and shareholders attended the session. .

Donation

In 2020, the Company donated Rs. 58 thousand to Waqaf-e-Kuli Khan Trust.

Trading in Company's Shares

No trading in the shares of the Company was carried out by the Directors, Chief Executive, Principal Officer, Chief Financial Officer, Company Secretary, executives, their spouses and minor children during the financial year ended December 31, 2020.

Appointment of Auditors

The auditors M/s. Junaidy Shoaib Asad, Chartered Accountants retire and being eligible, offer themselves for re-appointment. The Board of Directors endorses recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year ending on December 31, 2021 to the shareholders for approval.

Future Outlook

In the forthcoming financial year starting from January, 2021 we are anticipating improvement in all sectors of business and in line with this, we are also planning to set up a branch network to capture the potential market business and moreover, as a result of this we are very much hopeful the company would be in a position to recover its losses suffered during the last year.

Acknowledgement

We would like to thank the Securities and Exchange Commission of Pakistan, Pakistan Reinsurance Company Ltd., State Bank of Pakistan, Other Reinsurers 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 02, 2021

Place: Lahore

Gohar Ayub Khan
Chief Executive Officer

For & on behalf of the Board of Directors

Raza Kuli Khan Khattak
Chairman



دی یونیورسل انشورنس کمپنی لمیٹڈ

ممبران کے لئے ڈائریکٹرز کی رپورٹ

(یہ انگریزی کی رپورٹ کا ترجمہ ہے)

ہم بورڈ آف ڈائریکٹرز کی طرف سے 31 دسمبر 2020 کو ختم ہونے والے مالی سال کے نظر ثانی شدہ مالیاتی گوشواروں کے ساتھ کمپنی کی 6% ویس سالانہ رپورٹ پیش کرنا چاہتے ہیں۔

کمپنی کی پرنسپل سرگرمیاں (Principal Activities of the Company)

دی یونیورسل انشورنس کمپنی لمیٹڈ پاکستان میں 1958 کو ایک پبلک لمیٹڈ کمپنی کے طور پر وجود میں آئی۔ ہماری کمپنی پاکستان سٹاک ایکسچینج (پی ایس ایکس) میں درج ہے۔ کمپنی کی بنیادی سرگرمی پاکستان میں جنرل انشورنس کاروبار کو انڈر رائیٹ کرنا ہے۔

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

سالانہ اکاؤنٹس کے نوٹ 40 میں بنیادی خطرات اور غیر یقینی صورتحال کا واضح طور پر بیان کیا گیا ہے۔

آپریٹنگ نتائج (Operating Results)

31 دسمبر 2020 کو اختتام پزیر سال کے لئے کمپنی کے آپریٹنگ مالی نتائج نیچے بیان کیے گئے ہیں:-

2020	2019	
-----	-----	
روپے میں 000'		
140,986	139,149	- مجموعی پرمیئم
67,199	68,115	- نیٹ پرمیئم
(35,774)	19,576	- نیٹ کھمز
(62,386)	7,287	- انڈر رائٹنگ نتائج
22,536	25,106	- سرمایہ کاری اور دیگر آمدنی
(109,479)	4,421	- قفل از نکس (نقصان) / منافع
(87,845)	2,335	- سال کیلئے بعد از نکس (نقصان) / منافع
(1.76)	0.05	- (نقصان) / آمدنی فی شیئر

آپریٹنگ نتائج کا جائزہ (Review of Operating Results)

کمپنی کے مجموعی تحریری پرمیئم میں گزشتہ سال کے مقابلے میں قدرے اضافہ ہوا ہے جبکہ گزشتہ مالی سال کے مقابلے میں کمپنی کے نیٹ کھمز میں زبردست اضافہ ہوا ہے۔ نیٹ کھمز میں اس نمایاں اضافے کی سب سے بڑی وجہ گزشتہ مالی سال کے دوران بڑی ری انشورنس کی ادائیگیوں کی وجہ سے تھی۔ مزید زبردست سال کے دوران گروپ کمپنی سے وابستہ ہونے والے نقصان میں کافی حد تک اضافہ ہوا ہے جس سے پچھلے سال کے مقابلے میں کمپنی کے منافع پر مٹی اثر پڑا ہے اور اس کے ساتھ کمپنی کے منجمنٹ خرچ میں بھی اضافہ ہوا ہے۔ مالیاتی اھارے بھی اسی مدت کے دوران سرمایہ کاری اور دیگر آمدنی میں کمی کی عکاسی کرتے ہیں۔

ڈیویڈنڈ (Dividend)

مجموعی نقصانات کی وجہ سے، ڈائریکٹرز نے سال 2020 کے لیے ڈیویڈنڈ دینے کی سفارش کی ہے۔

آئی ایف ایس ریٹنگ (IFS Rating)

کمپنی کے مالیاتی اہلکاروں کے پیش نظر M/s. PACRA نے IFS کریڈٹ ریٹنگ (Stable) - A کو برقرار رکھا ہے۔



انفارمیشن ٹیکنالوجی (Information Technology)

ہمارے آئی ٹی سسٹم کو سال کے دوران درپیش آئی ٹی سے متعلق نئی ضروریات کو پورا کرنے کے لئے مزید اپ گریڈ کیا گیا ہے۔ زیادہ تر قانونی رپورٹس اب ہمارے آئی ٹی سسٹم کے ذریعے تیار کی جاتی ہیں۔

آئی ایس او سرٹیفیکیشن (ISO Certification)

17 مئی 2003 سے کمپنی نے میسرز لائڈز۔ رجسٹرڈ آرکیو، کراچی سے ISO 9001:2015 کی سرٹیفیکیشن حاصل کی۔ میسرز لائڈز رجسٹر۔ ایل آرکیو، کراچی نے 04 جون 2019 سے 18 اکتوبر 2021 تک ISO 9001:2015 کی تجدید کر چکا ہے۔ اس سے صاف ظاہر ہے کہ کمپنی ISO کو اپنی منجمنت سسٹم کے معیار پر پورا اترتی ہے اور کمپنی نے ISO کو اپنی منجمنت سسٹم کے 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 سرانجام دینے کے لیے کاروباری قوانین، اصول و ضوابط موجود ہیں۔ بورڈ اپنے کاروباری فرائض سے بخوبی آگاہ ہے۔ جو کہ کارپوریٹ گورننس کے ضابطے کے مطابق ہے اور سیکرٹریز اینڈ انچیف ایگزیکٹو 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 آپریٹرز کے نتائج، کمپنی کی آمدورفت اور ایکویٹی میں تبدیلیاں شامل ہیں۔

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

(سی) مالیاتی اسٹیٹمنٹ اور اکاؤنٹنگ تخمینہ جات کی تیاری کے لیے موزوں اکاؤنٹنگ پالیسیز مستقل طور پر اپنائی گئی ہیں جو کہ موزوں اور محتاط اندازوں پر مبنی 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 کے مطابق تیار کی جاتی ہیں اور کمپنی اس سے انحراف کیا گیا ہو تو اس کو واضح طور پر ظاہر کر دیا جاتا ہے۔

(ای) داخلی کنٹرول 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 اور اس کے نقاط کا انٹرنل آڈٹ ڈیپارٹمنٹ 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 فلوک و شبہات نہیں کہ یہ چلتے 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 دس سال کے لیے نمایاں آپریٹنگ اور فنانشل اعداد و شمار کا خلاصہ سالانہ رپورٹ کے ساتھ منسلک ہے۔

(آئی) ٹیکسس، ڈیوٹیاں، لیوی اور چارجز کے اکاؤنٹس پر کوئی بھی قانونی ادائیگیاں نہیں ہیں جو کہ 31 دسمبر 2020 تک واجب الادا ہوتی ہیں۔ اس کے علاوہ اس کو مالی بیانات کے متعلق نوٹس میں بیان کیا گیا ہے۔

(جے) کمپنی کے چارٹرڈ ایکٹرز نے ڈائریکٹرز اینڈ پروگرام (DTP) کے تحت سرٹیفیکیشن حاصل کر لیا ہے اور تین ڈائریکٹرز سرٹیفیکیشن پر چھوٹ کی اہلیت پر پورا اترتے ہیں۔

(کے) 31 دسمبر 2020 کے مطابق غیر آڈٹ شدہ حسابات میں پراویڈنٹ فنڈ کی سرمایہ کاری کی مالیت 4.900 ملین روپے ہے۔

متعلقہ پارٹی ٹرانزیکشنز (Related Party Transactions)

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

ہولڈنگ کمپنی (Holding Company)

ٹی جی 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 تشکیل حسب ذیل ہے:-

7	ڈائریکٹرز کی کل تعداد
6	مرد
1	خواتین
2	آزاد ڈائریکٹر
3	ٹائٹلڈ ڈائریکٹر
1	ایگزیکٹو ڈائریکٹر
1	فیل ڈائریکٹر

بورڈ کی کارکردگی کی جانچ (Board Performance Evaluation)

بورڈ کے کردار کی نگرانی اور اس کی کامیابی کا اظہار بورڈ نے خود بھی کیا ہے۔ تمام تر توجہ اہم شعبوں پر مرکوز ہیں لیکن صرف مندرجہ ذیل تک ہی محدود نہیں ہیں۔

- کارپوریٹ اہداف اور ان مقاصد کا حصول جو کہ کمپنی کے نقطہ نظر اور مشن اسٹینڈرٹس میں واضح ہیں۔
- پائیدار منصوبہ بندی اور آپریشن کے انتظام کے لیے ڈائریکٹرز کی حکمت عملی اور تقسیم اور
- ڈائریکٹرز کی ٹریننگ، مہارت اور علم میں اضافہ
- بورڈ کمیٹی کی کارکردگی کو اپنی ذمہ داریوں کے حوالہ جات کی شرائط کے مطابق پورا کرنا

بورڈ کے ڈائریکٹرز کا اجلاس (Board of Director's Meeting)

کمپنی کے ڈائریکٹرز 21 مئی 2020 کو منعقد ہونے والے سالانہ جنرل اجلاس میں تین سال کی مدت جو 22 مئی 2020 سے شروع ہوئی کے لیے منتخب ہوئے۔ اس سال کے دوران بورڈ میٹنگ کے چھ (6) اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی جانب سے اجلاسوں میں شرکت کی تعداد مندرجہ ذیل میں دی گئی ہے:

2	- لیفٹیننٹ جنرل (ر) علی فقی خان تنگ	(31-12-2020 کو بورڈ سے مستعفی ہوئے)
6	- جناب رضا فقی خان تنگ	
6	- جناب گوہر ایوب خان	
2	- جناب احمد فقی خان تنگ	
2	- مسز شہناز سجاد احمد	
5	- جناب محمد عمران ملک	
1	- جناب یارون احمد بیری	
0	- جناب مشتاق احمد خان - ایف سی اے	(21 مئی 2020 کو بورڈ سے ریٹائر ہوئے)
3	- ڈاکٹر شاپن فقی خان تنگ	(21 مئی 2020 کو بورڈ سے ریٹائر ہوئے)
0	- جناب پرویز آئی خان	(21 مئی 2020 کو بورڈ سے ریٹائر ہوئے)
3	- جناب خالد فقی خان تنگ	(21 مئی 2020 کو بورڈ سے ریٹائر ہوئے)
3	- جناب محمد فقی خان تنگ	(21 مئی 2020 کو بورڈ سے ریٹائر ہوئے)
3	- جناب سکندر فقی خان تنگ	(21 مئی 2020 کو بورڈ سے ریٹائر ہوئے)

جو ڈائریکٹرز بورڈ کے کچھ اجلاسوں میں اپنی دیگر مصروفیات کے باعث شرکت نہیں کر سکے ان ڈائریکٹرز کے لیے فی الحال ضروری کی جھٹی منظور کر لی گئی۔ لیفٹیننٹ جنرل (ر) علی فقی خان تنگ (ڈائریکٹر/چیئر مین) کے استعفیٰ کی وجہ سے سال 2020 کے دوران ایک سیٹ خالی ہوئی تھی جو جناب خالد فقی خان تنگ سے پُر ہو گئی تھی۔



بورڈ اور مینجمنٹ کمیٹی (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 سر انجام دیتی ہیں اور کوڈ کی ضروریات کو پورا کرتی ہیں۔

آڈٹ کمیٹی (Audit Committee)

