



2022 ANNUAL REPORT

63rd

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	Lt. Gen (Retd.) Ali Kuli Khan Khattak	Chairman
	Mr. Gohar Ayub Khan	Chief Executive
	Mr. Ahmed Kuli Khan Khattak	
	Mrs. Shahnaz Sajjad Ahmed	
	Mr. Muhammad Imran Malik	
	Mr. Khalid kuli Khan Khattak	
	Wing Commander (Retd.) Javaid Ahmad Afzal	
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: 042-37355426-37324244 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. Muhammad Imran Malik	Chairman	Independent
Mr. Ahmed Kuli Khan Khattak	Member	Non-Executive
Mr. Gohar Ayub Khan	Member	Executive
Mr. Liaqat Ali Shaukat	Secretary	

ii) Investment Committee

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

iii) Audit Committee

Mr. Muhammad Imran Malik	Chairman	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 Imran Mehmood	Member	
Mr. Muhammad Alyas	Member/Secretary	

v) Claims Settlement Committee;

Mr. Ahmed Kuli Khan Khattak	Chairman	Non-Executive
Mr. Gohar Ayub Khan	Member	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 63rd ANNUAL GENERAL MEETING

Notice is hereby given that the 63rd Annual General Meeting (AGM) of the Shareholders of The Universal Insurance Company Limited will be held on Thursday May 25, 2023 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 Extra Ordinary General Meeting of the Company held on September 29, 2022 at Lahore.
2. To elect Seven (07) Directors in accordance with Section 159 of the Companies Act 2017, as fixed by the Board in its meeting held on February 27, 2023 for a period of three (03) years commencing from May 25, 2023 in place of following retiring directors;

1. Lt. Gen (Retd.) Ali Kuli Khan Khattak	5. Mr. Muhammad Imran Malik
2. Mr. Gohar Ayub Khan	6. Mr. Khalid Kuli Khan Khattak
3. Mr. Ahmed Kuli Khan Khattak	7. Wing Commander (Retd) Javaid Ahmad Afzal
4. Mrs. Shahnaz Sajjad Ahmad	
3. To receive, consider, approve and adopt the annual audited accounts of the Company for the year ended December 31, 2022 and reports of the directors and auditors thereon.
4. To appoint auditors for the year ending December 31, 2023 and to fix their remuneration. The Board on recommendation of Audit Committee of the company has recommended the appointment of retiring auditors M/s. Junaidy Shoaib Asad Chartered Accountants as external auditor for the year 2023 being eligible, have offered themselves for re-appointment.

B. SPECIAL BUSINESS

5. To obtain consent of the shareholders in terms of S.R.O. 389(I)/2023 dated March 21, 2023 issued by Securities & Exchange Commission of Pakistan (SECP) to circulate the annual audited financial statements to its members through QR enabled code and weblink and to pass the following resolution as an ordinary resolution, with or without modification:

“Resolved that consent & approval of the members of the Company be and is hereby accorded to circulate Company's annual audited financial statements to its members through QR enabled Code and weblink”.

C. ANY OTHER BUSINESS

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

A statement of material facts under Section 134 (3) of the Companies Act, 2017 pertaining to the Special Business as stated above is annexed.

By Order of the Board

(Liaqat Ali Shaukat)
Company Secretary

Dated: May 04, 2023



NOTES:

- 1- 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 May 22, 2023.

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 May 18, 2023 to May 25, 2023 (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 May 17, 2023 will be considered in time to attend and vote at the meeting.
- 3- Any member who seeks to contest the election of directors shall whether he/she is a retiring director or otherwise, file with the company at its registered office not later than fourteen (14) days before the date of the AGM the following documents:-

a. Notice of his/her intention to offer himself/ herself for election of directors in term of provisions of section 159(3) of the Companies Act, 2017 (the Act) together with his/ her consent to act as director and relevant declarations as required under the Act, Code of Corporate Governance Regulations and any other applicable law and regulations.

b. A detailed profile along with mailing address for placement on the Company's website;

c. Attested copy of his/ her valid CNIC/Passport and NTN;

d. His/her folio No./ CDC Investor Account No./ CDC Sub Account No. ;

e. Information on Annexure A along with all attachments required therein, affidavit on Annexure B required under Insurance Companies (Sound and Prudent Management) Regulations, 2012 and undertaking on Annexure A as required under S.R.O. 933(I)/2020 dated 30-09-2020 of SECP.

f. The selection of independent directors shall be as per requirements of Section 166 of the Companies Act, 2017.

* Annexure A, B and undertakings required under relevant laws can be downloaded from the Company's website under the tab "Election of Directors".

Please note that as per regulation 2(2) of Insurance Companies (Sound and Prudent Management) Regulations, 2012 proposed directors shall not assume the charge of office until their appointment has been approved by the Commission. SECP may require any further documents to evaluate the proposed director's fitness and propriety.

- 4- 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.



- 5- 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.
- 6- Pursuant to Companies (Postal Ballot) Regulations, 2018, the shareholders will be allowed to exercise their right to vote through postal ballot for election of directors in case number of candidates contesting the election are more than the number of director to be elected.
- 7- 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.
- 8- Form of proxy is appended to the annual report in both English and Urdu languages and can be downloaded from the Company's website.
- 9- The audited financial statements of the company for the year ended December 31, 2022 have been placed on the company website www.uic.com.pk
- 10- 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 corporate.affairs@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.
- 11- 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.

Pursuant to the SECP letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021, the Company is following up with all shareholders holding shares in physical form with the request to convert their shares in book-entry form in order to comply with the provision of the Companies Act, 2017. Shareholders may contact the Company's share register to understand the process and benefits of conversion of shares held in physical form into book-entry form.

- 12- As per provision of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due payable shall vest with the Federal Government after compliance of procedures prescribed under the Company Act, 2017. Shareholders are hereby informed that a list of all unclaimed shares/ dividend has been added on the Company's website. Any member affected by this notice is advised to write to or call at the office of the Company during normal working hours.

13- 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. 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) _____

Statement of Material Facts under Section 166(3) of The Companies Act, 2017

Since the Company is required to have two (2) Independent Directors on its Board in accordance with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, accordingly the Board shall ensure that the independent directors are also elected in accordance with the manner and procedure for election of directors under sections 159 and 166 of the Companies Act, 2017 and the Companies (Manner and Selection of Independent Directors), Regulations, 2018.

Statement of Material Facts under Section 134(3) of The Companies; Act, 2017

This statement sets out the material facts pertaining to the Special Business, given in Agenda No. 05 of the Notice, to be transacted at the AGM of the Company.

Item No. 05 of the Agenda

SECP vide S.R.O. 389(I)/2023 dated March 21, 2023 has allowed the listed companies to circulate the annual balance sheet and profit and loss account, auditor's report and director report etc "annual audited financial statements" to its members through QR Code and weblink subject to approval obtained from shareholders in general meeting.

After approval of the shareholders, the Company will circulate its Annual Audited Financial Statements to its shareholders through QR Code and Weblink in future. The directors of the company have no direct or indirect interest in this agenda except to the extent of their respective directorships and/or shareholdings.