آڈٹ کمیٹی چار اراکین پر مشتمل ہے جن میں سے دو نان ایگزیکٹو ڈائریکٹرز اور دو آڈٹرز یکٹر ہیں۔ کمیٹی کا چیئرمین آڈٹرز یکٹر ہے۔ سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے:-

-	جناب محمد عمران ملک	چیئرمین
-	جناب ہارون احمد زہیری	ڈکن
-	جناب احمد فلی خان خٹک	ڈکن
-	مسز شہناز سجاد احمد	ڈکن

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 چیئرمین ایک آڈٹرز یکٹر ہے۔ سال کے دوران دو اجلاس منعقد ہوئے:-

-	جناب ہارون احمد زہیری	چیئرمین
-	جناب احمد فلی خان خٹک	ڈکن
-	جناب گوہر ایوب خان	ڈکن
-	جناب محمد عمران ملک	ڈکن

سرمایہ کاری کمیٹی (Investment Committee)

انویسٹمنٹ پورٹ 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 14 اجلاس منعقد ہوئے:-

-	جناب ہارون احمد زہیری	چیئرمین
-	جناب احمد فلی خان خٹک	ڈکن
-	جناب گوہر ایوب خان	ڈکن
-	جناب محمد عمران ملک	ڈکن
-	جناب اشفاق احمد	ڈکن ان سیکرٹری

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 پریمیم پالیسیز 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 عمران ملک	چیئرمین
-	جناب گوہر ایوب خان	ڈکن
-	جناب محمد الیاس	ڈکن ان سیکرٹری



کلیمر سٹیلیمینٹ کمیٹی (Claims Settlement Committee)

کلیمر سٹیلیمینٹ کمیٹی کمپنی کی کلیمر سٹیلیمینٹ پالیسی وضع کرتی ہے۔ یہ کمیٹی کی کلیمر پوزیشن کی نگرانی کرتی ہے تاکہ کمیٹی کے معقول کلیمر 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 ہارون احمد زیری	چیرمین
جناب گوہر ایوب خان	رکن
جناب احمد علی خان ٹنگ	رکن
جناب عامر رضا	رکن

ریسک مینجمنٹ اور کمپلائنس کمیٹی (Risk Management and Compliance Committee)

یہ کمیٹی کمپنی کے ریسک مینجمنٹ کی سرگرمیوں کے امور کی نگرانی کرتی ہے۔ اور ریسک مینجمنٹ امور کے دائرے میں آنے والے ممکنہ خطرات سے نمٹنے کے لیے بورڈ کو موزوں سفارشات پیش کرتی ہے۔ یہ کمیٹی مندرجہ ذیل اراکین پر مشتمل ہے۔ سال کے دوران کمیٹی کے 14 اجلاس منعقد ہوئے۔

جناب گوہر ایوب خان	چیرمین
مسز شہناز چاوا احمد	رکن
جناب عامر رضا	رکن
جناب اشفاق احمد	رکن

ڈائریکٹرز کی مراعات (Remuneration of Directors)

کمیٹی کی اس سلسلے میں ری پالیسی ہے جو کمپنیز ایکٹ 2017 اور سی سی جی قوانین کے مطابق ہے۔ بورڈ اراکین کی مراعات بورڈ خود منظور کرتا ہے۔ البتہ 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۔ FY2020 میں ڈائریکٹرز اور سی ای او کی مراعات کی انٹرمیڈیٹ کا حوالہ فی نقل اسٹینٹ کے بیان نمبر 32 میں ملاحظہ کریں۔

صحت، حفاظت اور 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 لیتی 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 کا فنکشن (Internal Audit Function)

یونیورسل انشورنس کمیٹی لیویڈ ایک خود مختار انٹرنل آڈٹ کا نظام رکھتی ہے جو کہ خصوصی طور پر انٹرنل کنٹرول اور کمیٹی کی مالیاتی اور آپریشنل رپورٹنگ کے لیے ڈیزائن کیا گیا ہے۔ بورڈ آف آڈٹ کمیٹی سہ ماہی کے اختتام پر مناسب وسائل اور اس کے کام کی اتھارٹی کا جائزہ لیتی ہے۔ انٹرنل آڈٹ کمیٹی کا سربراہ آڈٹ کمیٹی کو فعال طور پر رپورٹ کرتا ہے۔ بورڈ آڈٹ کمیٹی نے آڈٹ منصوبوں کی منظوری دی ہے جو کہ آپریٹنگ ایریا کے سالانہ اور سہ ماہی جائزہ پر مبنی ہے۔ اندرونی آڈٹ کا کام فنکشنل، آپریشنل اور کمپلائنس کنٹرول کی جانچ پڑتال کرنا ہے اور انتظامی طور پر چیف ایگزیکٹو اور بورڈ آف آڈٹ کمیٹی کو اس کی رپورٹ مہیا کرنا 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 طور طریقوں کو رائج کرنے کے لیے پرعزم ہے۔



اقبال کا بیان (Statement of Compliance)

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

شیر ہولڈنگ پیٹرن (Pattern of Shareholding)

شیر ہولڈنگ کا پیٹرن ملحدہ سے رپورٹ میں صفحہ نمبر 79 پر 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 کمپنی کی ویب سائٹ (www.uic.com.pk) پر اپ لوڈ کر دیتا ہے اور کیپٹل مارکیٹ 2017 کے تحت تقسیم بھی کر دیتی ہے۔ کمپنی کی سرگرمیوں کو بروقت اپنی ویب سائٹ پر اپ ڈیٹ کر دیا جاتا ہے۔

کارپوریٹ بریفنگ سیشن (Corporate Briefing Session)

کارپوریٹ بریفنگ سیشن پاکستان اسٹاک ایکسچینج لمیٹڈ کی ضرورت کے مطابق شیر ہولڈرز اور تجزیہ کاروں کے لئے 10 دسمبر، 2020 کو منعقد ہوا۔ کمپنی کے سینئر مینجمنٹ اور شیر ہولڈرز اس سیشن میں شریک ہوئے۔

عطیہ (Donation)

کمپنی نے 2020 میں وقف فنی خان ٹرسٹ کو 58 ہزار روپے کا عطیہ دیا۔

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

31 دسمبر 2020 کے ختم ہونے والے مالی سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو، پرنسپل آفیسر، چیف فنانس افسر، کمپنی سیکرٹری، ایگزیکٹوز، ان کی شریک حیات، اور نا بالغ بچوں کی جانب سے کمپنی کے حصص میں کوئی لین دین نہیں کیا گیا۔

آڈیٹرز کی تعیناتی (Appointment of Auditors)

آڈیٹرز میسرز جنیدی شعیب اسد چارٹرڈ اکاؤنٹنٹس سیکڈوش ہوئے اور اہل ہونے کی وجہ سے رضامندی کے ساتھ دوبارہ تقرری کے خواہشمند ہیں۔ پورڈ آف ڈائریکٹرز نے آڈیٹ کمپنی کی سفارش پر سال 31 دسمبر 2021 کو ختم ہونے والے مالی سال کے لیے کمپنی کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کے لیے شیر ہولڈرز کی منظوری کے لیے سفارشات کی توثیق کر دی ہے۔

مستقبل کا جائزہ (Future Outlook)

جنوری 2021 سے شروع ہونے والے آئندہ مالی سال میں ہم کاروبار کے تمام شعبوں میں بہتری کی توقع کر رہے ہیں اور اسی مناسبت سے ہم مارکیٹ کا ممکنہ کاروبار حاصل کرنے کے لئے برانچ میٹ ورک بنانے کا بھی منصوبہ بنا رہے ہیں اور اس کے نتیجے میں ہم بہت پر امید ہیں کہ کمپنی گزشتہ سال کے دوران اپنے نقصانات کو پورا کرنے کی پوزیشن میں ہوگی۔

اعتراف (Acknowledgement)

ہم سیکرٹری جنرل ایگزیکٹو کمپنیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ، نیٹ بک آف پاکستان اور دوسری ری انشوررز اور کو انشوررز کی پورے سال کے دوران مسلسل مدد اور رہنمائی کے شکر گزار ہیں اور ہم اپنے معزز کلائنٹس کے مسلسل اعتماد پر ان کے بھی شکر گزار ہیں۔

منجانب پورڈ



رضا علی خان خٹک
(چیئرمین)



گورنر ایوب خان
چیف ایگزیکٹو آفیسر

بتاریخ: 02 اپریل، 2021

مقام: لاہور



Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 & Listed Companies (Code of Corporate Governance) Regulations, 2019

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

Year Ended: December 31, 2020

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG 2019).

The Company has applied the principles contained in the Code and CCG 2019 in the following manner:

1. The total number of directors are seven as per the following:
 - a) Male: Six
 - b) Female: One
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 Mr. Haroon Ahmed Zuberi
Executive Director	Mr. Gohar Ayub Khan
Non-Executive Directors	Mr. Raza Kuli Khan Khattak Mr. Ahmed Kuli Khan Khattak Mr. Khalid Kuli Khan Khattak
Female Director	Mrs. Shahnaz Sajjad Ahmed

The independent directors meets the criteria of independence as laid down under the Code and CCG 2019.

Fraction (0.33) related to the requirement for number of independent directors is less than 0.5 and therefore, has not rounded up as one.

3. The directors have confirmed that none of them is serving as a director in more than seven 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 stock exchange, has been declared as a defaulter by the stock exchange.
5. One casual vacancy occurring on the board on December 31, 2020 was filled up by the directors within 90 days.



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. The Board has ensured that 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 2019.
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. The board has complied with the requirements of the Act and CCG 2019 with respect to frequency, recording and circulating minutes of meeting of board. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting.
10. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and CCG 2019.
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 three 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 2019 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 2019.
18. The Board has formed the following Management Committees:

Underwriting, Re-insurance & Co-Insurance Committee:

Name of the Member	Category
Mr. Muhammad Imran Malik	Chairman
Mr. Gohar Ayub Khan	Member
Mr. Muhammad Alyas	Member/ Secretary

Claims Settlement Committee:

Name of the Member	Category
Mr. Haroon Ahmed Zuberi	Chairman
Mr. Gohar Ayub Khan	Member
Mr. Ahmed Kuli Khan Khattak	Member
Mr. Amir Raza	Member
Mr. Abdul Waheed Ch.	Secretary

Risk Management & Compliance Committee:

Name of the Member	Category
Mr. Gohar Ayub Khan	Chairman
Mrs. Shahnaz Sajjad Ahmed	Member
Mr. Amir Raza	Member
Mr. Ashfaq Ahmed	Member
Mr. Muhammad Alyas	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. Haroon Ahmed Zuberi	Chairman
Mr. Ahmed Kuli Khan Khattak	Member
Mr. Gohar Ayub Khan	Member
Mr. Muhammad Imran Malik	Member
Mr. Liaqat Ali Shaukat	Secretary

Investment Committee:

Name of the Member	Category
Mr. Haroon Ahmed Zuberi	Chairman
Mr. Ahmed Kuli Khan Khattak	Member
Mr. Gohar Ayub Khan	Member
Mr. Muhammad Imran Malik	Member
Mr. Ashfaq Ahmed	Member/ Secretary



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

Audit Committee:

Name of the Member	Category
Mr. Muhammad Imran Malik	Chairman
Mr. Haroon Ahmed Zuberi	Member
Mr. Ahmed Kuli Khan Khattak	Member
Mrs. Shahnaz Sajjad Ahmed	Member
Mr. Abdul Waheed Ch.	Secretary

21. The meetings of the Committees, except Ethics, Human Resource and Remuneration Committee (EHR), 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. The meetings of the Committees were not held in 1st quarter except EHR due to COVID-19 & Lockdown imposed by Government. The meetings were held subsequently in April 2020.
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, Company Secretary, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under 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):

Name of the Person	Designation
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
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	Chief Information Security Officer & 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 and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.

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 Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
27. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code.
28. The Company has set up a risk management function, which carries out its tasks as covered under the Code.
29. 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 February 08, 2021 is A- with Stable outlook.
30. The Board has setup a grievance department, which fully complies with the requirements of the Code.
31. The Company has not obtained any exemption from SECP in respect of the requirements of the Code.
32. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the CCG 2019 and all material requirements of the Code have been complied with.

For and on behalf of the Board of Directors


Chairman


Chief Executive Officer


Director

Date: April 02, 2021
Place: Lahore



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of The Universal Insurance Company Limited
Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 and Code of Corporate Governance for Insurers, 2016

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Code of Corporate Governance for Insurers, 2016 (both herein referred to as "the Regulations") prepared by the Board of Directors of **The Universal Insurance Company Limited (the 'Company')** for the year ended December 31, 2020 in accordance with the requirements 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. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, except for non-holding of committee meetings including audit committee meeting during first quarter of the year owing to lock down in the country as a result of COVID-19 as disclosed in para 21 of the Statement of Compliance, 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, 2020.

Junaidy Shoaib Asad
Chartered Accountants

Lahore.

Dated: April 05, 2021



INDEPENDENT AUDITOR'S 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**, which comprise the statement of financial position as at December 31, 2020, the statement of profit or loss and 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 and 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, 2020 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan 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 Matter

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>Valuation, classification and impairment of investments</p> <p>Refer notes 4.8, 7, 8 and 9 to the financial statements relating to valuation and impairment of investments. The Company's investment portfolio comprises of government debt securities, equity securities including investment in subsidiary, other fixed income securities and term deposits. The Company's investments represent 48% of the total assets.</p> <p>We identified the valuation and impairment of investments as key audit matter because of the significance of investments and management's judgment involved in valuation and impairment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> Obtained an understanding, evaluated the design and tested the operating effectiveness of controls designed for valuation and impairment of investments. Assessed the methodology used and evaluated the valuation of debt securities using the market yield pricing methodology based on interpolation of relevant rates and valuation of equity securities by comparing the quoted prices of Pakistan Stock Exchange for the securities;



S. No.	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> Evaluated the valuation assessment performed by the Company to identify any potential impairment in relation to its investments; and Assessed whether the Company's disclosures in relation to the valuation of investments are compliant with the relevant accounting requirements and the Companies Act, 2017.
2	<p>Valuation of insurance/ reinsurance receivables</p> <p>Refer note 4.10 and 11 to the financial statements relating to valuation of insurance/ reinsurance receivables.</p> <p>The Company's insurance/reinsurance receivables represent 12% of its total assets.</p> <p>Valuation of these receivables involves significant judgment regarding uncertainty in determining impairment/ provisions.</p> <p>We identified the valuation of insurance/ reinsurance receivables as a key audit matter as the estimation involves a significant degree of judgment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> Tested the accuracy of insurance / reinsurance receivables aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to evaluate that the balances appearing in the ageing report were classified within appropriate ageing bucket; and Assessed the appropriateness of assumptions and estimates made by the management for the provision for impairment by comparing, on a sample basis, past experience and historical trends of collection, actual write offs and receipts and settlement from / with customers and reinsurer subsequent to the financial year end.
3	<p>Valuation of claim liabilities</p> <p>Refer contents of notes 4.4 and 24 of the financial statements for disclosures of related accounting policy and claims disclosures.</p> <p>The Company's outstanding claims constitute 23 percent 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>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to the claims; Obtained an understanding, evaluated the design and tested the controls related to recoveries from reinsurance arrangements; Evaluated whether the Company's actuarial methodologies used were consistent with prior years; Evaluated general principles, actuarial assumptions and method adopted for actuarial valuations by the Actuary of the Company for determination of IBNR;



S. No.	Key audit matters	How the matter was addressed in our audit
4.	<p>Contingencies</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 counsels 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 alongwith management's assessment are disclosed in note 22 to the financial statements.</p>	<ul style="list-style-type: none"> Tested the completeness, accuracy and reliability of the underlying data utilized by Actuary in actuarial valuation; Tested claims transactions on sample basis with underlying documentations to evaluate whether the claims reported during the year were recorded in accordance with the requirements of the Company's policy and insurance regulations; Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions; and Assessed on a sample basis the reinsurer's share of claims against the term of the reinsurance contracts and the related recorded liabilities. <p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> Discussed legal cases with the legal department to understand the management's view point and obtained and reviewed the litigation documents in order to assess the facts and circumstances; Obtained independent opinion of legal advisors dealing with such cases in the form of confirmations; Evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets; and The disclosures of legal exposures and provisions were assessed for completeness and accuracy.
5.	<p>Revenue recognition risk</p> <p>Refer contents of notes 4.2, 4.23, 23 and 27 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 investment 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>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> 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; 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;



S. No.	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • 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; • Recalculated the unearned portion of premium income on sample basis and ensured that appropriate amount has been recorded as unearned premium reserve;and • 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.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 and 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 under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other matter paragraph

The financial statements for the year ended December 31, 2019 were audited by another auditor whose report dated April 29, 2020 expressed an unmodified opinion on those financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Shoaib Ahmad Waseem.

Junaidy Shoaib Asad
Chartered Accountants
Lahore
Date: April 05, 2021



STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

		2020	2019
	Note	--- Rupees in thousand ---	
Assets			
Property and equipment	5	188,466	191,912
Investment property	6	30,660	26,177
Investments in associates	7	284,720	254,919
Investments			
- equity securities	8	134,987	130,736
- debt securities	9	55,362	54,680
Loans and other receivables	10	35,063	32,844
Insurance / reinsurance receivables	11	122,451	122,692
Reinsurance recoveries against outstanding claims	24	26,175	26,203
Deferred commission expense	25	9,967	6,796
Deferred taxation	12	57,007	33,191
Taxation - payments less provisions	13	8,811	8,766
Prepayments	14	22,507	18,550
Cash and bank balances	15	9,332	46,376
Total Assets		985,508	953,842
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Authorised share capital			
75,000,000 (2019: 75,000,000) ordinary shares of Rs.10 each	16	750,000	750,000
Issued, subscribed and paid-up share capital	16	500,000	500,000
Capital reserves:			
- share premium	17	13,824	13,824
- others		18	18
- surplus on revaluation of fixed assets	18	385,135	291,636
Fair value reserve on available-for-sale investments		313	280
(Accumulated loss) / Unappropriated profit		(69,589)	16,356
Total Equity		829,701	822,114
Liabilities			
Underwriting Provisions			
Outstanding claims including IBNR	24	35,472	35,375
Unearned premium reserves	23	62,720	41,338
Unearned reinsurance commission	25	3,791	2,594
Long term deposits	19	62	388
Insurance / reinsurance payables	20	41,059	39,627
Unclaimed dividends		555	555
Other creditors and accruals	21	12,148	11,851
Total Liabilities		155,807	131,728
Total Equity and Liabilities		985,508	953,842
Contingencies and commitments	22		

The annexed notes 1 to 46 form an integral part of these financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Ahmad Kuli Khan Khattak
DIRECTOR


Mrs. Shahnaz Sajjad Ahmed
DIRECTOR


Amir Raza
PRINCIPAL OFFICER


Ashfaq Ahmed
CHIEF FINANCIAL OFFICER



STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 Rupees in thousand	2019
Net insurance premium	23	67,199	68,115
Net insurance claims	24	(35,774)	19,576
Net commission	25	(10,758)	(11,981)
Insurance claims and expense		(46,532)	7,595
Management expenses	26	(83,053)	(68,423)
Underwriting results		(62,386)	7,287
Investment income	27	9,754	13,634
Rental income		1,060	963
Other income	28	11,722	10,509
Other expenses	29	(4,432)	(4,144)
Results of operating activities		(44,282)	28,249
Share of loss of associates - net	7	(65,197)	(23,828)
(Loss) / profit before taxation		(109,479)	4,421
Income tax	30	21,634	(2,086)
(Loss) / profit after taxation		(87,845)	2,335
		--- Rupee ---	
(Loss) / earnings (after taxation) per share	31	(1.76)	0.05

The annexed notes 1 to 46 form an integral part of these financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Ahmad Kuli Khan Khattak
DIRECTOR


Mrs. Shahnaz Sajjad Ahmed
DIRECTOR


Amir Raza
PRINCIPAL OFFICER


Ashfaq Ahmed
CHIEF FINANCIAL OFFICER



STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	Rupees in thousand	
(Loss) / profit after taxation	(87,845)	2,335
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Unrealised gain on available-for-sale investments	46	63
Impact of deferred taxation on remeasurement of available-for-sale investments	(13)	(18)
	33	45
Net share of other comprehensive income / (loss) of associates - net of taxation	5	(50)
Other comprehensive income / (loss) for the year	38	(5)
Total comprehensive (loss) / income for the year	(87,807)	2,330

The annexed notes 1 to 46 form an integral part of these financial statements.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Ahmad Kuli Khan Khattak
DIRECTOR


Mrs. Shahnaz Sajjad Ahmed
DIRECTOR


Amir Raza
PRINCIPAL OFFICER




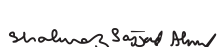



Ashfaq Ahmed
CHIEF FINANCIAL OFFICER



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020

	Attributable to equity holders of the Company						
	Share capital	Capital Reserves			Fair value reserve on available-for-sale investments	(Accumul-ated loss) / unappro-priated profit	Total
		Share premium	Other	Surplus on revaluation of fixed assets			
----- (Rupees in thousand) -----							
Balance as at December 31, 2018	500,000	13,824	18	282,051	235	11,981	808,109
Transfer from surplus on revaluation of buildings on account of incremental depreciation	-	-	-	(1,456)	-	1,456	-
Deferred tax adjustment	-	-	-	422	-	-	422
Miscellaneous items of Associates accounted for under equity method	-	-	-	10,619	-	634	11,253
Profit for the year ended December 31, 2019	-	-	-	-	-	2,335	2,335
Other comprehensive income / (loss) for the year ended December 31, 2019	-	-	-	-	45	(50)	(5)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	45	2,285	2,330
Balance as at December 31, 2019	500,000	13,824	18	291,636	280	16,356	822,114
Transfer from surplus on revaluation of buildings on account of incremental depreciation	-	-	-	(1,383)	-	1,383	-
Deferred tax adjustment	-	-	-	401	-	-	401
Miscellaneous items of Associates accounted for under equity method	-	-	-	94,481	-	512	94,993
Loss for the year ended December 31, 2020	-	-	-	-	-	(87,845)	(87,845)
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	33	5	38
Total comprehensive income / (loss) for the year ended December 31, 2020	-	-	-	-	33	(87,840)	(87,807)
Balance as at December 31, 2020	500,000	13,824	18	385,135	313	(69,589)	829,701

The annexed notes 1 to 46 form an integral part of these financial statements.

 Raza Kuli Khan Khattak CHAIRMAN	 Gohar Ayub Khan CHIEF EXECUTIVE	 Ahmad Kuli Khan Khattak DIRECTOR	 Mrs. Shahnaz Sajjad Ahmed DIRECTOR	 Amir Raza PRINCIPAL OFFICER	 Ashfaq Ahmed CHIEF FINANCIAL OFFICER
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020




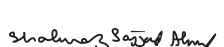


	2020	2019
	Rupees in thousand	
Operating Cash Flows		
a) Underwriting activities		
Insurance premium received	140,986	139,149
Reinsurance premium paid	(56,367)	(53,377)
Claims paid	(50,430)	(4,827)
Reinsurance and other recoveries received	14,781	26,957
Commission paid	(22,392)	(23,022)
Commission received	10,603	7,418
Management expenses paid	(68,175)	(61,373)
Net cash (outflows) / inflows from underwriting activities	(30,994)	30,925
b) Other operating activities		
Income tax paid	(1,839)	(1,037)
Other operating payments	(4,418)	(4,144)
Other operating receipts	332	1,403
Loans and other receivables	(1,619)	(985)
Other payments - net	(6,279)	(10,302)
Net cash outflows from other operating activities	(13,823)	(15,065)
Total cash (outflows) / inflows from all operating activities	(44,817)	15,860
Investment activities		
Profit / return received	7,421	6,582
Rental received	1,060	963
Payment for investments	(136,688)	(15,913)
Proceeds from disposal / redemption of investments	136,056	15,000
Fixed capital expenditure	(611)	(4,008)
Proceeds from sale of fixed assets	535	1,428
Total cash inflows from investing activities	7,773	4,052
Cash flows from financing activities	-	-
Net cash (outflows) / inflows from all activities	(37,044)	19,912
Cash and cash equivalents at beginning of the year	46,376	26,464
Cash and cash equivalents at end of the year	9,332	46,376



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020

Reconciliation to statement of profit or loss	2020	2019
	Rupees in thousand	
Operating cash flows	(44,817)	15,860
Depreciation expense	(3,752)	(3,404)
Provision for doubtful insurance / reinsurance receivables	(10,839)	(3,785)
Gain on disposal of fixed assets	243	1,217
Increase in assets other than cash	43,390	8,221
Increase in liabilities	(24,078)	(12,910)
	(39,853)	5,199
Other adjustments		
Gain on investments - net	9,754	13,634
Share of loss of associates - net of taxation	(65,197)	(23,828)
Fair value gain on investment property	4,483	4,483
Assets written-off	(14)	-
Rental income	1,060	963
Profit on savings accounts	1,922	1884
	(47,992)	(2,864)
(Loss) / profit after taxation	(87,845)	2,335
Definition of cash:		
Cash comprises of cash-in-hand and bank balances which are readily convertible to cash and which are used in the cash management function on day-to-day basis.		
Cash for the purposes of statement of cash flows consists of:		
Cash and cash equivalents		
Cash-in-hand	124	33
Bank accounts		
Current accounts	2,652	4,901
Savings accounts	6,556	41,442
	9,208	46,343
Deposits maturing within 12 months	-	-
Total cash and cash equivalents	9,332	46,376

The annexed notes 1 to 46 form an integral part of these financial statements.