TEN YEARS KEY FINANCIAL DATA

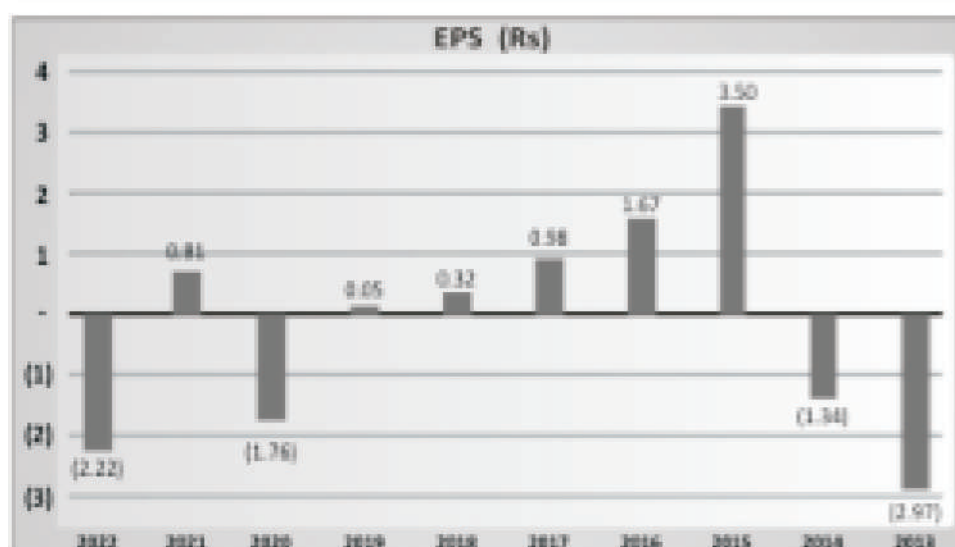
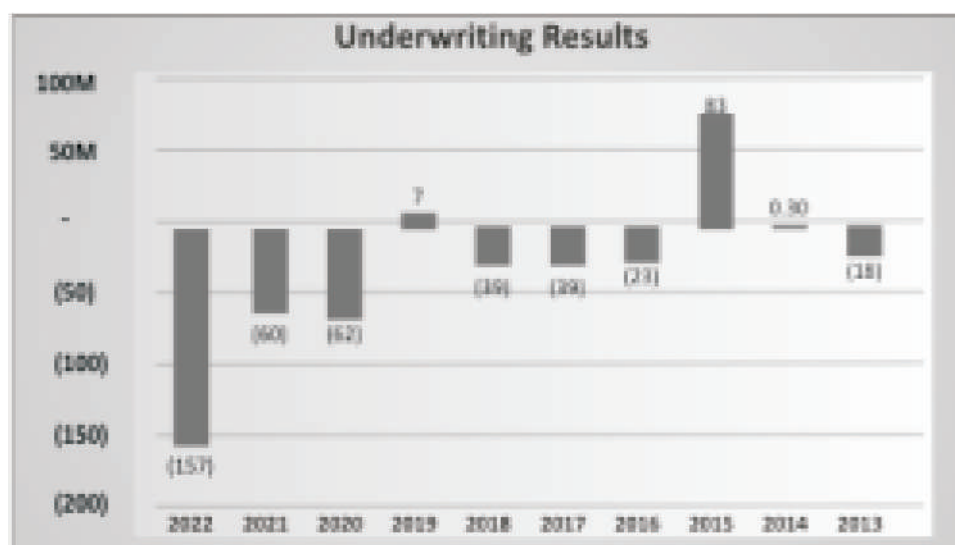
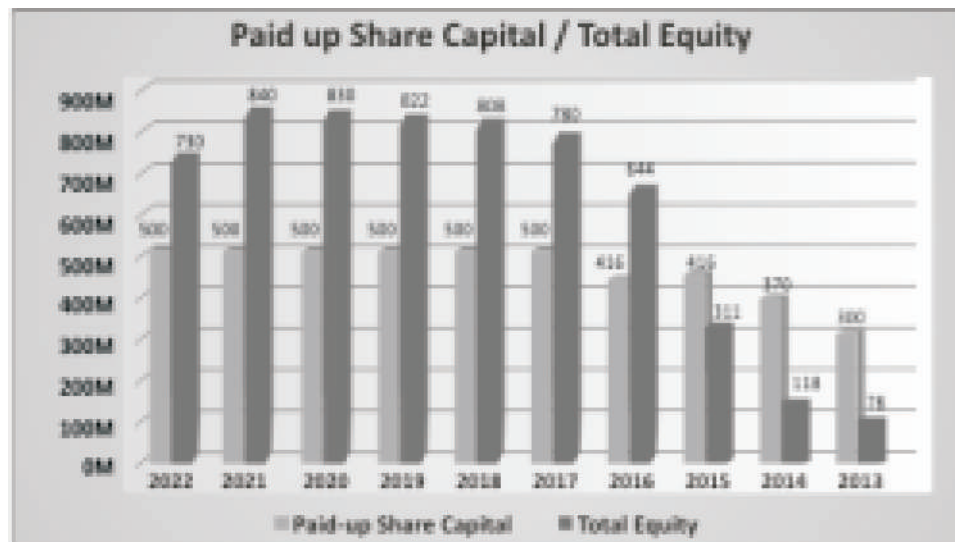
	(Rupees in million)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Written Gross Premium	107	115	141	139	64	28	36	45	68	115
Net Insurance Premium	78	75	67	68	33	12	26	28	35	99
Net Insurance Claim	65	41	36	(20)	2	(9)	(9)	(56)	2	54
Investment	478	537	475	440	443	372	322	187	157	138
Underwriting Results	(157)	(60)	(62)	7	(39)	(39)	(23)	83	0.30	(18)
(Loss) / Profit before Tax	(147)	45	(109)	4	19	45	71	131	(41)	(87)
(Loss) / Profit after Tax	(111)	40	(88)	2	16	41	69	130	(46)	89
Paid-up Capital	500	500	500	500	500	500	416	416	370	300
Cash and Banks	10	13	9	46	26	90	6	108	122	160
Total Property & Assets	948	993	986	954	927	921	805	784	847	935
Total Equity	730	840	830	822	808	780	644	311	118	78
(Loss)/ Earnings per share (Rs)	(2.22)	0.81	(1.76)	0.05	0.32	0.98	1.67	3.50	(1.34)	(2.97)

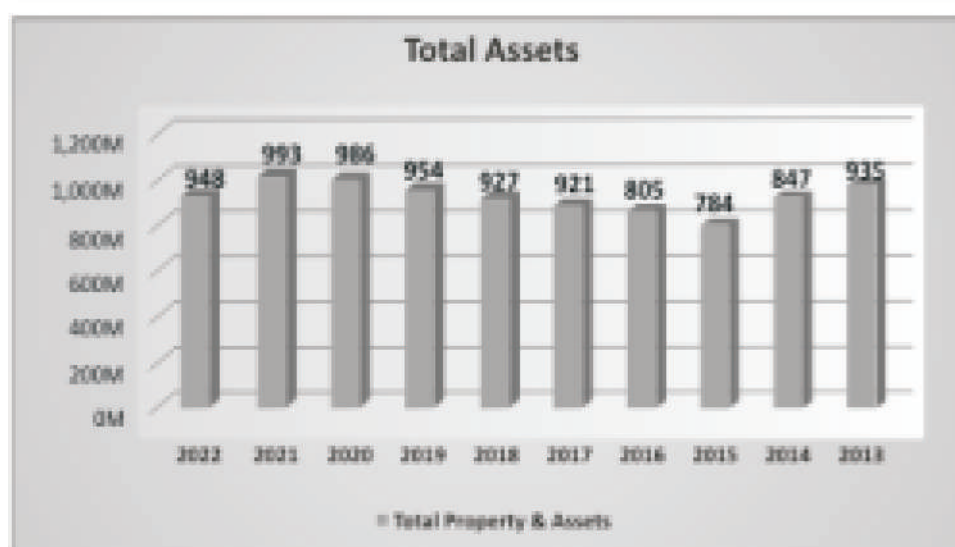
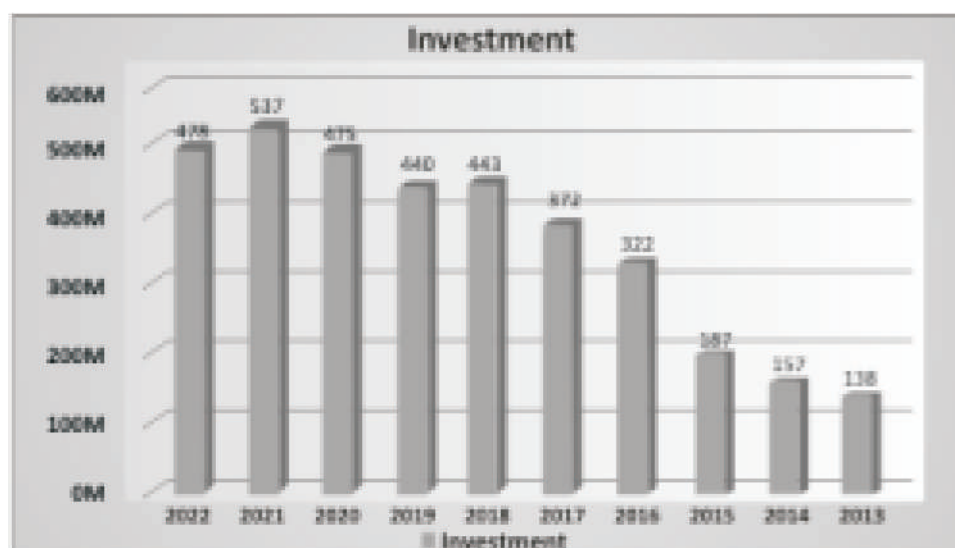
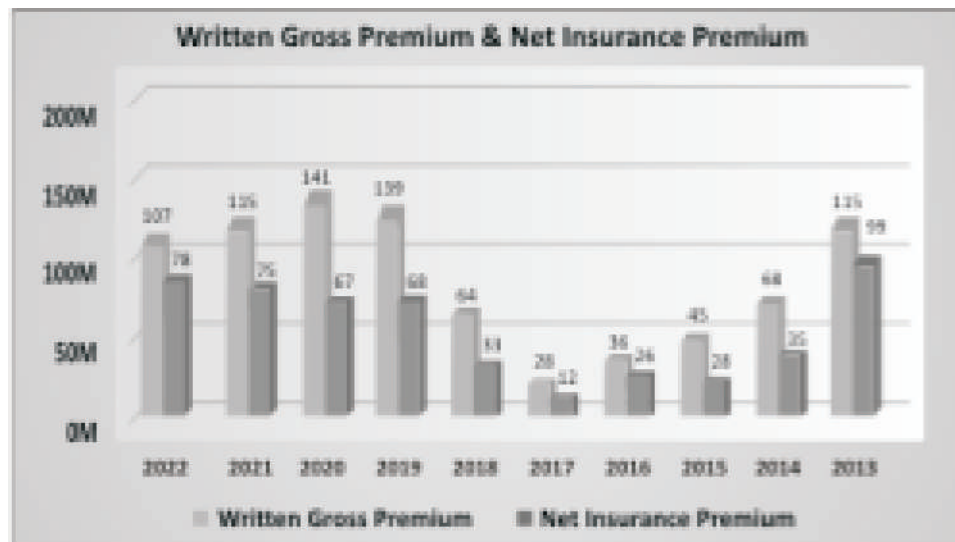
Summary of Sales Tax on Services/ FED on account of Gross Written Premium of the Company-Province-wise

2022		2021	
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	2,225	17,040	1,844	14,094
-Punjab Revenue Authority	256	1,599	206	1,264
	2,481	18,639	2,050	15,358
Add: Facultative inward premium		88,818		100,075
Total gross written premium for the year		107,457		115,433







CHAIRMAN'S REVIEW

On behalf of the board of directors, I have pleasure in presenting the 63rd annual report and performance review of The Universal Insurance Company Limited for the year ended 31st December, 2022.

Company Performance:

The current financial results of the Company for the year ended 31 December, 2022 are reflecting sustainability of loss over the last year on account of increase in claim expense and loss from associated companies and provision against receivable.

Future Outlook:

Considering the critical financial position of the Company the Board of directors expressed serious concern and pledged to make a road map for the revival of the Company in the coming meeting.

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.