 Raza Kuli Khan Khattak CHAIRMAN	 Gohar Ayub Khan CHIEF EXECUTIVE	 Ahmad Kuli Khan Khattak DIRECTOR	 Mrs. Shahnaz Sajjad Ahmed DIRECTOR	 Amir Raza PRINCIPAL OFFICER	 Ashfaq Ahmed CHIEF FINANCIAL OFFICER
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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 (2019: one) branch in Pakistan.

The Company is a Subsidiary of Bibojee Services (Pvt.) Limited (the Holding Company), which holds 42,981,788 (2019: 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.

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 & 24
 - Premium deficiency reserves notes 4.5
 - Classification of investments notes 4.8, 7, 8 & 9
 - Taxation notes 4.12, 13 & 30
 - Property and equipment notes 4.15 & 5
 - Investment property notes 4.16 & 6
 - Unearned premium reserves notes 4.17 & 23
 - Provision for doubtful receivables notes 4.21 & 11
 - Impairment in value of investments notes 4.25 & 7

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, 2020 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) Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of materiality in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after January 01, 2020 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:

- Standards, amendments and interpretations	Effective date (accounting period beginning on or after)
- IFRS 16, Leases (amendments)	June 01, 2020
- IAS 16, Property, plant and equipment (amendments)	January 01, 2022
- IAS 37, Provisions, contingent liabilities and contingent assets (amendments)	January 01, 2022
- IFRS 17, Insurance contracts	January 01, 2023
- IFRS 9, Financial instruments	January 01, 2023*

* The company has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Further details / disclosure required to opt for temporary exemption from the application of IFRS 9 are given in Notes 35 & 39 to these financial information.



- 3.3** There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2021 but are considered not to be relevant or will not have any significant effect on the Company's operations and are therefore not stated in these financial statements.

4. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2019.

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. The Company takes actuarial advice for the determination of IBNR claims. The 'Ultimate Loss Ratio Technique' has been used to obtain an adequate estimate of the IBNR claims.



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.

Keeping in view the adequacy of the reserves, as on December 31, 2020, performed by Actuary in line with the provisions of the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017, a premium deficiency reserve is not required and accordingly no provision for the same has been made in financial statements of the current 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.

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.

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 5. 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) Defined contribution plan

The Company is operating a provident fund scheme for all its permanent employees; equal monthly contribution to the fund is made at the rate of 10% of the basic salaries both by the employees and the Company.

(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.5,000 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.

- 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 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. Property and equipment (operating assets)	Cost / Revaluation				Depreciation				Book Value as at December 31, 2020	Depre- ciation rate %	
	As at January 01, 2020	Additions	Dispo- sals	Write- offs	As at December 31, 2020	For the Year	On Dispo- sals	On Write- offs			As at December 31, 2020
	----- Rupees in thousand -----										
Freehold land	145,600	-	-	-	145,600	-	-	-	-	145,600	-
Buildings on freehold land	49,219	-	-	-	49,219	13,336	1,794	-	-	15,130	5
Furniture and fixtures	4,012	16	-	-	4,028	3,234	79	-	-	3,313	10
Office equipment	8,479	56	(340)	-	8,195	6,591	209	(292)	-	6,508	10-15
Computer equipment	8,123	186	-	-	8,309	7,578	189	-	-	7,767	30
Vehicles	28,273	353	(483)	(148)	27,995	21,055	1,480	(239)	(134)	22,162	20
	243,706	611	(823)	(148)	243,346	51,794	3,751	(531)	(134)	54,880	



5.1 Surplus on revaluation

Latest revaluation of freehold land and buildings on freehold land was 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, 2020 would have been lower by Rs.26.165 million (2019: Rs.27.565 million).

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

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

5.4 Disposal of fixed assets

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	(Loss) / Gain	Mode of disposal	Sold to:
----- Rupees in thousand -----							
Motor Cycle							
Honda CD 70 LEN-17B-2199	54	25	29	57	28	Company policy	Mr. M. Asad Amin, Lahore (employee)
Honda CD 70 LEN-17B-7160	54	25	29	57	28	Company policy	Mr. M. Ghulam Jaffar, Lahore (employee)
Honda CD 70 LEN-17B-7159	54	25	29	57	28	Company policy	Mr. Kashif Hassan, Lahore (employee)
Honda CD 70 LEN-17B-4973	54	24	30	57	27	Company policy	Mr. M. Saeed, Lahore (employee)
Honda CD 70 LEN-17B-4977	54	24	30	57	27	Company policy	Miss. Parveen Akhtar, Lahore (employee)
Honda CD 70 LEO-18-4581	54	23	31	57	26	Company policy	Mr. Zafar Iqbal, Lahore (employee)
Honda CD 70 LEO-18-4584	54	23	31	57	26	Company policy	Mr. Asghar Ali, Lahore (employee)
Yamaha YD-70 LEV-09-5298	50	46	4	9	5	Negotiation	Mr. Abdul Ghaffar, Layah
Honda CD 70 LEW-18-7044	55	24	31	57	26	Company policy	Mr. Rashid Ashraf, Lahore (employee)
	483	239	244	465	221		
Generators							
05-Gasoline Generators MG8000E	258	224	34	50	16	Negotiation	Mr. Fareed Hussain Shah, Lahore
Megma Generator Mg3500E	40	34	6	10	4	---- do ----	---- do ----
Honda EP 2500CX	42	34	8	10	2	---- do ----	---- do ----
	340	292	48	70	22		
2020	823	531	292	535	243		
2019	1,771	1,560	211	1,428	1,217		

5.5 Assets written-off during the year

Particulars	Cost	Accumulated depreciation	Book value
---- Rupees in thousand ----			
Motor cycles			
Honda CD 125 LRB-7445	40	38	2
Honda CD 70 LEN-10-9095	66	59	7
Shari CD 70 KFD-6382	42	37	5
2020	148	134	14
2019	-	-	-



6. Investment property

	Note	2020 Rupees in thousand	2019
Opening balance		17,282	17,282
Unrealised fair value gain upon revaluation:			
Opening balance		8,895	4,412
Gain arisen upon revaluation carried-out during the year	28	4,483	4,483
Closing balance		13,378	8,895
Closing book value		30,660	26,177

6.1 The management, during the financial year ended December 31, 2016, had 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.

6.2 Based on the revaluation reports of Sadruddin Associates (Pvt) Ltd. dated December 31, 2020, forced sale values of the Company's investment properties have been assessed at Rs.24.528 million (2019: Rs. 20.942 million).

7. Investments in Associates - Quoted

Bannu Woollen Mills Ltd. (BWM)

Carrying value at beginning of the year		
8,940 (2019: 8,940) ordinary shares of Rs.10 each	2,610	2,428
Share of loss after taxation	(6)	(35)
Other changes in comprehensive income / (loss)	46	(1)
Share of items directly recognised in equity	(47)	24
Share of surplus on revaluation of property, plant and equipment of BWM	-	194
	2,603	2,610

Ghandhara Industries Ltd. (GIL)

Carrying value at beginning of the year		
2,368,296 (2019: 2,368,296) ordinary shares of Rs. 10 each	252,309	265,126
Share of (loss) / profit after taxation	(65,191)	(23,793)
Other changes in comprehensive loss	(41)	(49)
Share of items directly recognised in equity	-	45
Share of surplus on revaluation of property, plant and equipment of GIL	95,040	10,980
	282,117	252,309
	284,720	254,919

7.1 Market values of the Company's investments in BWM and GIL as at December 31, 2020 were Rs.420 thousand (2019: Rs.311 thousand) and Rs. 773.059 million (2019: Rs.315.646 million) respectively.

7.2 In order to perform impairment testing of its investments in BWM under IAS 36, the management based on the share valuation report of M/s. Yasir & Co. Chartered Accountant, has concluded that the carrying value of BWM does not exceed its recoverable amount. Further, the recoverable amount of investment has been determined using the 'value-in-use' computation which estimates the value per ordinary share by using discounted future cash flows method.

7.3 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 ended December 31,	Profit/ (loss) after taxation for the period ended December 31,	% Interest held
----- Rupees in thousand -----						
Bannu Woollen Mills Ltd.						
2020	Pakistan	3,440,482	598,299	671,180	(6,642)	0.09
2019		3,575,623	717,486	640,088	(37,617)	0.09
Ghandhara Industries Ltd.						
2020	Pakistan	16,957,881	11,877,308	11,350,395	(1,172,876)	5.56
2019		14,977,695	10,433,402	12,222,988	(428,075)	5.56



8. Investments in equity securities

	Note	2020 Rupees in thousand	2019 Rupees in thousand
Available-for-sale investments	8.1	615	569
Investments at fair value through profit or loss	8.2	134,372	130,167
		134,987	130,736

8.1 Available-for-sale investments

	No. of shares / units as at December 31, 2020	December 31, 2020			No. of shares / units as at December 31, 2020	December 31, 2019		
		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	57	81	888	24	59	83
Mutual fund								
JS Growth Fund	2,968	135	399	534	2,867	135	351	486
		649	(34)	615		649	(80)	569

8.2 Investments at fair value through profit or loss

Note	No. of units	December 31, 2020			No. of units	December 31, 2019		
		Cost	Unrealised (loss) / gain	Carrying and fair value		Cost	Unrealised (loss) / gain	Carrying and fair value
		---- Rupees in thousand ----				---- Rupees in thousand ----		
Mutual funds								
HBL Growth and Cash Fund (formerly PICIC Growth Fund)	13,962	520	(255)	265	13,609	520	(251)	269
NBP Islamic Mahana Amdani Fund	12,936,963	130,984	3,123	134,107	0	0	0	0
NBP Islamic Stock Fund (formerly NAFA Islamic Stock Fund)	8.3	0	0	0	11,817,196	125,036	4,862	129,898
		131,504	2,868	134,372		125,556	4,611	130,167

8.3 During the year, units 11,817,196 of NBP Islamic Stock Fund have been redeemed at prevailing NAV per unit Rs. 11.0842 and invested in NBP Islamic Mahana Amdani Fund.

9. Investments in debt securities (Held to maturity)

	No. of certificates		Face value	Value of certificates	
	December 31, 2020	December 31, 2019		December 31, 2020	December 31, 2019
				----- Rupees in thousand -----	
Pakistan Investment Bonds - PIBs (including accrued interest)	8	8	54,500	55,362	54,680
	Maturity date	Coupon rate %	2020 Rupees in thousand	2019 Rupees in thousand	
Pakistan Investment Bond	July 22, 2020	12.00	0	5,234	
-do-	March 26, 2020	9.25	0	5,649	
-do-	April 21, 2021	7.75	5,089	5,134	
-do-	April 21, 2021	7.75	6,106	6,154	
-do-	July 19, 2022	12.00	5,338	5,381	
-do-	July 19, 2022	12.00	10,656	10,732	
-do-	July 12, 2023	8.00	9,299	8,871	
-do-	Sep. 19, 2022	9.00	7,776	7,525	
-do-	Sep. 19, 2022	9.00	5,813	0	
-do-	Sep. 19, 2022	9.00	5,285	0	
			55,362	54,680	



9.1 Market value of these PIBs as at December 31, 2020 was Rs.52.462 million (2019: Rs. 51.627 million). Profit on PIBs is received bi-annually.