Lt. Gen (R) Ali Kuli Khan Khattak
Chairman

April 30, 2023
Lahore

چیرمین کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے مجھے 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے وی یو ایچ سی اے انشورنس کمپنی لمیٹڈ کی 63 ویں سالانہ رپورٹ اور کارکردگی کا جائزہ پیش کرتے ہوئے خوشی ہوئی ہے۔

کمپنی کی کارکردگی (Company Performance)

31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی کے موجودہ مالیاتی نتائج، پچھلے سال کے دوران کلیم اخراجات میں اضافے، متعلقہ کمپنیوں کے نقصان اور وصولیوں کے خلاف پروویژن کی وجہ سے منظم نقصان کی عکاسی کر رہے ہیں۔

مستقبل کا جائزہ (Future Outlook)

کمپنی کی نازک مالی حالت پر غور کرتے ہوئے بورڈ آف ڈائریکٹرز نے اس پر نگہیں توثیق کا اظہار کیا ہے اور آئندہ اجلاس میں کمپنی کی بحالی کے لیے روڈ میپ تشکیل دینے کا وعدہ کیا ہے۔

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 ایج مزید مضبوط ہوا۔

(ایفٹینٹ جنرل (ر) علی کولی خان خٹک)

چیرمین

30 اپریل، 2022

لاہور۔



DIRECTORS' REPORT TO THE SHAREHOLDERS

We on behalf of the Board of Directors of the Company would like to present 63rd Audited Financial Statements of the Company for the year ended December 31, 2022.

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 Audited Accounts.

Operating Results:

The operating financial results of the company for the year ended 31 December, 2022 are narrated below.

	<u>2022</u>	<u>2021</u>
	-----Rupees in '000-----	
Written gross premium	107,457	115,433
Net insurance premium	78,158	75,205
Net insurance claims	(64,761)	(40,660)
Underwriting results	(157,217)	(60,483)
Investment & Other Income	23,807	24,563
(Loss)/ Profit before taxation	(147,257)	45,289
(Loss)/ Profit after taxation for the year	(111,017)	40,440
(Loss)/ Earnings per share	(2.22)	0.81

Review of Operating Results:

The gross written premium of the Company has reduced by 7% while net written premium has enhanced by 4% over the corresponding period whereas the net insurance claims have shown substantial increase on account of a major claim of fire insurance occurred in the month February 2022. Further during the current financial year a sum of Rs. 72.368 million has been provided as provision against the receivables which culminated the underwriting loss from Rs. 60.483 million to Rs. 157.217 million. Further during the current period ended 31 December, 2022 the financial results of the associated companies shows a loss of Rs. 8.244 million against the profit of Rs. 86.644 million in 2021. Thus, the loss before taxation comes to Rs. 147.257 million as against the profit of Rs. 45.289 million. The major causes behind this adverse position is the loss from associated companies, increase in claim expense and provision for receivable. While there is nominal decrease in investment income as compared to last year.

Dividend

Due to accumulated losses, the directors have not recommended dividend for the year 2022.

IFS Rating

M/s. PACRA has maintained IFS ratings to A (stable) on 28th July, 2022.

Information Technology (IT)

Our IT system has been further upgraded to meet the new IT related requirements. Currently we are working online Grievance Department portal development to reduce the communication gap between the Company concerned and the Clients.



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 October 18, 2021 till October 18, 2024 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, 2022 except as disclosed in the corresponding notes in the financial statements.
- (j) Three 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. One newly appointed director will acquire certification within stipulated time.
- (k) The cost value of investment of provident fund based on their unaudited accounts is Rs. 13.550 million as on 31 December, 2022.

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:

During the year, Four (4) Board meetings were held. The number of meetings attended by each Director is given hereunder :

<u>Name of Directors</u>	<u>No. of Meetings Attended</u>	
Mr. Raza Kuli Khan Khattak	0	(Deceased on March 18, 2022)
Lt. Gen. (R) Ali Kuli Khan Khattak	2	(Appointed on 07-06-2022)
Mr. Gohar Ayub Khan	4	
Mr. Ahmed Kuli Khan Khattak	1	
Mrs. Shahnaz Sajjad Ahmed	3	
Mr. Muhammad Imran Malik	4	
Mr. Haroon Ahmed Zuberi	0	(Resigned on 28-09-2022)
Mr. Khalid Kuli Khan Khattak	4	
Wing Commander (R) Javaid Ahmad Afzal	0	(Appointed on 26-12-2022)

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

Two casual vacancies occurred during the year 2022. One due to death of Mr. Raza Kuli Khan Khattak (Chairman) which was filled by Lt. Gen (Retd.) Ali Kuli Khan Khattak and one due to resignation of Mr. Haroon Ahmed Zuberi (Independent Director) which was filled by Wing Commander (Retd.) Javaid Ahmad Afzal.

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 following three members, two of whom are non-executive directors and one independent director. 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. 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. One meeting was held during the year.

- Mr. Muhammad Imran Malik	Chairman
- Mr. Ahmed Kuli Khan Khattak	Member
- Mr. Gohar Ayub Khan	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. Muhammad Imran Malik	Chairman
- Mr. Ahmed Kuli Khan Khattak	Member
- Mr. Gohar Ayub Khan	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 Imran Mehmood	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. Ahmed Kuli Khan Khattak	Chairman
- Mr. Gohar Ayub Khan	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. Details of remuneration paid to the Directors during the FY 2022 is given as under and also disclosed in note 32 of the Financial Statements.

(Rupees in thousand)					
Directors	Meeting Fees	Managerial Remuneration	Utilities	Medical Exp	Total
Mr. Raza Kuli Khan Khattak	-	-	-	-	-
Lt. Gen (R) Ali Kuli Khan Khattak	-	-	-	-	-
Mr. Gohar Ayub Khan	-	7,380	2,801	642	10,823
Mr. Ahmed Kuli Khan Khattak	-	-	-	-	-
Mrs. Shahnaz Sajjad Ahmed	-	-	-	-	-
Mr. Muhammad Imran Malik	-	-	-	-	-
Mr. Haroon Ahmed Zuberi	-	-	-	-	-
Mr. Khalid Kuli Khan Khattak	-	-	-	-	-
Wing Commander (Retd.) Javaid Ahmad Afzal	-	-	-	-	-

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 forms 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 Principal Officer. 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. 26.

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 20, 2022 as per requirement of the Pakistan Stock Exchange Limited. Company's Senior Management and shareholders attended the session. .

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, 2022.

Appointment of Auditors

The present auditors M/s. Junaidy Shoaib Asad, Chartered Accountants have retired 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, 2023 to the shareholders for approval.

Future Outlook

Keeping in view the critical financial position of the Company the Board of Directors have been contemplating a number of proposals for the smooth revival of the Company and we are hopeful that in the forth coming meeting the decision to be taken will surely help the Company out of this phenomena.

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 30, 2023

Place: Lahore

Gohar Ayub Khan
Chief Executive Officer

For & on behalf of the Board of Directors

Lt. Gen (R) Ali Kuli Khan Khattak
Chairman



دی یونیورسل انشورنس کمپنی لمیٹڈ ممبران کے لئے ڈائریکٹرز کی رپورٹ

(یہ انگریزی رپورٹ کا ترجمہ ہے)

ہم کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی کے 63 ویں آڈٹ شدہ مالیاتی گوشوارے پیش کرتے 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 لسٹڈ ہے۔ کمپنی کی بنیادی سرگرمی پاکستان میں جنرل انشورنس کاروبار کو انڈر رائیٹ کرنا ہے۔

پرنسپل خطرات اور غیر یقینی صورتحال (Principal Activities of the Company)

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

آپریٹنگ نتائج (Operating Results)

31 دسمبر، 2022 کو اختتام پذیر سال کے لئے کمپنی کے آپریٹنگ مالی نتائج نیچے بیان کئے گئے ہیں:-

2022	2021	
-----	-----	
روپے میں 000'		
107,457	115,433	- تحریری مجموعی پرمیئم
78,158	75,205	- نیٹ انشورنس پرمیئم
(64,761)	(40,660)	- نیٹ انشورنس کلیمز
(157,217)	(60,483)	- انڈر رائیٹنگ نتائج
23,807	24,563	- سرمایہ کاری اور دیگر آمدنی
(147,257)	45,289	- قبل از ٹیکس (نقصان) / منافع
(111,017)	40,440	- سال کیلئے بعد از ٹیکس (نقصان) / منافع
(2.22)	0.81	- (نقصان) / آمدنی فی شیئر

آپریٹنگ نتائج کا جائزہ (Review of Operating Results)

کمپنی کے مجموعی تحریری پرمیئم میں 7% کمی ہوئی ہے جبکہ اسی مدت کے دوران نیٹ تحریری پرمیئم میں 4% اضافہ ہوا ہے۔ جبکہ ماہ فروری 2022 میں فائر انشورنس کے بڑے کلیم کی وجہ سے نیٹ انشورنس کلیمز میں خاطر خواہ اضافہ ہوا ہے مزید موجودہ مالی سال کے دوران 72.368 ملین روپے وصول کیے جانے والوں کے خلاف پروویڈنٹ کے طور پر فراہم کیے گئے ہیں جس کی وجہ سے انڈر رائیٹنگ نقصان 60.483 ملین روپے سے بڑھ کر 157.217 ملین روپے ہو گیا ہے۔ مزید یہ کہ 31 دسمبر 2022 کو ختم ہونے والی موجودہ مدت کے دوران متعلقہ کمپنیوں کے مالیاتی نتائج 2021 میں 86.644 ملین روپے منافع کے مقابلے میں 8.244 ملین روپے خسارے کو ظاہر کرتے ہیں۔ اس طرح قبل از ٹیکس نقصان 45.289 ملین روپے منافع کے مقابلے میں 147.257 ملین روپے ہوا ہے۔ اس منفی پوزیشن کے پیچھے بڑی وجوہات متعلقہ کمپنیوں سے نقصان، کلیم اخراجات میں اضافہ اور قابل وصولیوں کی پروویڈنٹ ہے۔ جبکہ پچھلے سال کے مقابلے سرمایہ کاری کی آمدنی میں برائے نام کمی ہوئی ہے۔

ڈیویڈنڈ (Dividend)

مجموعی نقصانات کی وجہ سے، ڈائریکٹرز نے سال 2022 کے لیے ڈیویڈنڈ دینے کی سفارش کی ہے۔

آئی ایف ایس ریٹنگ (IFS Rating)

M/s. PACRA نے 28 جولائی 2022 کو IFS ریٹنگ کو A (Stable) پر برقرار رکھا ہے۔



انفارمیشن ٹیکنالوجی (Information Technology)

I.T سے متعلق نئی ضروریات کو پورا کرنے کے لیے ہمارے I.T سسٹم کو مزید اپ گریڈ کیا گیا ہے۔ فی الحال ہم متعلقہ کمپنی اور کلائنٹس کے درمیان کمیونیکیشن گپ کو کم کرنے کے لیے آن لائن شکایات کے سیل کے پورٹل کی ترقی پر کام کر رہے ہیں۔

آئی ایس او سرٹیفیکیشن (ISO Certification)

17 مئی 2003 سے کمپنی نے میسرز لائڈز رجسٹر ایل آر کیو اے، کراچی سے ISO 9001:2015 کی سرٹیفیکیشن حاصل کی۔ میسرز لائڈز رجسٹر ایل آر کیو اے، کراچی نے 18 اکتوبر 2021 سے 18 اکتوبر 2024 تک ISO 9001:2015 کی تجدید کر چکا ہے۔ اس سے صاف ظاہر ہے کہ کمپنی ISO کو ایسی میٹجمنٹ سسٹم کے معیار پر پورا اترتی ہے اور کمپنی نے ISO کو ایسی میٹجمنٹ 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 ضابطہ کے مطابق ہے اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کا مقرر کردہ ہے۔ اور اس کی گواہی دیتا ہے کہ:

(اے) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹس اس کی تمام معلومات کو صاف و شفاف انداز میں واضح کرنے کے ساتھ اس کے آپریشنز کے نتائج، کیش کی آمد و رفت 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 کہیں 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 نفاذ 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 شکوک 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 2021 تک واجب الادا ہوتی ہیں۔ اس کے علاوہ اس کو مالی بیانات کے متعلقہ نوٹس میں بیان کیا گیا ہے۔

(جے) کمپنی کے تین ڈائریکٹرز نے ڈائریکٹریٹنگ پروگرام (DTP) کے تحت سرٹیفیکیشن حاصل کر لیا ہے اور تین ڈائریکٹرز سرٹیفیکٹ پر چھوٹ کی اہلیت پر پورا اترتے ہیں۔ ایک نیا تعینات ڈائریکٹر مقررہ وقت کے اندر سرٹیفیکیشن حاصل کرے گا۔

(کے) 31 دسمبر 2022 کے مطابق غیر آڈٹ شدہ حسابات میں پراویڈنٹ فنڈ کی سرمایہ کاری کی کاسٹ ویلیو 13.550 ملین روپے ہے۔

متعلقہ پارٹی ٹرانزیکشنز (Related Party Transactions)

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

ہولڈنگ کمپنی (Holding Company)

پیو 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	نان-ایگزیکٹو ڈائریکٹر
1	ایگزیکٹو ڈائریکٹر
1	فی میل 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 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 اسٹیمٹس 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)

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

0	جناب رضا فلی خان خٹک	(18 مارچ 2022 کو وفات پا گئے)
2	لیفٹیننٹ جنرل (ر) علی فلی خان خٹک	(7 جون 2022 کو تعیناتی ہوئی)
4	جناب گوہر ایوب خان	
1	جناب احمد فلی خان خٹک	
3	مسز شہناز سجاد احمد	
4	جناب محمد عمران ملک	
0	جناب ہارون احمد زبیری	(28 ستمبر 2022 کو استعفیٰ دیا)
4	جناب خالد فلی خان خٹک	
0	ونگ کمانڈر (ر) جاوید احمد افضال	

جو ڈائریکٹرز بورڈ کے کچھ اجلاسوں میں اپنی دیگر مصروفیات کے باعث شرکت نہیں کر سکے ان ڈائریکٹرز کے لیے غیر حاضری کی چھٹی منظور کر لی گئی۔ سال میں دو غیر معمولی آسمان خالی ہوئیں۔ ایک جناب رضا فلی خان خٹک (چیئرمین) کی وفات کی وجہ سے جو لیفٹیننٹ جنرل (ر) علی فلی خان خٹک سے پُر کر لی گئی اور ایک ہارون احمد زبیری (آزاد ڈائریکٹر) کے استعفیٰ کی وجہ سے جسے ونگ کمانڈر (ر) جاوید احمد افضال نے پُر کیا۔

بورڈ اور مینجمنٹ کمیٹیز (Board and Management Committees)

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

آڈٹ کمیٹی (Audit Committee)

آڈٹ کمیٹی تین اراکین پر مشتمل ہے جن میں سے دو نان ایگزیکٹو ڈائریکٹرز اور ایک آزاد ڈائریکٹر ہے۔ کمیٹی کا چیئرمین آزاد ڈائریکٹر ہے۔ سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے:-

چیئرمین	جناب محمد عمران ملک
رکن	جناب احمد فلی خان خٹک
رکن	مسز شہناز سجاد احمد



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 آزاد ڈائریکٹر ہے۔ سال کے دوران ایک اجلاس منعقد ہوا:-

جناب محمد عمران ملک	چیئرمین
جناب احمد فقی خان خٹک	رکن
جناب گوہر ایوب خان	رکن

ڈائریکٹرز کی مراعات (Remuneration of Directors)

کمپنی کی اس سلسلے میں رسمی پالیسی ہے جو کہ کمپنیز ایکٹ 2017 اور 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۔ کمپنی نان ایگزیکٹو ڈائریکٹرز کو کوئی بھی مراعات ادا نہیں کرنی ماسوائے میٹنگ کی حاضری کے جو کہ بورڈ کی مرضی کے مطابق ہوتی ہے۔ FY2020 میں ڈائریکٹرز کو ادا کی جانے والی مراعات کی تفصیل نیچے درج فنانشل اسٹیٹمنٹ کے نوٹ نمبر 32 میں بھی بیان کی گئی ہے۔

ڈائریکٹرز	میٹنگ فیس	انتظامی معاوضہ	یوٹیلٹی	میڈیکل اخراجات	روپے ہزاروں میں
جناب رضا فقی خان خٹک	-	-	-	-	-
لیفٹیننٹ جنرل (ر) علی فقی خان خٹک	-	-	-	-	-
جناب گوہر ایوب خان	-	7,380	2,801	642	10,823
جناب احمد فقی خان خٹک	-	-	-	-	-
مسز شہناز سجاد احمد	-	-	-	-	-
جناب محمد عمران ملک	-	-	-	-	-
جناب ہارون احمد زبیری	-	-	-	-	-
جناب خالد فقی خان خٹک	-	-	-	-	-
ونگ کمانڈر (ر) جاوید احمد افضال	-	-	-	-	-

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)

کمپنی مجموعی طور پر سماجی، ماحولیاتی اور اخلاقی امور کو اس کے مجموعی کاروباری ماحول کے تناظر میں لیتی ہے۔ کمپنی 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 کمپنی لمیٹڈ ایک خود مختار انٹرنل آڈٹ کا نظام رکھتی ہے جو کہ خصوصی طور پر انٹرنل کنٹرول اور کمپنی 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 آپرینٹنگ ایریا کے سالانہ اور سہ ماہی جائزہ پر مبنی ہے۔ اندرونی آڈٹ کا کام فنانشل، 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 پر یقین کو رائج کرنے کے لیے پرعزم ہے۔

تعمیل کا بیان (Statement of Compliance)

اسٹیٹمنٹ آف کمپلائنس کوڈ آف کارپوریٹ گورننس کے ساتھ علیحدہ سے رپورٹ میں صفحہ نمبر 26 پر درج ہے۔



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:-

چیرمین	- جناب محمد عمران ملک
رکن	- جناب احمد فقی خان خٹک
رکن	- جناب گوہر ایوب خان
رکن / سیکرٹری	- جناب اشفاق احمد

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:-

چیرمین	- جناب محمد عمران ملک
رکن	- جناب گوہر ایوب خان
رکن	- جناب محمد عمران محمود
رکن / سیکرٹری	- جناب محمد الیاس

کلیمر سیٹلمنٹ کمیٹی (Claims Settlement Committee)

کلیمر سیٹلمنٹ کمیٹی کمپنی کی کلیمر سیٹلمنٹ پالیسی وضع کرتی ہے۔ یہ کمپنی کی کلیمر پوزیشن کی نگرانی کرتی ہے تاکہ کمپنی 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:-

چیرمین	- جناب احمد فقی خان خٹک
رکن	- جناب گوہر ایوب خان
رکن	- جناب عامر رضا

رиск مینجمنٹ اور کمپلائنس کمیٹی (Risk Managment and Compliance Committee)

یہ کمیٹی کمپنی کے رиск مینجمنٹ کی سرگرمیوں کے امور کی نگرانی کرتی ہے۔ اور رиск 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:-

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



شیر ہولڈنگ پیٹرن (Pattern of Shareholding)

شیر ہولڈنگ کا پیٹرن علیحدہ 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 دیتی ہے اور کمپنیز ایکٹ 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 20 دسمبر، 2022 کو منعقد ہوا۔ کمپنی کی سینئر مینجمنٹ اور شیر ہولڈرز اس سیشن میں شریک ہوئے۔

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

31 دسمبر 2022 کے ختم ہونے والے مالی سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو، پرسنل آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری، ایگزیکٹوز، ان کی شریک حیات، اور نابالغ بچوں کی جانب سے کمپنی کے حصص میں کوئی لین دین نہیں کیا گیا۔