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

10. Loans and other receivables	Note	2020 Rupees in thousand	2019
Advance to employees against expenses		125	22
Security deposits		1,217	1,217
Sales tax - refundable		219	128
Tax paid under protest - refundable	22.1	5,500	5,500
Forced tax recovery - refundable	22.2	138	138
Forced federal excise duty recovery - refundable	22.4	23,831	23,831
Loans to employees - unsecured, considered good	10.1	2,757	1,138
Others		1,276	870
		35,063	32,844

10.1 This represent interest free loan given to employees in accordance with the Company's policy / Board's special approval on account of loan for personal use (please also refer note no. 33.2). Which is recoverable in equal monthly instalments.

11. Insurance / reinsurance receivables - Unsecured and considered good			
Due from insurance contract holders		70,009	87,511
Less: provision for impairment of receivables from insurance contract holders	11.2	(70,009)	(87,511)
		0	0
Due from other insurers		140,548	116,538
Due from reinsurers		21,443	34,855
Less: provision for impairment of due from other insurers / reinsurers	11.3	(39,540)	(28,701)
		122,451	122,692
		122,451	122,692

11.1 No balance was due from associated companies as at December 31, 2020 and December 31, 2019.

11.2 Provision for doubtful receivables from insurance contract holders

Balance as at January 01,	87,511	87,511
Provision written-off during the year	(17,502)	-
Balance as at December 31,	70,009	87,511

11.3 Provision for doubtful receivables from other insurers / reinsurers

Balance as at January 01,	28,701	24,916
Provision made during the year	10,839	3,785
Balance as at December 31 ,	39,540	28,701



12.	Deferred taxation - net	Note	2020 Rupees in thousand	2019
	This is composed of the following:			
	Taxable temporary differences arising in respect of:			
	- accelerated tax depreciation allowances		1,766	1,837
	- surplus on revaluation of buildings		12,363	12,764
	- surplus on revaluation of investment property		3,880	2,579
			18,009	17,180
	Deductible temporary differences arising in respect of:			
	- unused tax losses		36,904	35,237
	- provision for doubtful insurance / reinsurance receivables and others		32,159	34,092
	- employee's retirement benefits		969	819
	- minimum tax recoverable against normal tax charge in future years		4,984	2,966
			75,016	73,114
	Deferred tax asset		57,007	55,934
	Less: deferred tax asset not recognised		-	22,743
	Net deferred tax asset recognised		57,007	33,191
12.1	Up to the end of financial year 2019, the Company had restricted deferred tax assets to Rs. 33.191 million. During the year ended on December 31, 2020, the management has decided to recognize deferred tax assets based on the assumption that Company will earn foreseeable profits to adjust deferred tax assets.			
13.	Taxation - payments less provisions			
	Advance income tax		10,605	10,448
	Provision for taxation		(1,794)	(1,682)
			8,811	8,766
14.	Prepayments			
	Prepaid reinsurance premium ceded		21,640	17,678
	Others		867	872
			22,507	18,550
15.	Cash and bank balances			
	Cash and cash equivalents			
	Cash-in-hand		124	33
	Cash with banks			
	- current accounts		2,652	4,901
	- savings accounts	15.1	6,556	41,442
			9,208	46,343
	Deposits maturing within 12 months			
	Term deposit receipts	15.2	855	855
	Provision for impairment		(855)	(855)
			0	0
			9,332	46,376
15.1	Rates of profit on these accounts, during the year, ranges from 11.57% to 5.58% (2019: 8.42% to 11.57%) per annum.			
15.2	These represent term deposit receipts issued by financial institutions as the chances of realization of these deposits are bleak, hence these have been fully provided for.			



16. Share capital			2020	2019
			Rupees in thousand	
16.1 Authorised share capital				
	2020	2019		
	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>
16.2 Issued, subscribed and paid-up share capital				
	<u>34,720,000</u>	<u>34,720,000</u>	Ordinary shares of Rs.10 each fully paid in cash	<u>347,200</u> <u>347,200</u>
	<u>15,280,000</u>	<u>15,280,000</u>	Ordinary shares of Rs.10 each issued as fully paid bonus shares	<u>152,800</u> <u>152,800</u>
	<u>50,000,000</u>	<u>50,000,000</u>		<u>500,000</u> <u>500,000</u>

17. 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.12.9927 per share. Share premium amounting Rs.13.820 million was received on this issue.

18. 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 the year ended December 31, 2018, 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:

	2020	2019
	Rupees in thousand	
Balance as at January 01,	189,548	191,004
Less: transferred to accumulated loss / unappropriated profit on account of incremental depreciation for the year	(1,383)	(1,456)
	<u>188,165</u>	<u>189,548</u>
Less: deferred tax on:		
- opening balance of surplus	12,764	13,186
- incremental depreciation for the year	(401)	(422)
	<u>12,363</u>	<u>12,764</u>
	<u>175,802</u>	<u>176,784</u>
Share of surplus on revaluation of fixed assets of Associates accounted for under equity method - net of deferred taxation	209,333	114,852
Balance as at December 31,	<u>385,135</u>	<u>291,636</u>



19. 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.

20. Insurance / reinsurance payables	Note	2020	2019
		Rupees in thousand	
Due to other insurers		4,287	9,137
Due to reinsurers		36,772	30,490
		41,059	39,627
21. Other creditors and accruals			
Commission payable		5,480	4,537
Federal excise duty		364	1,576
Federal insurance fee		24	100
Accrued expenses		1,492	1,205
Income tax deducted at source		207	539
Provident fund payable	21.1	340	-
Sundry creditors		77	402
Leave encashment payable		3,864	3,192
Advance against rent		280	280
Others		20	20
		12,148	11,851

21.1 Employees' Provident Fund was established with effect from January 01, 2019; accordingly, payable classified and grouped under other creditors and accruals.

22. Contingencies and commitments

22.1 The Income Tax Department (the Department), during June, 2015, had passed an order under sections 161/205 of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2009 by creating a demand of Rs.8.586 million with default surcharge amounting Rs.8.447 million. 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 10). The CIR(A), during April, 2016, had decided the appeal in the Company's favour. The Company thereafter, applied for the refund of forced recovery of Rs.5.500 million made by the Department who filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) during June, 2016 against the impugned order of CIR(A), which is pending adjudication.

22.2 The Assistant Commissioner Inland Revenue (ACIR), vide his impugned order dated June 27, 2014 for the tax year 2008, had created tax demand of Rs.50.990 million under section 121(1)(d) (Best judgement assessment) of the Ordinance. The Company, against aforesaid impugned order, filed complaint before Hon'ble Federal Tax Ombudsman (FTO) wherein FTO in its Order recommended FBR to direct the Commissioner concerned to revisit the impugned order dated 27.06.2014 under his revisionary jurisdiction. The CIR, in compliance to the directions of Hon'ble FTO, himself accepted/stated vide his Order u/s 122A dated 16.02.2016 that the taxpayer (Company) was not provided proper opportunity of being heard hence, the impugned order dated 27.06.2014 is remanded back for making assessment afresh in accordance with the law. Meanwhile, the representation, filed by FBR in February, 2015 before Hon'ble President of Pakistan by challenging the Order of FTO, was accepted on 30.05.2016 which forthwith prompted the CIR to issue another Order dated 18.06.2016 wherein CIR declared that his earlier order dated 16.02.2016 has become infructuous and void ab-initio in view of acceptance of representation of FBR by the Hon'ble President of Pakistan the impugned assessment order dated 27.06.2014 stand restored. The Department thereafter, had made a forced recovery of Rs.138 thousand on June 30, 2016, which has been grouped under loans and other receivables (note 10). The Company, during the financial year 2016, instituted an appeal against impugned order before CIR (Appeals-II), Lahore who accepted the Company's appeal vide its order dated 10.10.2016 and annulled the impugned assessment order dated 27.06.2014, being void and passed without jurisdiction. Finally, the Department filed 2nd appeal before Appellate Tribunal Inland Revenue (ATIR) in December, 2016, which is pending adjudication.



- 22.3** The Company filed a civil suit against Premier Alliance Industries Ltd. for recovery of Rs.7.300 million in lieu of issuance of insurance guarantee which has been decreed in favour of company. Thereafter, the Company filed execution petition which is pending adjudication.
- 22.4** The Deputy Commissioner Revenue, during the financial year ended December 31, 2016, had passed three orders on 28.06.2016 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 alongwith penalty to the tune of Rs.1.606million). The Company, during these aforesaid years, had paid sales tax to the respective Provincial Governments as after the 18th Constitutional Amendment (19.10.2010) it had become a provincial matter. The Company, during the financial year ended December 31, 2016, had filed appeals before the CIR (Appeals) who rejected these appeals on 30.11.2016. Resultantly, the Sales Tax Department (Department) of Federal Board of Revenue (FBR), on December 30, 2016, had affected forced recoveries aggregating Rs.23.831 million by attaching the Company's bank accounts. The aforementioned forced recoveries have been grouped under loans and other receivables (note 10). The Company, thereafter, had filed appeals before the Hon'ble Appellate Tribunal Inland Revenue (ATIR), Lahore Bench and the Hon'ble ATIR accepted the appeals of the Company on 29.08.2017 by vacating the orders of the authorities below being illegal, void ab-initio and not sustainable in the eyes of law. The Company thereafter, applied for the refund of forced recovery of Rs.23.831 million made by the Department. Being aggrieved by the Department who pay no heed to the refund application of the Company, the Company, during financial year 2018, filed complaint before Federal Tax Ombudsman (FTO) who rejected the complaint during financial year 2018. The Company filed representation before Hon'ble President of Pakistan who also rejected the Company's representation vide its order dated 09.01.2019 which was challenged by the Company before Hon'ble Lahore High Court, Lahore which is pending adjudication. Meanwhile, three references filed by the Department before Hon'ble Lahore High Court, Lahore (LHC) has been dismissed, during September, 2020, by observing that in view of clear exemption in FED Act, 2005 duties on the services provided in a Province shall not be levied where Provincial Sales Tax has been levied. Thereafter, the CIR has filed three civil appeals before Hon'ble Supreme Court of Pakistan, which is pending adjudication.
- 22.5** Sardar Khan (Ex-Managing Director) after his resignation on 05.04.2010 which was accepted by the Company on 07.04.2010 filed a suit, during financial year 2012, for recovery his alleged claim on account of gratuity benefits for Rs. 20.090 million alongwith interest & costs against the Company which was decreed in his favour by the trial court vide its Order dated 09.01.2017. The aforesaid impugned order was challenged by the Company through appeal before learned ADJ, Lahore who remanded the case to the lower court with the direction to decide the case de-novo vide its order dated 10.11.2018. The judgment passed by the appellate court dated 10.11.2018 was assailed by both the parties before Hon'ble Lahore High Court, Lahore who vide its Order dated 30.06.2020, set aside the impugned appellate order dated 10.11.2018 with the direction to ADJ, Lahore to decide it afresh. Finally, on 03.10.2020, the appeal of the Company has been accepted by the Hon'ble ADJ, Lahore and passed in favour of the Company by declaring that the impugned judgment of of Civil Court dated 09.01.2017, being nullity, and are not sustainable in the eyes of law. Subsequently, Ex-Managing Director has filed appeal before the Hon'ble Lahore High Court, Lahore against the order of ADJ, Lahore, which is pending adjudication.
- 22.6** Ghulam Ali Zahid (the Appellant) had filed an appeal against the Company for payment of Rs.7.300 million 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 preceding year, had again dismissed the case for non-prosecution. At present, an application for restoration filed by Ghulam Ali Zahid is pending adjudication before the Hon'ble Insurance Tribunal, Lahore.
- 22.7** Case filed by Rana Basit Rice Mills (Pvt.) Ltd. before the Insurance Tribunal asking for the decree of Rs.38.114 million along with liquidated damages u/s 118 of the Insurance Ordinances, 2000 has been dismissed in favour of the Company by the Hon'ble Insurance Tribunal, Okara on 16.01.2021 by invoking proviso to section 115 of Insurance Ordinance, 2000. Thereafter, the policyholder has again filed a fresh suit for Euros 282,397 in respect of his marine export of rice claim before Additional District Judge, Lahore which is at initial stage.