آڈیٹرز کی تعیناتی (Appointment of Auditors)

موجودہ آڈیٹرز میسرز جنیدی شعیب اسد چارٹرڈ اکاؤنٹنٹس سبکدوش ہوئے اور اہل ہونے کی وجہ سے رضا مندی کے ساتھ دوبارہ تقرری کے خواہشمند ہیں۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر سال 31 دسمبر 2023 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)

کمپنی کی نازک مالی پوزیشن کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز کمپنی کی ہموار بحالی کے لیے متعدد تجاویز پر غور کر رہے ہیں اور ہمیں اُمید ہے کہ آنے والے اجلاس میں جو فیصلہ کیا جائے گا اس سے کمپنی کو اس رجحان سے نکالنے میں یقینی طور پر مدد ملے گی۔

اعتراف (Acknowledgement)

ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ، سٹیٹ بینک آف پاکستان اور دوسری ری انشوررز اور کوانٹوررز 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 بورڈ

لیفٹیننٹ جنرل (ر) علی قلی خان خٹک
(چیئرمین)

گوہر ایوب خان
چیف ایگزیکٹو آفیسر

تاریخ: 30 اپریل 2023

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, 2022

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 ensures representation of independent non-executive directors and facilitates directors representing minority interest on its Board of Directors (the Board). At present the Board includes:

Category	Names
Independent Director	Mr. Muhammad Imran Malik Wing Commander (Retd.) Javaid Ahamd Afzal
Executive Director	Mr. Gohar Ayub Khan
Non-Executive Directors	Lt. Gen (Retd.) Ali 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. Two casual vacancies occurred on the board on March 18, 2022 & September 28, 2022 during the year ended on December 31, 2022, which were filled 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. Three 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. One newly appointed director will acquire certification within stipulated time.
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 Imran Mehmood	Member
Mr. Muhammad Alyas	Member / Secretary

Claims Settlement Committee:

Name of the Member	Category
Mr. Ahmed Kuli Khan Khattak	Chairman
Mr. Gohar Ayub Khan	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

19. The Board has formed the following Board Committees:

Ethics, Human Resource & Remuneration Committee:

Name of the Member	Category
Mr. Muhammad Imran Malik	Chairman
Mr. Ahmed Kuli Khan Khattak	Member
Mr. Gohar Ayub Khan	Member
Mr. Liaqat Ali Shaukat	Secretary

Investment Committee:

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

The functions of Nominations Committee are being performed by the Board



20. The Board has formed an Audit Committee. It comprises of three members, of whom one is independent director 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. Ahmed Kuli Khan Khattak	Member
Mrs. Shahnaz Sajjad Ahmed	Member
Mr. Abdul Waheed Ch.	Secretary

21. The terms of references of the Committees have been formed, documented and advised to the Committees for compliance. The frequency of meetings (quarterly/ half yearly/ yearly) of the Committees were as follows:

Name of the Committee	No. of meetings held during the year
Ethics, Human Resource & Remuneration Committee	1
Investment Committee	4
Audit Committee	4
Underwriting, Reinsurance & Co-Insurance Committee	4
Claims Settlement Committee	4
Risk Management & Compliance Committee	4

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
Mr. Muhammad Imran Mehmood	Head of Underwriting & Claims
Mr. Bushra Hina Mushtaq	Head of Risk Management
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 except in accordance with the Act, these Regulations or any other regulatory requirement 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 July 28, 2022 is A with Stable outlook.
30. The Board has set up 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 30, 2023
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, 2022 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, 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, 2022.

Junaidy Shoaib Asad
Chartered Accountants

Lahore.

Dated: May 03, 2023

UDIN: **CR202210196uoPTMgOWY**



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, 2022, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 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	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 and equity securities including investment in associates. The Company's investments represent 50% of the total assets.	Our audit procedures in respect of this matter included the following: <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;
	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.	<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.



S. No.	Key audit matters	How the matter was addressed in our audit
2	<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 38% 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 recognized 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; • 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.
3.	<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 along with management's assessment are disclosed in note 22 to the financial statements.</p>	<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.

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

Junaidy Shoaib Asad

Chartered Accountants

Lahore

Date: May 03, 2023



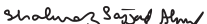



UDIN: **AR202210196gmdRZtXvO**



STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

	Note	2022 --- Rupees in thousand ---	2021
Assets			
Property and equipment	5	157,919	155,443
Investment property	6	41,782	35,316
Investments in associates	7	363,050	371,139
Investments			
- equity securities	8	59,934	111,045
- debt securities	9	55,363	55,169
Loans and other receivables	10	33,445	33,125
Insurance / reinsurance receivables	11	83,239	89,830
Reinsurance recoveries against outstanding claims	24	21,717	37,433
Deferred commission expense	25	5,154	7,254
Deferred taxation	12	95,101	55,999
Taxation - payments less provisions	13	8,964	8,469
Prepayments	14	12,450	19,228
Cash and bank balances	15	10,071	13,398
Total Assets		948,189	992,848
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Authorised share capital			
75,000,000 (2021: 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	18
- surplus on revaluation of fixed assets	18	352,945	353,541
Fair value reserve on available-for-sale investments		237	260
Accumulated loss		(137,303)	(27,399)
Total Equity		729,721	840,244
Liabilities			
Underwriting Provisions			
Outstanding claims including IBNR	24	84,091	46,833
Unearned premium reserves	23	34,477	48,384
Premium deficiency reserves		3,844	-
Unearned reinsurance commission	25	2,380	3,337
Long term deposits	19	75	124
Insurance / reinsurance payables	20	82,798	43,557
Unclaimed dividends		555	555
Other creditors and accruals	21	10,248	9,814
Total Liabilities		218,468	152,604
Contingencies and commitments	22		
Total Equity and Liabilities		948,189	992,848

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

 Lt. Gen (R) Ali Kuli Khan Khattak CHAIRMAN	 Gohar Ayub Khan CHIEF EXECUTIVE	 Mrs. Shahnaz Sajjad Ahmed DIRECTOR	 Khalid Kuli Khan Khattak DIRECTOR	 Amir Raza PRINCIPAL OFFICER	 Ashfaq Ahmed CHIEF FINANCIAL OFFICER
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STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022 Rupees in thousand	2021
Net insurance premium	23	78,158	75,205
Net insurance claims	24	(64,761)	(40,660)
Premium deficiency		(3,844)	-
Net commission	25	(8,914)	(9,721)
Insurance claims and expense		(77,519)	(50,381)
Management expenses	26	(157,856)	(85,307)
Underwriting results		(157,217)	(60,483)
Investment income	27	14,697	13,881
Rental income		1,208	1,116
Other income	28	7,902	9,566
Other expenses	29	(5,603)	(5,435)
Results of operating activities		(139,013)	(41,355)
Share of (loss) / profit of associates - net	7	(8,244)	86,644
(Loss) / profit before taxation		(147,257)	45,289
Income tax	30	36,240	(4,849)
(Loss) / profit after taxation		(111,017)	40,440
		--- Rupee ---	
(Loss) / earnings (after taxation) per share	31	(2.22)	0.81

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

 Lt. Gen (R) Ali Kuli Khan Khattak CHAIRMAN	 Gohar Ayub Khan CHIEF EXECUTIVE	 Mrs. Shahnaz Sajjad Ahmed DIRECTOR	 Khalid Kuli Khan Khattak DIRECTOR	 Amir Raza PRINCIPAL OFFICER	 Ashfaq Ahmed CHIEF FINANCIAL OFFICER
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STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	Rupees in thousand	
(Loss) / profit after taxation	(111,017)	40,440
Other comprehensive (loss) / income:		
Items that will not be reclassified to profit or loss:		
Unrealised loss on available-for-sale investments	(33)	(74)
Impact of deferred taxation on remeasurement of available-for-sale investments	10	21
	(23)	(53)
Impairment arisen upon revaluation of freehold land	-	(30,000)
Net share of other comprehensive loss of associates - net of taxation	(821)	(231)
Other comprehensive loss for the year	(844)	(30,284)
Total comprehensive (loss) / income for the year	(111,861)	10,156

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


Lt. Gen (R) Ali Kuli Khan Khattak
CHAIRMAN


Gohar Ayub Khan
CHIEF EXECUTIVE


Mrs. Shahnaz Sajjad Ahmed
DIRECTOR


Khalid Kuli Khan Khattak
DIRECTOR


Amir Raza
PRINCIPAL OFFICER



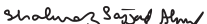




Ashfaq Ahmed
CHIEF FINANCIAL OFFICER



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

	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, 2020	500,000	13,824	18	385,135	313	(69,589)	829,701
Transfer from surplus on revaluation of buildings on account of incremental depreciation	-	-	-	(1,314)	-	1,314	-
Deferred tax adjustment	-	-	-	381	-	-	381
Miscellaneous items of associates accounted for under equity method	-	-	-	(661)	-	667	6
Profit for the year ended December 31, 2021	-	-	-	-	-	40,440	40,440
Other comprehensive loss for the year ended December 31, 2021	-	-	-	(30,000)	(53)	(231)	(30,284)
Total comprehensive income / (loss) for the year ended December 31, 2021	-	-	-	(30,000)	(53)	40,209	10,156
Balance as at December 31, 2021	500,000	13,824	18	353,541	260	(27,399)	840,244
Transfer from surplus on revaluation of buildings on account of incremental depreciation	-	-	-	(1,248)	-	1,248	-
Deferred tax adjustment	-	-	-	362	-	-	362
Miscellaneous items of associates accounted for under equity method	-	-	-	290	-	686	976
Loss for the year ended December 31, 2022	-	-	-	-	-	(111,017)	(111,017)
Other comprehensive loss for the year ended December 31, 2022	-	-	-	-	(23)	(821)	(844)
Total comprehensive loss for the year ended December 31, 2022	-	-	-	-	(23)	(111,838)	(111,861)
Balance as at December 31, 2022	500,000	13,824	18	352,945	237	(137,303)	729,721