- 22.8** Cases filed by Fashion Guide International and Baig Trading Corporation before the Insurance Tribunal have been decided by the Insurance Tribunal on September 24, 2019. The Tribunal has decided that the Petitioners (Fashion Guide International and Baig Trading Corporation) are entitled to recover Rs.8.376 million and Rs.8.130 million respectively along with liquidated damages u/s 118 of the Insurance Ordinance, 2000 . The Company has filed appeals before the Lahore High Court (LHC) against the aforesaid judgments of the Tribunal. The LHC, vide its orders dated November 13, 2019, has suspended operation of the impugned decrees subject to deposit of the decretal amounts of Rs.8.376 million and Rs.8.130 million with the Deputy Registrar of LHC. The Company has deposited the required amount and charged to claim expense. The matter is still pending adjudication before Hon'ble LHC, Lahore.
- 22.9** Case filed by the alleged policyholder Shad & Company before Hon'ble Insurance Tribunal, Lahore was decreed in favour of Shad & Co. on 30.08.2018 by the Insurance Tribunal, Lahore for Rs. 4.0million alongwith liquidated damages u/s 118 of the Insurance Ordinance, 2000. The Company challenged the order of Tribunal before Lahore High Court (LHC), Lahore through appeal which was dismissed on 17.09.2020. The Company assailed the Order of LHC before Hon'ble Supreme Court of Pakistan (SCP), Islamabad who also dismissed Company's appeal on 30.11.2020. Finally, the Company has filed Review Petition before the Hon'ble SCP, Islamabad which is pending adjudication. On 04.01.2021, the claimant Shad & Co has filed execution petition before Insurance Tribunal, Lahore for an alleged claim amount of Rs. 29.547million i.e. the decretal amount of Rs. 4.0million alongwith alleged liquidated damages to the tune of Rs. 25.547million) which is pending adjudication and is being contested hardly. The Company has also challenged the vires of Section 118 of the Insurance Ordinance, 2000 before the Honourable High Court, Lahore. The management of the Company is confident that the liability provided in accounts is sufficient to discharge its liability.
- 22.10** Suits filed by M/s. Chancellor Overseas and M/s. Toyota Capital Motors for Rs. 1.500 million along with liquidated damages and Rs. 1.197 million respectively. Both the aforesaid cases are pending before the Insurance Tribunal Lahore and Civil Judge Islamabad and are likely to be settled in favor of Company.
- 22.11** Case filed by Mr. Karim Gul in respect of his alleged salvage car claim was decreed by the Learned Civil Judge Peshawar on April 30, 2011 for Rs. 1.00 million along with 10% interest per annum with effect from July 14, 2006 till its realization. The Company preferred an appeal against the impugned order dated April 30, 2011 which was accepted on November 17, 2012. Thereafter, the respondent / petitioner filed an appeal before the Honorable Peshawar High Court which restored the original order on March 25, 2019. Finally the Company has now filed civil appeal before the Honorable Supreme Court of Pakistan which is pending adjudication.
- 22.12** No commitments were outstanding as at December 31, 2020 and December 31, 2019.

23. Net insurance premium		2020	2019
		Rupees in thousand	
Written gross premium		140,986	139,149
Add: unearned premium reserve opening		41,338	14,331
Less: unearned premium reserve closing		62,720	41,338
Premium earned		119,604	112,142
Less: reinsurance premium ceded		56,366	53,377
Add: prepaid reinsurance premium opening		17,679	8,329
Less: prepaid reinsurance premium closing		21,640	17,679
Reinsurance expense		52,405	44,027
		67,199	68,115
24. Net insurance claims expense			
Claims paid	24.1	50,430	4,827
Add: outstanding claims including IBNR closing		35,472	35,375
Less: outstanding claims including IBNR opening		35,375	41,365
Claims expense		50,527	(1,163)
Less: reinsurance and other recoveries received		14,781	26,957
Add: reinsurance and other recoveries in respect of outstanding claims closing		26,175	26,203
Less: reinsurance and other recoveries in respect of outstanding claims opening		26,203	34,747
Reinsurance and other recoveries revenue		14,753	18,413
		35,774	(19,576)



24.1 Claims paid for the preceding year have been netted-off with salvage recovery proceeding amounting Rs.43.472 million received from W K Webster & Co. Ltd., United Kingdom (the Company's agent).

24.2 Claims development

Accident Year	Prior to 2017	2017	2018	2019	2020 (Including IBNR)	Total
----- Rupees in thousand -----						
Estimate of ultimate claims cost:						
At the end of accident year	113,661	5,752	10,143	31,849	56,279	217,684
One year later	78,055	538	1,285	6,572	0	86,450
Two years later	64,273	88	83	0	0	64,444
Three years later	39,992	17	0	0	0	40,009
Four or more years later	28,703	0	0	0	0	28,703
Current estimate of cumulative claims	28,703	17	83	6,572	56,279	91,654
Cumulative payments / adjustments to date	(4,861)	(17)	(83)	(5,349)	(45,872)	(56,182)
Liability recognised in the statement of financial position	23,842	0	0	1,223	10,407	35,472

24.3 IBNR reserve, for the year ending on 31st December, 2020, for Rs. 10.388 million (2019: Rs. 5.344 million) as determined by the Actuary M/s. Anwar Associates.

25. Net commission expense

Note **2020** **2019**
Rupees in thousand

Commission paid or payable	23,335	23,014
Add: deferred commission expense opening	6,796	2,436
Less: deferred commission expense closing	9,967	6,796
Net commission	20,164	18,654
Less: commission received or recoverable	10,603	7,418
Add: unearned reinsurance commission opening	2,594	1,849
Less: unearned reinsurance commission closing	3,791	2,594
Commission from reinsurers	9,406	6,673
	10,758	11,981

26. Management expenses

Employees' benefit cost	26.1	58,079	52,328
Travelling		408	1,008
Advertisements and business promotion		110	96
Printing and stationery		246	292
Depreciation	5	3,752	3,404
Rent, rates and taxes		550	324
Legal and professional charges - business related		3,670	1,804
Electricity, gas and water		1,710	1,592
Entertainment		485	809
Vehicles' running		1,250	993
Office repairs and maintenance		299	338
Bank charges		65	74
Postage, telegrams and telephone		947	899
Annual supervision fee SECP		100	100
Provision for doubtful insurance / reinsurance receivables	11	10,839	3,785
Miscellaneous		543	577
		83,053	68,423

26.1 Employees' benefit cost

Salaries, allowances and other benefits	56,041	50,584
Charges for post employment benefit - provident fund	2,038	1,744
	58,079	52,328

26.2 The above management expenses allocated to the underwriting business segment represent directly attributable expenses & indirect expenses, allocated to the various classes of business on the basis of gross written premium revenue.



27.	Investment income - net	Note	2020 Rupees in thousand	2019
	Income from equity securities			
	- Realised gain on investments at fair value through profit or loss		1,086	-
	Income from debt securities			
	- Return on fixed income securities and deposits (held to maturity)		5,549	4,741
	Net unrealised income on investments at fair value through profit or loss		3,119	8,893
			<u>9,754</u>	<u>13,634</u>
28.	Other income			
	Income from financial assets			
	Profit on savings accounts		1,922	1,884
	Payable balances written-back	28.1	4,742	1,522
			<u>6,664</u>	<u>3,406</u>
	Income from non-financial assets			
	Fronting fee		332	1,393
	Gain on disposal of fixed assets	5.4	243	1,217
	Fair value gain on investment property	6	4,483	4,483
	Sale of scrap		-	10
			<u>5,058</u>	<u>7,103</u>
			<u>11,722</u>	<u>10,509</u>
28.1	The management, during the current year, has written-back balances aggregating Rs. 4.742 million (2019: Rs.1.522 million) payable to claimants 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, 2017.			
29.	Other expenses			
	Legal & professional fees other than business related		463	415
	Auditors' remuneration	29.1	984	1,016
	Donations - without directors' interest		58	-
	Subscription		789	809
	Insurance		1,513	1,287
	Office expenses		338	308
	Assets written-off		14	-
	Repair and maintenance of computer equipment		137	69
	Others		136	240
			<u>4,432</u>	<u>4,144</u>
29.1	Auditors' remuneration			
	Statutory audit fee		400	400
	Half yearly review		150	150
	Regulatory returns		121	116
	Certification charges		116	180
	Out-of-pocket expenses		197	170
			<u>984</u>	<u>1,016</u>
30.	Taxation			
	Current year		(1,794)	(1,682)
	Deferred		23,428	(404)
			<u>21,634</u>	<u>(2,086)</u>
30.1	No numeric tax rate reconciliation is presented in these financial statements as the Company is mainly liable to pay tax due under section 113 (Minimum tax on the income of certain persons) of the Income Tax Ordinance, 2001. Unused tax losses as at December 31, 2020 aggregated Rs.127.255 million (2019:Rs.121.507 million).			



31. (Loss) / earnings per share	2020	2019
	Rupees in thousand	
(Loss) / profit after taxation attributable to ordinary shareholders	(87,845)	2,335
	--Number of shares--	
Weighted average number of shares outstanding during the year	50,000,000	50,000,000
	----- Rupee -----	
(Loss) / earnings per share - basic	(1.76)	0.05

31.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2020 and December 31, 2019, which would have any effect on the earnings per share of the Company if the option to convert is exercised.

32. Compensation of directors, principal officer and executives

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

	Chief executive		Principal officer		Executives	
	2020	2019	2020	2019	2020	2019
	----- Rupees in thousand -----					
Managerial remuneration	5,653	5,653	7,531	6,548	3,325	2,892
Leave encashment	-	-	1,070	931	560	487
Bonus	-	-	1,134	986	568	494
Provident fund	-	-	753	655	333	289
House rent	1,727	1,727	2,317	2,015	1,497	1,302
Utilities and others	2,930	2,395	989	1,196	333	290
Medical allowance	470	249	-	68	-	-
	10,780	10,024	13,794	12,399	6,616	5,754
No. of persons	1	1	1	1	2	2

32.1 Chief executive, principal officer and executives are also provided with other facilities, including free use of the Company maintained cars.

32.2 No meeting fee was paid to directors during the current and preceding year.

32.3 No remuneration was paid to non-executive directors of the Company.

33. 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:

33.1 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 members of the management team to be its key management personnel.

33.2 Significant transactions with related parties during the year

		2020	2019
	Nature of transaction	Rupees in thousand	
i) Associated Companies due to common directorship			
Janana De Malucho Textile Mills Ltd.	Salaries & benefits paid	1,943	1,949
	Expenses paid	105	100
ii) Key management personnel			
	Salary and other employment benefits	3,834	3,322
	Loan	2,000	-
Year end balances			
	Contributions to provident fund - payable	212	-
	Loan - receivable	1,700	-



34. 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, 2020	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)	56,604	10,393	68,609	7,194	142,800
Less: Federal excise duty	67	488	1,009	122	1,686
Federal insurance fee	4	38	76	9	127
Gross written premium (inclusive of administrative surcharge)	56,533	9,867	67,524	7,063	140,986
Gross direct premium	417	3,700	7,547	911	12,575
Facultative inward premium	56,115	6,110	59,903	6,126	128,254
Administrative surcharge	1	57	74	26	158
	56,533	9,867	67,524	7,063	140,986
Insurance premium earned	51,270	9,169	49,878	9,287	119,604
Insurance premium ceded to reinsurers	41,175	5,334	640	5,256	52,405
Net insurance premium	10,095	3,835	49,238	4,031	67,199
Commission income	7,534	1,226	-	646	9,406
Net underwriting income	17,629	5,061	49,238	4,677	76,605
Insurance claims	15,279	1,838	28,236	5,174	50,527
Insurance claims recovered from reinsurers	12,221	1,845	(1,400)	2,087	14,753
Net claims	(3,058)	7	(29,636)	(3,087)	(35,774)
Commission expense	(10,257)	(1,788)	(6,501)	(1,618)	(20,164)
Management expenses	(33,303)	(5,812)	(39,777)	(4,161)	(83,053)
Net insurance claims and expenses	(46,618)	(7,593)	(75,914)	(8,866)	(138,991)
Underwriting result	(28,989)	(2,532)	(26,676)	(4,189)	(62,386)
Net investment income					9,754
Rental income					1,060
Other income					11,722
Other expenses					(4,432)
Share of loss of associates					(65,197)
Loss before taxation					(109,479)
Segment assets	99,764	17,283	49,302	13,884	180,233
Unallocated assets					805,275
					985,508
Segment liabilities	77,590	12,632	43,968	8,852	143,042
Unallocated liabilities					12,765
					155,807