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

 Lt. Gen (R) Ali Kuli Khan Khattak CHAIRMAN	 Gohar Ayub Khan CHIEF EXECUTIVE	 Mrs. Shahnaz Sajjad Ahmed DIRECTOR	 Khalid Kuli Khan Khattak DIRECTOR	 Amir Raza PRINCIPAL OFFICER	 Ashfaq Ahmed CHIEF FINANCIAL OFFICER
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022



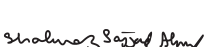



	2022	2021
	Rupees in thousand	
Operating Cash Flows		
a) Underwriting activities		
Insurance premium received	107,457	115,433
Reinsurance premium paid	(36,298)	(51,202)
Claims paid	(154,567)	(62,991)
Reinsurance and other recoveries received	142,780	22,434
Commission paid	(15,802)	(20,623)
Commission received	8,311	10,151
Management expenses paid	(82,661)	(72,097)
Net cash outflows from underwriting activities	(30,780)	(58,895)
b) Other operating activities		
Income tax paid	(2,986)	(2,231)
Other operating payments	(5,499)	(5,364)
Other operating receipts	284	854
Loans and other receivables receipts	436	1,377
Other (payments) / receipts - net	(27,214)	30,120
Net cash (outflows) / inflows from other operating activities	(34,979)	24,756
Total cash outflows from all operating activities	(65,759)	(34,139)
Investment activities		
Profit / return received	6,961	5,520
Rental received	1,208	1,116
Payment for investments	(33,746)	(20,496)
Proceeds from disposal / redemption of investments	93,450	52,378
Fixed capital expenditure	(5,749)	(388)
Proceeds from sale of fixed assets	308	75
Total cash inflows from investing activities	62,432	38,205
Cash flows from financing activities	-	-
Net cash (outflows) / inflows from all activities	(3,327)	4,066
Cash and cash equivalents at beginning of the year	13,398	9,332
Cash and cash equivalents at end of the year	10,071	13,398



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

Reconciliation to statement of profit or loss	2022	2021
	Rupees in thousand	
Operating cash flows	(65,759)	(34,139)
Depreciation expense	(3,034)	(3,335)
Provision for doubtful insurance / reinsurance receivables	(72,368)	(8,989)
Gain / (loss) on disposal of fixed assets	69	(1)
Increase / (decrease) in assets other than cash	80,729	(22,897)
(Increase) / decrease in liabilities	(65,864)	3,203
	(126,227)	(66,158)
Other adjustments		
Gain on investments - net	14,697	13,881
Share of (loss) / profit of associates - net	(8,244)	86,644
Fair value gain on investment property	6,466	4,656
Rental income	1,208	1,116
Profit on savings accounts	1,083	301
	15,210	106,598
(Loss) / Profit after taxation	(111,017)	40,440
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	-	35
Bank accounts		
Current accounts	4,643	2,877
Savings accounts	5,428	10,486
	10,071	13,363
Total cash and cash equivalents	10,071	13,398

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

 Lt. Gen (R) Ali Kuli Khan Khattak CHAIRMAN	 Gohar Ayub Khan CHIEF EXECUTIVE	 Mrs. Shahnaz Sajjad Ahmed DIRECTOR	 Khalid Kuli Khan Khattak 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, 2022

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 - Shahr-e-Quaid-e-Azam, Lahore. Presently, the Company is operating through one (2021: one) branch in Pakistan.

The Company is a Subsidiary of Bibojee Services (Pvt.) Limited (the Holding Company), which holds 42,981,788 (2021: 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, 2022 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.

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, 2022 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 17, Insurance contracts (yet to be notified by SECP)	January 01, 2023
- IAS 1, Presentation of Financial Statements (Amendments)	January 01, 2024
- IAS 8, Accounting Policies, Changes in Accounting Estimates 'and Errors (Amendments)	January 01, 2023
- IAS 12, Income taxes (Amendments)	January 01, 2023
- IFRS 9, Financial instruments	June 30, 2024*

* 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 Note 35 & 39 to these financial information.

- (a) Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- (b) All other financial assets

	December 31, 2022				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in un-realized gain / (loss) during the period	Carrying value	Cost less Impairment	Change in un-realized gain / (loss) during the period
Rupees in thousands					
Financial assets					
Cash and Bank*	10,071	-	-	-	-
Investments in associates	363,050	-	-	-	-
Investment in equity securities-available for sale	59,934	(414)	-	-	-
Investment in debt securities-held to maturity*	-	-	55,363	-	-
Loan and other receivables*	33,445	-	-	-	-
	466,500	(414)	55,363	-	-

* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of their fair values.



- 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, 2022 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, 2021.

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 'Chain Ladder (CL) Method' and '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.

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 up to 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			Depre- ciation rate %
	As at January 01, 2022	Additions / (Impairment)	Dispo- sals	As at January 01, 2022	For the Year	On Dispo- sals	
	As at January 01, 2021	Additions / (Impairment)	Dispo- sals	As at December 31, 2021	As at December 31, 2021	Book Value as at December 31, 2021	
	----- Rupees in thousand -----						
Freehold land	115,600	-	-	115,600	-	-	-
Buildings on freehold land	49,219	-	-	49,219	1,619	-	5
Furniture and fixtures	4,028	-	(105)	3,923	64	(89)	10
Office equipment	7,697	-	(563)	7,134	155	(447)	10-15
Computer equipment	7,686	36	(767)	6,955	193	(761)	30
Vehicles	28,082	5,711	(361)	33,432	1,002	(261)	20
	212,312	5,747	(1,796)	216,263	3,033	(1,558)	157,919
	----- Rupees in thousand -----						
	As at January 01, 2021	Additions / (Impairment)	Dispo- sals	As at December 31, 2021	As at January 01, 2021	For the Year	Depre- ciation rate %
	----- Rupees in thousand -----						
Freehold land	145,600	(30,000)	-	115,600	-	-	-
Buildings on freehold land	49,219	-	-	49,219	1,704	-	5
Furniture and fixtures	4,028	-	-	4,028	3,313	72	10
Office equipment	8,195	-	(498)	7,697	6,508	183	10-15
Computer equipment	8,309	301	(924)	7,686	7,767	205	30
Vehicles	27,995	87	-	28,082	22,162	1,171	20
	243,346	(29,612)	(1,422)	212,312	54,880	3,335	155,443



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, 2021 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 freehold land and buildings on freehold land as at December 31, 2022 would have been lower by Rs. 115.543 million (2021: 115.543 million) and Rs.23.602 million (2021: Rs.24.851 million) respectively.

5.2 Based on the aforementioned revaluation reports dated December 31, 2021, forced sale value of the freehold land and buildings on freehold land was assessed at Rs.118.387 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	Gian / (loss)	Mode of disposal	Sold to:
----- Rupees in thousand -----							
Motor Cycle							
Honda CD LEQ-20-7715	76	30	46	68	22	Company Policy	Ms. Fakhira (Employee)
Honda CD LEQ-20-7707	76	32	44	68	24	Company Policy	Waseem Ashraf (Employee)
United US-70 LEL-14-9286	38	33	5	18	13	Negotiation	Athar Kareem, Lahore
Honda CD-70 LL-971	54	52	2	8	6	Negotiation	Allah Ditta, Lahore
Yamaha 100CC SLP-4620	58	56	2	8	6	Negotiation	----- do -----
Honda CD-70 LRP-6837	59	58	1	7	6	Negotiation	----- do -----
	361	261	100	177	77		
Furniture and Fixture	105	89	15	22	7	Negotiation	Athar Kareem, Lahore
Electrical Appliances	191	173	19	31	12	Negotiation	M. Anwar / Athar Kareem, Lahore
Telephone Installations	26	18	8	5	(3)	Negotiation	Athar Kareem, Lahore
Air-conditioning equipments	172	108	64	46	(18)	Negotiation	----- do -----
Office Equipments	174	148	27	14	(13)	Negotiation	----- do -----
Computer Equipments	767	761	6	13	7	Negotiation	----- do -----
2022	1,796	1,558	239	308	69		
2021	1,422	1,346	76	75	(1)		

6. Investment property

	Note	2022 Rupees in thousand	2021 Rupees in thousand
Opening balance		17,282	17,282
Unrealised fair value gain upon revaluation:			
Opening balance		18,034	13,378
Gain arisen upon revaluation carried-out during the year	28	6,466	4,656
Closing balance		24,500	18,034
Closing book value		41,782	35,316

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, 2022, forced sale value of the Company's investment properties have been assessed at Rs.33.425 million (2021: Rs. 28.253 million).

7. Investments in Associates- Quoted

	Note	2022 Rupees in thousand	2021 Rupees in thousand
Bannu Woollen Mills Ltd. (BWM)			
Carrying value at beginning of the year		2,666	2,603
8,940 (2021: 8,940) ordinary shares of Rs.10 each		(645)	70
Share of (loss) / profit after taxation		(12)	(13)
Other changes in comprehensive loss		32	6
Share of items directly recognised in equity			
Share of surplus on revaluation of property, plant and equipment of BWM		944	-
		2,985	2,666
Less: Impairment		(711)	-
		2,274	2,666
Ghandhara Industries Ltd. (GIL)			
Carrying value at beginning of the year		368,473	282,117
2,368,296 (2021: 2,368,296) ordinary shares of Rs. 10 each		(6,888)	86,574
Share of (loss) / profit after taxation		(809)	(218)
Other changes in comprehensive loss			
		360,776	368,473
		363,050	371,139



7.1 Market values of the Company's investments in BWM and GIL as at December 31, 2022 were Rs. 199 thousand (2021: Rs.357 thousand) and Rs. 257.363 million (2021: Rs.418.596 million) respectively.