December 31, 2019

	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)	47,905	15,453	65,528	11,989	140,875
Less: Federal excise duty	115	455	944	92	1,606
Federal insurance fee	7	35	70	8	120
Gross written premium (inclusive of administrative surcharge)	47,783	14,963	64,514	11,889	139,149
Gross direct premium	713	3,439	6,953	693	11,798
Facultative inward premium	47,068	11,467	57,500	11,181	127,216
Administrative surcharge	2	57	60	16	135
Insurance premium earned	39,206	14,573	50,811	7,552	112,142
Insurance premium ceded to reinsurers	31,364	8,073	788	3,802	44,027
Net insurance premium	7,842	6,500	50,023	3,750	68,115
Commission income	4,847	1,349	0	477	6,673
Net underwriting income	12,689	7,849	50,023	4,227	74,788
Insurance claims	16,501	(39,674)	20,694	1317	(1,162)
Insurance claims recovered from reinsurers	13,933	3,116	115	1,250	18,414
Net claims	(2,568)	42,790	(20,579)	(67)	19,576
Commission expense	(7,876)	(2,891)	(6,680)	(1,207)	(18,654)
Management expenses	(23,264)	(7,527)	(31,817)	(5,815)	(68,423)
Net insurance claims and expenses	(33,708)	32,372	(59,076)	(7,089)	(67,501)
Underwriting results	(21,019)	40,221	(9,053)	(2,862)	7,287
Net investment loss					13,634
Rental income					963
Other income					10,509
Other expenses					(4,144)
Share of loss of associates					(23,828)
Profit before taxation					4,421
Segment assets	89,926	23,796	45,551	14,096	173,369
Unallocated assets					780,473
					953,842
Segment liabilities	63,330	14,467	30,434	10,703	118,934
Unallocated liabilities					12,794
					131,728

35. Movement in investments

	Held to maturity	Available-for-sale	At fair value through profit or loss	Total
----- Rupees in thousand -----				
As at December 31, 2018	53,713	506	121,274	175,493
Additions during the year	15,914	-	-	15,914
Disposals (redemptions)	(15,000)	-	-	(15,000)
Fair value net gain (excluding net realised gains)	(429)	63	8,893	8,527
Designated at fair value through profit or loss upon initial recognition	482	-	-	482
As at December 31, 2019	54,680	569	130,167	185,416
Additions during the year	11,131	-	130,984	142,115
Disposals (redemptions)	(10,500)	-	(129,898)	(140,398)
Fair value net gain (excluding net realised gains)	84	46	3,119	3,249
Designated at fair value through profit or loss upon initial recognition	(33)	-	-	(33)
As at December 31, 2020	55,362	615	134,372	190,349



36. 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:

36.1 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:

	2020	2019
	Rupees in thousand	
Bank balances	9,208	46,343
Investments in equity securities	134,987	130,736
Investments in debt securities	55,362	54,680
Insurance / reinsurance receivables	122,451	122,692
Reinsurance recoveries against outstanding claims	26,175	26,203
Loans and other receivables	5,250	3,225
	353,433	383,879

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.10.839 million (2019: Rs.3.785 million) have been made. The provision for doubtful insurance / reinsurance receivables is shown in note 11 to these financial statements.



Credit rating

	Short term	Long term	Rating agency	2020	2019
				Rupees in thousand	
Bank Al Habib Ltd.	A1+	AA+	PACRA	7,820	21,549
National Bank of Pakistan	A1+	AAA	-do-	22	20
Habib Bank Ltd.	A1+	AAA	JCR-VIS	1,340	24,738
United Bank Ltd.	A1+	AAA	-do-	26	36
				9,208	46,343

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	
			2020	2019
----- Rupees in thousand -----				
A or above (including PRCL)	130,500	19,630	150,130	139,111
BBB	6,136	-	6,136	9,784
Total	136,636	19,630	156,266	148,895

36.2 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 -----			
2020			
Financial liabilities			
Outstanding claims (including IBNR)	35,472	35,472	35,472
Insurance / reinsurance payables	41,059	41,059	41,059
Other creditors and accruals	7,069	7,069	7,069
Unclaimed dividends	555	555	555
Total	84,155	84,155	84,155
2019			
Outstanding claims (including IBNR)	35,375	35,375	35,375
Insurance / reinsurance payables	39,627	39,627	39,627
Other creditors and accruals	6,164	6,164	6,164
Unclaimed dividends	555	555	555
Total	81,721	81,721	81,721



36.3 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:

2020	2019	2020	2019
Effective interest rate		Rupees in thousand	
Percentage			

Fixed rate financial instruments

Financial assets

Investments - Pakistan Investment Bonds	7.75 to 12.00	7.00 to 12.00	55,362	54,680
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Floating rate financial instruments

Financial assets

Bank deposits	11.57 to 5.58	8.42 to 11.57	9,208	41,442
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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 fixed rate 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 impacted profit for the year by Rs.92 thousand (2019: Rs.414 thousand) based on assumption that all other variables will remain constant. 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.

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 / Fair value through profit or loss investments are stated as per the policy detailed in note 4.8 (c)(d). The carrying and market values of these investments have been disclosed in note 8 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 before tax for the year as at December 31, 2020 by Rs.13.499 million (2019: Rs.13.074 million).

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.

2020	Investments			Bank accounts, deposits, loans and other receivables	Total
	Held to maturity	Available-for-sale	At fair value through profit or loss		
Financial assets as per statement of financial position	----- Rupees in thousand -----				
Bank balances	0	0	0	9,208	9,208
Investments in equity securities	0	615	134,372	0	134,987
Investments in debt securities	55,362	0	0	0	55,362
Insurance / reinsurance receivables	0	0	0	122,451	122,451
Reinsurance and other recoveries against outstanding claims	0	0	0	26,175	26,175
Loans and other receivables	0	0	0	5,250	5,250
	55,362	615	134,372	163,084	353,433

2019	Investments			Bank accounts, deposits, loans and other receivables	Total
	Held to maturity	Available- for-sale	At fair value through profit or loss		
	----- Rupees in thousand -----				
Bank balances	0	0	0	46,343	46,343
Investments in equity securities	0	569	130,167	0	130,736
Investments in debt securities	54,680	0	0	0	54,680
Insurance / reinsurance receivables	0	0	0	122,692	122,692
Reinsurance and other recoveries against outstanding claims	0	0	0	26,203	26,203
Loans and other receivables	0	0	0	3,224	3,224
	54,680	569	130,167	198,462	383,878

	2020	2019
	Rupees in thousand	
Financial liabilities as per statement of financial position		
Outstanding claims including IBNR	35,472	35,375
Insurance/ reinsurance payables	41,059	39,627
Other creditors and accruals	7,069	6,164
Unclaimed dividends	555	555
	84,155	81,721



37. 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 promptly 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	
	2020	2019	2020	2019	2020	2019
	----- Rupees in thousand -----					
Fire	49,787,687	41,337,050	40,173,685	33,227,085	9,614,002	8,109,965
Marine	13,883,820	24,209,005	8,098,432	13,396,487	5,785,388	10,812,518
Motor	6,887,578	4,517,930	65,432	71,816	6,822,146	4,446,114
Others	1,612,184	2,964,441	993,750	1,412,074	618,434	1,552,367
	72,171,269	73,028,426	49,331,299	48,107,462	22,839,970	24,920,964

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 recognised by the Company based on the valuation carried-out by the Actuary on yearly basis in pursuance of SEPC Circular No. 09 of 2016.

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.



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, of claims net of reinsurance showing the impact on underwriting results and equity, net of reinsurance:

Net impact of increase / decrease in average claim by 10 % on				
Underwriting result			Shareholders' equity	
2020	2019		2020	2019
----- Rupees in thousand -----				
Fire	306	257	217	194
Marine	(1)	68	(1)	68
Motor	2,964	2,058	2,104	1,448
Others	309	7	219	(57)
	3,578	2,390	2,539	1,653

38. Maturity analysis of financial assets and liabilities

2020							
Interest / mark-up bearing			Non interest / mark-up bearing			Total	
Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total		
----- Rupees in thousand -----							
Financial assets on statement of financial position							
Investments in equity securities	0	0	0	134,987	0	134,987	134,987
Investments in debt securities	11,195	44,167	55,362	0	0	0	55,362
Loans and other receivables	0	0	0	5,250	0	5,250	5,250
Insurance/ reinsurance receivables	0	0	0	122,451	0	122,451	122,451
Reinsurance and other recoveries against outstanding claims	0	0	0	26,175	0	26,175	26,175
Bank balances	6,556	0	6,556	2,652	0	2,652	9,208
	17,751	44,167	61,918	291,515	0	291,515	353,433
Off statement of financial position	0	0	0	0	0	0	0
Total	17,751	44,167	61,918	291,515	0	291,515	353,433
Financial liabilities on statement of financial position							
Outstanding claims (including IBNR)	0	0	0	35,472	0	35,472	35,472
Insurance/ reinsurance payables	0	0	0	41,059	0	41,059	41,059
Other creditors and accruals	0	0	0	7,069	0	7,069	7,069
Unclaimed dividends	0	0	0	555	0	555	555
	0	0	0	84,155	0	84,155	84,155
Off statement of financial position	0	0	0	0	0	0	0
Total	0	0	0	84,155	0	84,155	84,155
On statement of financial position gap	17,751	44,167	61,918	207,360	0	207,360	269,278
Off statement of financial position gap	0	0	0	0	0	0	0



2019						
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	130,736	0	130,736	130,736
Investments in debt securities	10,883	43,797	54,680	0	0	0	54,680
Loans and other receivables	0	0	0	3,224	0	3,224	3,224
Insurance/ reinsurance receivables	0	0	0	122,692	0	122,692	122,692
Reinsurance and other recoveries against outstanding claims	0	0	0	26,203	0	26,203	26,203
Bank balances	41,442	0	41,442	4,901	0	4,901	46,343
	52,325	43,797	96,122	287,756	0	287,756	383,878
Off statement of financial position	0	0	0	0	0	0	0
Total	52,325	43,797	96,122	287,756	0	287,756	383,878

Financial liabilities on statement of financial position

Outstanding claims (including IBNR)	0	0	0	35,375	0	35,375	35,375
Insurance/ reinsurance payables	0	0	0	39,627	0	39,627	39,627
Other creditors and accruals	0	0	0	6,164	0	6,164	6,164
Unclaimed dividends	0	0	0	555	0	555	555
	0	0	0	81,721	0	81,721	81,721
Off statement of financial position	0	0	0	0	0	0	0
Total	0	0	0	81,721	0	81,721	81,721
On statement of financial position gap	52,325	43,797	96,122	206,035	0	206,035	302,157
Off statement of financial position gap	0	0	0	0	0	0	0

39. Fair value measurement of financial instruments

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

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

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

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3) Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.



31 December, 2020											
Particulars	Carrying value						Fair value hierarchy				
	Note	Available for sale / FVTPL	Held to maturity	Other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees in thousand -----											
Financial assets - measured at fair value											
Equity share - Quoted	8.1	81	-	-	-	-	81	81	-	-	81
Mutual funds - JS Growth fund *	8.1	534	-	-	-	-	534	-	-	-	-
Mutual funds *	8.2	134,372	-	-	-	-	134,372	-	-	-	-
Financial assets - not measured at fair value											
Debt securities *	9	-	55,362	-	-	-	55,362	-	-	-	-
Loans and other receivables *	10	-	-	35,063	-	-	35,063	-	-	-	-
Insurance / reinsurance receivables *	11	-	-	122,451	-	-	122,451	-	-	-	-
Reinsurance recoveries against outstanding claims *	24	-	-	26,175	-	-	26,175	-	-	-	-
Prepayments *	14	-	-	22,507	-	-	22,507	-	-	-	-
Cash and bank *	15	-	-	-	9,332	-	9,332	-	-	-	-
		134,987	55,362	206,196	9,332	-	405,877	81	-	-	81
Financial liabilities - not measured at fair value											
Underwriting provisions:											
Outstanding claims (including IBNR) *	24	-	-	-	-	35,472					
Long term deposits *	19	-	-	-	-	62					
Insurance / reinsurance payables *	20	-	-	-	-	41,059					
Unclaimed dividend *		-	-	-	-	555					
Other creditors and accruals *	21	-	-	-	-	12,148					
		-	-	-	-	89,296					

* The fair value of these financial assets are not significantly different from their carrying amount since these assets are either short term in nature or are frequently repriced to market rate.



31 December, 2019										
Particulars	Carrying value						Fair value hierarchy			
	Note	Available for sale / FVTPL	Held to maturity	Other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3

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

Financial assets - measured at fair value

Equity share - Quoted	8.1	83	-	-	-	-	83	83	-	-	83
Mutual funds - JS Growth fund *	8.1	486	-	-	-	-	486	-	-	-	-
Mutual funds *	8.2	130,167	-	-	-	-	130,167	-	-	-	-

Financial assets - not measured at fair value

Debt securities *	9	-	54,680	-	-	-	54,680	-	-	-	-
Loans and other receivables *	10	-	-	32,844	-	-	32,844	-	-	-	-
Insurance / reinsurance receivables *	11	-	-	122,692	-	-	122,692	-	-	-	-
Reinsurance recoveries against outstanding claims *	24	-	-	26,203	-	-	26,203	-	-	-	-
Prepaymentst *	14	-	-	6,796	-	-	6,796	-	-	-	-
Cash and bank*	15	-	-	-	18,550	-	18,550	-	-	-	-
		130,736	54,680	188,535	18,550	-	392,501	83	-	-	83

Financial liabilities - not measured at fair value

Underwriting provisions:

Outstanding claims (including IBNR)*	24	-	-	-	-	35,375	
Long term deposits*	19	-	-	-	-	388	
Insurance / reinsurance payables*	20	-	-	-	-	39,627	
Unclaimed dividende *		-	-	-	-	555	
Other creditors and accruals *	21	-	-	-	-	11,851	
		-	-	-	-	87,796	

* 'The fair value of these financial assets are not significantly different from their carrying amounts since these assets are either short term in nature or are frequently repriced to market rate.

Fair value of investments in associates using level 1 for the year ended is as follows:

Financial asset - Measured at fair value using level 1

2020 2019
Rupees in thousand

Investments in associates

773,479 **315,957**

40. 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.



41. Statement of solvency		
Assets as disclosed in the statement of financial position as at December 31, 2020		('Rupees in thousand)
Property and equipment		188,466
Investment property		30,660
Investments in associates		284,720
Investments		
- equity securities		134,987
- debt securities		55,362
Loans and other receivables		35,063
Insurance / reinsurance receivables		122,451
Reinsurance recoveries against outstanding claims		26,175
Deferred commission expense		9,967
Deferred taxation		57,007
Taxation - payments less provisions		8,811
Prepayments		22,507
Cash and bank balances		9,332
Total Assets	(A)	985,508
In-admissible assets as per the following applicable clauses of section 32(2) of the Insurance Ordinance, 2000 (the Ordinance)		
(d)		3,624
(g)		284,845
(j)		57,007
(n) & (o)		32,424
(u)(i)		5,833
(u)(ii)		2,229
(u)(iii)		715
(v)		64,644
Total in-admissible assets	(B)	451,321
Total admissible assets	(C = A - B)	534,187
Liabilities as disclosed in the statement of financial position as at December 31, 2020		
Underwriting provisions		
Outstanding claims including IBNR		35,472
Unearned premium reserves		62,720
Unearned reinsurance commission		3,791
Long term deposits		62
Insurance / reinsurance payables		41,059
Unclaimed dividends		555
Other creditors and accruals		12,148
Total Liabilities	(D)	155,807
Total net admissible assets	(E = C - D)	378,380
Minimum solvency requirement (higher of the following)		
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>13,440</u>	
Method C - under section 36(3)(c) of the Ordinance	<u>10,075</u>	150,000
Excess of net admissible assets over minimum requirements		<u>228,380</u>



42. Number of employees	2020	2019
Number of employees as at December 31,	<u>26</u>	<u>25</u>
Average number of employees during the year	<u>26</u>	<u>26</u>

43. Provident Fund relating disclosures

The Company, during the preceding year, had established employees provident fund and duly recognised by the FBR. The following information is based on the un-audited financial statements of the provident fund for the period ended December 31, 2020:

	2020	2019
	Rupees in thousand	
Size of the fund	<u>8,093</u>	<u>3,518</u>
Cost of investments made	<u>4,900</u>	<u>3,100</u>
Fair value of investments	<u>5,011</u>	<u>3,139</u>
	% of investment	% of investment
Percentage of investments made	<u>62</u>	<u>89</u>
The break-up of cost of Investments is as follows:		
Mutual funds	49 2,400	600 19
Bank deposit - TDR	51 2,500	2,500 81
	<u>100 4,900</u>	<u>3,100 100</u>

Investments out of the provident fund have been made in accordance with the requirements of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

44. Impact of COVID-19 pandemic on financial statements

Management has assessed the accounting implications of COVID-19 on these financial statements, however, according to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

45. Corresponding figures

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

46. Date of authorisation for issue

These financial statements were authorised for issue on April 02, 2021 by the board of directors of the Company.


Raza Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Ahmad Kuli Khan Khattak
DIRECTOR


Mrs. Shahnaz Sajjad Ahmed
DIRECTOR


Amir Raza
PRINCIPAL OFFICER


Ashfaq Ahmed
CHIEF FINANCIAL OFFICER



PATTERN OF SHAREHOLDING AS ON DECEMBER 31ST 2020

Number of ShareHolders	Shareholdings		Total Number of Share Held	Percentage of Total Capital
	From	To		
284	1 -	100	6,317	0.01
161	101 -	500	46,965	0.09
87	501 -	1000	66,400	0.13
239	1001 -	5000	574,864	1.15
51	5001 -	10000	356,545	0.71
27	10001 -	15000	331,621	0.66
10	15001 -	20000	179,521	0.36
3	20001 -	25000	68,175	0.14
5	25001 -	30000	131,855	0.26
5	30001 -	35000	164,418	0.33
2	35001 -	40000	73,431	0.15
3	40001 -	45000	124,602	0.25
2	45001 -	50000	100,000	0.20
1	55001 -	60000	60,000	0.12
1	75001 -	80000	75,728	0.15
3	80001 -	85000	248,576	0.50
2	90001 -	95000	186,150	0.37
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	215001 -	220000	215,500	0.43
1	275001 -	280000	276,226	0.55
2	295001 -	300000	597,861	1.20
1	300001 -	305000	300,086	0.60
1	400001 -	405000	403,500	0.81
1	415001 -	420000	415,237	0.83
1	610001 -	615000	613,203	1.23
1	750001 -	755000	754,000	1.51
1	42980001 -	42985000	42,981,788	85.96
901			50,000,000	100.00

CATEGORIES OF SHAREHOLDERS AS AT 31 DECEMBER 2020

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	7	1,326,102	2.6522
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)	880	4,918,885	9.8378
8	Others	8	744,657	1.4893
TOTAL:		901	50,000,000	100.0000



DETAILED CATEGORIES OF SHAREHOLDERS AS ON DECEMBER 31ST, 2020

Sr. #	Name	Shares Held	Percentage of Capital
Executives			
1	Mr. Amir Raza	3,003	0.0060
2	Mr. Abdul Waheed Chaudhry	600	0.0012
Running Total:		3,603	0.0072
Directors, Chief Executive Officer, and their spouse and minor children			
1	Lt. Gen (R) Ali Kuli Khan Khattak	297,861	0.5957
2	Mr. Gohar Ayub Khan	40,234	0.0805
3	Mr. Raza Kuli Khan Khattak	613,203	1.2264
4	Mr. Ahmed Kuli Khan Khattak	276,226	0.5525
5	Mrs. Shahnaz Sajjad Ahmed	93,075	0.1862
6	Mr. Muhammad Imran Malik	3,003	0.0060
7	Mr. Haroon Ahmed Zuberi	2,500	0.0050
Running Total:		1,326,102	2.6522
Associated Companies, Undertakings and Related Parties			
1	Bibojee Services (Pvt.) Limited	42,981,788	85.9636
Running Total:		42,981,788	85.9636
NIT and ICP			
1	Investment Corporation of Pakistan,	1,363	0.0027
Running Total:		1,363	0.0027
Banks, Development Financial Institutions, Non Banking Financial Institutions			
1	Shirazi Investment (pvt) Limited,	1,359	0.0027
Running Total:		1,359	0.0027
Insurance Companies			
1	Gulf Insurance Co Ltd,	22,243	0.0445
Running Total:		22,243	0.0445
General Public (Local)		4,918,885	9.8378
Others			
1	AKD Securities Limited	403,500	0.8070
2	Fikrees (Private) Limited	2,500	0.0050
3	Sarfraz Mahmood (Private) Ltd.	1,000	0.0020
4	Maple Leaf Capital Limited	1	0.0000
5	Deputy Administrator Abandoned Properties Organization	37,431	0.0749
6	Cliktrade Limited	40	0.0001
7	Salim Sozer Securities (Pvt.) Ltd.	300,086	0.6002
8	Millwala Sons (Private) Limited	99	0.0002
Running Total:		744,657	1.4893
Grand Total:		50,000,000	100.0000
Shareholders holding more than 5% shares:			
1	Bibojee Services (Pvt.) Limited	42,981,788	85.9636



HEAD OFFICE EXECUTIVE / DEPARTMENTAL HEAD

Name	Designation	Telephone Office	Fax No.
Mr. Gohar Ayub Khan	Chief Executive Officer	042-37311666	042-37230326
Mr. Amir Raza	Principal Officer	042-37355579	042-37230326
Mr. Abdul Waheed Chaudhry	Head of Internal Audit	042-37355426	042-37230326
Mr. Aftab Rashid	Chief Information Security Officer & Head of Grievance Dept.	042-37355426	042-37230326
Mr. Ashfaq Ahmed	Chief Financial Officer	042-37243168	042-37230326
Mr. Liaqat Ali Shaukat	Company Secretary	042-37322813	042-37230326
Mr. Muhammad Alyas	Compliance Officer & Head of Re-insurance	042-37238616	042-37230326
Mr. Abdul Rashid	Senior Manager Co-insurance	042-37355426	042-37230326
Mr. Muhammad Rashid Ashraf	Head of Claims	042-37355426	042-37230326
Miss. Bushra Hina Mushtaq	Head of Underwriting & Risk Management	042-37311608	042-37230326

BRANCHES

Sr. No.	Br_Code	Branch	Address	Ph No.	Fax No.
1	117	Principal Office, Karachi	3rd 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, 2017.

www.jamapunji.pk



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



FORM OF PROXY

I / We _____ of
_____ being a member(s) of The
Universal Insurance Company Limited and holder of _____ Ordinary Shares
as per Registered Folio No./CDC Participation 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 61st Annual General Meeting of the
Company to be held on Friday 30th April, 2021 at 10:30 a.m and any adjournment
thereof.

Signed this _____ day of _____ 2021.

Signature _____

**AFFIX
REVENUE
STAMP
RS. 50/-**

Witness:

Signature _____

Signature _____

Name _____

Name _____

CNIC No.: _____

CNIC No.: _____

Address _____

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 حامل عام حصص تعدادی _____ بمطابق رجسٹرڈ فوئیو نمبر / سی ڈی سی شرکت کنندگان شناخت و اکاؤنٹ نمبر
_____ بذریعہ ہذا اپنی جانب سے کسی _____ سکنہ _____
یا ان کی عدم دستیابی کی صورت میں کسی _____ سکنہ _____ کو مقرر کرتا
ا کرتی ہوں جو کہ یونیورسل انشورنس کمپنی لمیٹڈ کے رجسٹرڈ فوئیو نمبر / سی ڈی سی کے اکاؤنٹ نمبر _____ کے مطابق رکن ہے
جو ہماری غیر حاضری کی صورت میں ہمیں ماہماری جانب سے 61 ویں سالانہ اجلاس عام جو کہ بروز جمعہ 30 اپریل 2021 کو بوقت صبح 10:30 بجے ہونا
قرار پایا ہے یا اس کے کسی بھی التوا میں میری / ہماری جگہ شرکت کرے اور ووٹ ڈالے۔

دستخط بروز _____ بتاریخ _____ 2021

دستخط: _____

ریونیوٹکٹ
50/- روپے
چسپاں کریں

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 مینٹلنگ 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
- 🌐 Web: www.uic.com.pk