7.2 In order to perform impairment testing of its investments in BWM and GIL under IAS 36, the management based on the share valuation report of M/s. M.Irfan & Co. Chartered Accountants has concluded that the carrying value of GIL does not exceed its recoverable amount. However, in the case of BWM impairment has been recognized. 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,	(Loss)/profit after taxation for the period ended December 31,	% Interest held
----- Rupees in thousand -----						
Bannu Woollen Mills Ltd.						
2022	Pakistan	3,858,252	618,271	978,516	(686,328)	0.09
2021		3,563,832	662,316	913,724	74,557	0.09
Gandhara Industries Ltd.						
2022	Pakistan	17,796,440	11,300,696	20,631,641	(123,933)	5.56
2021		18,049,395	11,415,158	21,140,153	1,557,583	5.56

8. Investments in equity securities

	Note	2022 Rupees in thousand	2021 Rupees in thousand
Available-for-sale investments	8.1	508	541
Investments at fair value through profit or loss	8.2	59,426	110,504
		59,934	111,045

8.1 Available-for-sale investments

	No. of shares / units as at December 31, 2022	December 31, 2022			No. of shares / units as at December 31, 2021	December 31, 2021		
		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)	-	49,000	490	(490)	-
Pakistan National Shipping Corporation	888	24	66	90	888	24	24	48
Mutual fund								
JS Growth Fund	2,968	135	283	418	2,968	135	358	493
		649	(141)	508		649	(108)	541

8.2 Investments at fair value through profit or loss

Note	No. of units	December 31, 2022			No. of units	December 31, 2021		
		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)								
	13,984	520	(337)	183	13,969	520	(270)	250
NBP Islamic Mahana Amdani Fund								
	5,509,806	55,314	3,929	59,243	10,558,901	106,011	4,243	110,254
		55,834	3,592	59,426		106,531	3,973	110,504



9. Investments in debt securities (Held to maturity)

	No. of certificates		Face value	Value of certificates	
	December 31, 2022	December 31, 2021		December 31, 2022	December 31, 2021
Pakistan Investment Bonds - PIBs (including accrued interest)	6	7	59,500	55,363	55,169
	Maturity date	Coupon rate %	2022 Rupees in thousand	2021 Rupees in thousand	
Pakistan Investment Bond	July 19, 2022	12.00	-	5,294	
-do-	July 19, 2022	12.00	-	10,580	
-do-	Sep. 19, 2022	9.00	-	8,026	
-do-	Sep. 19, 2022	9.00	-	5,714	
-do-	Sep. 19, 2022	9.00	-	5,194	
-do-	July 12, 2023	8.00	10,153	9,726	
-do-	Oct 15, 2025	7.50	10,778	10,635	
-do-	Apr 29, 2027	7.50	8,366	-	
-do-	Aug 05, 2024	7.00	7,110	-	
-do-	Aug 04, 2025	10.00	9,693	-	
-do-	Apr 29, 2027	7.50	9,263	-	
			55,363	55,169	

9.1 Market value of these PIBs as at December 31, 2022 was Rs. 51.166 Million (2021: Rs. 51.534 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	2022 Rupees in thousand	2021 Rupees in thousand
Advance to employees against expenses		333	100
Security deposits		1,277	1,217
Sales tax - refundable		936	473
Forced tax recovery - refundable	22.1	138	138
Tax paid under protest - refundable	22.2	5,500	5,500
Forced federal excise duty recovery - refundable	22.4	23,831	23,831
Loan to employees - unsecured, considered good	10.1	944	1,380
Others		486	486
		33,445	33,125

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

	Note	2022 Rupees in thousand	2021 Rupees in thousand
Due from insurance contract holders		35,005	52,507
Less: provision for impairment of receivables from insurance contract holders	11.2	(35,005)	(52,507)
		-	-
Due from other insurers	11.4	103,284	116,867
Due from reinsurers	11.4	100,852	21,492
Less: provision for impairment of due from other insurers / reinsurers	11.3	(120,897)	(48,529)
		83,239	89,830
		83,239	89,830

11.1 No balance was due from associated companies as at December 31, 2022 and December 31, 2021.



11.2 Provision for doubtful receivables from insurance contract holders

	2022	2021
	Rupees in thousand	
Balance as at January 01,	52,507	70,009
Provision written-off during the year	(17,502)	(17,502)
Balance as at December 31,	35,005	52,507

11.3 Provision for doubtful receivables from other insurers / reinsurers

Balance as at January 01,	48,529	39,540
Provision made during the year - net	72,368	8,989
Balance as at December 31 ,	120,897	48,529

11.4 The Company considers that balances due from other insurers/reinsurers are fairly stated and the Company has charged provision for impairment to the tune of Rs. 120.897 million so far.

12. Deferred taxation - net

Deferred taxation - net	Note	2022 Rupees in thousand	2021 Rupees in thousand
This is composed of the following:			
Taxable temporary differences arising in respect of:			
- accelerated tax depreciation allowances		1,783	1,699
- surplus on revaluation of buildings		11,615	11,977
- surplus on revaluation of investment property		7,105	5,230
		20,503	18,906
Deductible temporary differences arising in respect of:			
- unused tax losses		68,707	44,357
- provision for doubtful insurance / reinsurance receivables and others		45,602	29,690
- employee's retirement benefits		1,295	858
		115,604	74,905
Net deferred tax asset recognised		95,101	55,999

13. Taxation - payments less provisions

Advance income tax	11,455	11,042
Provision for taxation	(2,491)	(2,573)
	8,964	8,469

14. Prepayments

Prepaid reinsurance premium ceded	11,370	18,278
Others	1,080	950
	12,450	19,228

15. Cash and bank balances

Cash and cash equivalents

Cash-in-hand	-	35
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Cash with banks

- current accounts	4,643	2,877
- savings accounts	5,428	10,486
	10,071	13,363

Deposits maturing within 12 months

Term deposit receipts	855	855
Provision for impairment	(855)	(855)
	-	-
	10,071	13,398



15.1 Rates of profit on these accounts, during the year, ranges from 8.25% to 14.50% (2021: 5.50% to 7.25%) 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.

Share capital		2022	2021
		Rupees in thousand	
16.1	Authorised share capital		
	2022	2021	
	Number of shares		
	75,000,000	75,000,000	Ordinary shares of Rs.10 each
		750,000	750,000
16.2	Issued, subscribed and paid-up share capital		
	34,720,000	34,720,000	Ordinary shares of Rs.10 each fully paid in cash
		347,200	347,200
	15,280,000	15,280,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares
		152,800	152,800
	50,000,000	50,000,000	
		500,000	500,000

17. Share premium reserve

The Company, during the financial year ended December 31, 2015, 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 premium price Rs.2.9927 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, 2022, 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:

	2022	2021
	Rupees in thousand	
Balance as at January 01,	156,851	188,165
Less: impairment arisen during the year		
- freehold land	-	(30,000)
Less: transferred to accumulated loss / unappropriated profit on account of incremental depreciation for the year	(1,248)	(1,314)
	155,603	156,851
Less: deferred tax on:		
- opening balance of surplus	11,982	12,363
- incremental depreciation for the year	(362)	(381)
	11,620	11,982
	143,983	144,869
Share of surplus on revaluation of fixed assets of Associates accounted for under equity method - net of deferred taxation	208,962	208,672
Balance as at December 31,	352,945	353,541

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	2022 Rupees in thousand	2021
Due to other insurers		82,798	4,739
Due to reinsurers		-	38,818
		82,798	43,557
20.1 The reconciliation process of these balances with the respective insurance companies is carried out on ongoing basis. However, as advised by the SECP, this process will be formalised as per the guidelines suggested by Insurance Association of Pakistan (IAP) for the insurance industry.			
21. Other creditors and accruals			
Commission payable		2,750	2,470
Federal insurance fee		6	6
Accrued expenses		2,346	2,449
Income tax and sales tax deducted at source		106	20
Provident fund payable	21.1	-	465
Sundry creditors		218	51
Leave encashment payable		4,467	4,014
Advance against rent		316	316
Others		39	23
		10,248	9,814
21.1 Employees' Provident Fund established with effect from January 01, 2019; accordingly, payable classified and grouped under other creditors and accruals.			
22. Contingencies and commitments			
22.1 The Assistant Commissioner Inland Revenue ("the ACIR") vide his impugned order dated June 27, 2014 ("order-in-original") for the Tax Year 2008 created income tax demand of Rs.50.990 million u/s 121(1)(d) (Best judgment assessment) of the Income Tax Ordinance, 2001 ("the Ordinance"). The Company, against aforesaid impugned order-in-original, filed complaint before Hon'ble Federal Tax Ombudsman ("the FTO") wherein the FTO in its order dated January 21, 2015 recommended the Federal Board of Revenue ("the Department") to direct the Commissioner concerned to revisit the order-in-original under his revisionary jurisdiction. The Commissioner Inland Revenue ("the CIR") in compliance to the recommendations of the FTO vacated & remanded back the order-in-original through his order dated February 16, 2016 u/s 122A of the Ordinance wherein it was stated that the taxpayer/Company was not provided proper opportunity of being heard and show cause notice was issued on 21.06.2014 for compliance by 27.06.2014 and the ex-parte order passed on the same date i.e. 27.06.2014 without bringing on record material facts of the case. Thereafter, upon acceptance of the representation, filed by the Department before the Hon'ble President of Islamic Republic of Pakistan ("the President") on May 30, 2016, the concerned CIR vide his order dated June 18, 2016 declared his earlier order dated February 16, 2016 as infructuous and void ab-initio thereby restoring the order-in-original. Thereafter, the Department made a forced recovery from the Company for Rs.138,126 on June 30, 2016 by attaching the Company's bank account. The aforesaid amount has been classified as "Forced tax recovery" and grouped under loans and other receivables at Note 10. The Company chose to challenge the restored order-in-original by filing 1st appeal before the Commissioner Inland Revenue, Appeals-II ("the CIR (A)") who accepted the Company's appeal vide his order dated October 10, 2016 and annulled the order-in-original on legal grounds. The Department took the Company before Hon'ble Appellate Tribunal Inland Revenue ("the ATIR") by filing 2nd Appeal which was dismissed on July 27, 2021 on the ground that order-in-original (based on best judgment assessment) has been passed without declaring the income tax return for the Tax Year 2008 as invalid hence, the order of CIR (A) is upheld. Accordingly, during the year, the Department has incorporated 2nd appeal effect, u/s 124 of the Income Tax Ordinance, 2001, by issuing amended assessment order and declaring the company's liability as nil. Now' the Company's application for refund for Rs. 138,126 is pending for payment by the department.			



- 22.2** The ACIR vide his impugned order dated June 29, 2015 ("order-in-original") for the Tax Year 2009 created withholding income tax demand for Rs.17.032million (including default surcharged for Rs. 8.447million) under section 161/205 of the Ordinance. The Company opted to challenge the said order-in-original through 1st appeal filed before the CIR (A) which was accepted on April 28, 2016 in favour of the Company. Meanwhile, during the pendency of 1st appeal, the Department adopted coercive measures for recovery of impugned income tax demand created through order-in-original and thus the Company was forced to pay income tax-under protest for Rs. 5.5million on October 27, 2015 which has been grouped under loans and other receivables (Note 10). The Department challenged the order of CIR (A) and filed 2nd appeal before the ATIR who dismissed the appeal of the Department being filed without any merit or substance, vide order dated August 23, 2021. The Company has not received any intimation from the department regarding filing of any reference before the High Court since date of order i.e. 23.08.2021 passed by ATIR. Accordingly, during the year, the Department has incorporated 2nd appeal effect, u/s 124 of the Income Tax Ordinance, 2001, by issuing amended assessment order and declaring the company's liability as nil. Now' the Company's application for refund for Rs. 5.5 million is pending for payment by the department.
- 22.3** The Company filed a civil suit against M/s Premier Alliance Industries (Pvt.) Ltd, Gadoon for recovery of Rs.7.285million in lieu of issuance of insurance guarantee which has been decreed in favour of the Company (the decree-holder) . 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 June 28, 2016 under the Federal Excise Act, 2005 relating to tax years 2013, 2014 and 2015 by 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 already paid sales tax in FED mode to the respective provincial jurisdictions as after the 18th constitutional amendment on 19.10.2010 in The Constitution of The Islamic Republic of Pakistan, 1973, it has become a provincial matter. The Company, during the financial year ended December 31, 2016, filed appeals before the CIR (Appeals) who rejected these appeals on 30.11.2016. Resultantly, the Sales Tax Department (Department) of the Federal Board of Revenue (FBR) on December 30, 2016, had made forced recoveries aggregating Rs.23.831 million by attaching the Company's bank accounts. The Company has classified the said forced recovery by FBR as "Forced federal excise duty recovery-refundable" and has grouped it under loans and other receivables at Note 10). The Company filed 2nd appeals before the ATIR who accepted the appeals of the Company on August 29, 2017 by vacating the orders of the authorities below being illegal, void ab-initio and not sustainable in the eyes of law. Resultantly, the Company applied for the refund of FED for Rs.23.831 million from the Department and being again aggrieved knocked the doors of the Hon'ble Federal Tax Ombudsman but could not succeed in getting any relief. Meanwhile, the Department filed references on May 23, 2018 before the Hon'ble Lahore High Court, Lahore against the order of ATIR dated August 29, 2017 which were required to be filed by or before November 28, 2017. The Hon'ble Lahore High Court, Lahore, during September, 2020, dismissed the references filed by the Department by observing that in view of clear exemption in FED Act, 2005 duties on the services provided in a province/jurisdiction shall not be levied where provincial sales tax has already been levied. The Department challenged the aforesaid impugned order of Lahore High Court before the Hon'ble Supreme Court of Pakistan, Islamabad ("the SCP). The SCP vide its order dated June 14, 2021 has set aside the impugned order of Lahore High Court and accordingly remanded back the matter to the Hon'ble Lahore High Court, Lahore for determination afresh wherein the matter 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 of 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 learned 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 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 learned trial court dated 09.01.2017, being nullity, and is 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** Rice export cargo claim filed by Rana Basit Rice Mills (Pvt) Ltd, Okara ("the policyholder") before Insurance Tribunal, Okara was dismissed on 16.01.2021 under proviso to section 115 of the Insurance Ordinance, 2000. The policyholder filed re-agitated his suit for EURO 282,397 before Additional District Judge, Lahore who erroneously transferred the suit to newly and fully constituted Insurance Tribunal, Lahore. The newly constituted (during current year) Insurance Tribunal Lahore has wrongfully assumed the jurisdiction in the case of Rana Basit Rice Mills (Pvt) Ltd which has been appealed before the Hon'ble Lahore High Court, Lahore. The appeal of the Company has been accepted and the Hon'ble High Court has directed the Learned Insurance Tribunal to decide issue of jurisdiction first before proceeding further in this case. The matter is pending adjudication before Insurance Tribunal and the Company expects the favorable outcome of the same.



- 22.7** 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 filed appeals before the Lahore High Court (LHC), against the aforesaid judgments of the learned Tribunal, especially on the point of grant of liquidation damages from date of loss, who vide its orders dated November 13, 2019, 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 which has been duly deposited. The case is pending adjudication before the Hon'ble Lahore High Court, Lahore. The Company expects favorable outcome of the case.
- 22.8** Case filed by policyholder Shad & Company ("the claimant") before Hon'ble Insurance Tribunal, Lahore was decreed in favour of the claimant/decreed-holder on 30.08.2018 by the Insurance Tribunal, Lahore for Rs. 4.0 million along with liquidated damages u/s 118 of the Insurance Ordinance, 2000. The Company assailed the order of Tribunal before the Lahore High Court, Lahore (LHC) through appeal which was dismissed on 17.09.2020. The Company then challenged the order of LHC before Hon'ble Supreme Court of Pakistan, Islamabad (SCP) who also dismissed Company's appeal on 30.11.2020. Finally, the Company has filed a Civil Review Petition before the Hon'ble SCP, Islamabad which has also met with the same fate. Meanwhile, on 04.01.2021, the claimant/decreed-holder filed execution petition before Insurance Tribunal, Lahore for an alleged claim amount of Rs. 29.547 million i.e. the principal decretal amount of Rs. 4.0 million plus alleged liquidated damages to the tune of Rs. 25.547 million. During the year 2021, the Company (the judgment-debtor) has filed objection petition along with payment of liquidated damages amounting to Rs. 764,688 which are calculated from the date of decree i.e. 30.08.2018 while the claimant was demanding the liquidated damages from date of loss i.e. 18.10.2010. The said controversy has been settled by the Hon'ble Insurance Tribunal, Lahore vide its order dated 31.01.2022 wherein it was held that contention of the Company has been found correct. The claimant opted to challenge the aforesaid order before High Court, where the appeal of Shad & Company is pending for adjudication.
- 22.9** Recovery suit filed by M/s. Toyota Capital Motors ("the Plaintiff") for Rs. 1.197 million before Civil Judge, Islamabad is pending adjudication. The Company has compromised (out of court) with the plaintiff and the suit shall be withdrawn by the plaintiff on receipt of claim.
- 22.10** The impugned order- in original u/s 161/205 on the Income Tax Ordinance 2001, for the tax year 2015 was issued by creating tax demand for Rs. 2.691 million including default surcharge for Rs. 1.059 million. Consequently, the Company opted to file appeal before CIR(A) which was accepted. The tax department challenge the appeal order before ATIR Lahore by filing second appeal which is pending adjudication.
- 22.11** Case filed by Karim Gul, Peshawar ("the Petitioner") in respect of his salvage/total loss car claim, purchased from the Company in the year 2004, 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 said impugned order which was accepted on November 17, 2012. Thereafter, the respondent / plaintiff filed an appeal before the Hon'ble Peshawar High Court, Peshawar who vide its order dated 25.03.2019 restored the decretal order passed on 30.04.2011. Thereafter the Company filed civil appeal which has been dismissed by the Hon'ble Supreme Court of Pakistan, Islamabad during the year 2021. Finally, the Company has filed civil review petition before the Hon'ble SCP which also met the same fate. Meanwhile, the decree holder/Karim Gul has filed execution petition before Civil Judge, Lahore. During the year 2022, the case has been compromised, out of court for Rs. 15 lacs and decree-holder withdrawn his execution petition.
- 22.12** During the year, the Assistant Commissioner - Sindh Board of Revenue (SRB) issued impugned order under section 23, 43(3), 43(12), and 44 of the Sindh Sales Tax on Services Act, 2011 and created a demand of Rs. 12,206,912 by allegedly charging sales tax on reinsurance premium ceded and commission on reinsurance premium ceded for the tax period from Jan - 2014 to Dec - 2015. The Company filed appeal against the impugned order with the Commissioner (Appeals) - SRB which is pending adjudication. Sindh Revenue Board Karachi has arbitrarily/ illegally created sales tax demand on reinsurance ceded and commission on reinsurance ceded against entire insurance industry of Pakistan. The Insurance Association of Pakistan (IAP) has already challenged the varies of this illegal demand by the SRB before Sindh High Court which is pending adjudication. No provision has been made in these financial statements in view of favorable outcome expected by the insurance industry.



22.13 During the year, the Company filed civil suits for recovery against M/s. EFU Insurance Limited and M/s. PICIC Insurance Limited on account of insurance receivables (note 11) / suit amount for Rs. 56.568 and Rs. 9.948 respectively (including mark-up, costs, etc). In the opinion of our legal counsel, the outcome of the case will be favorable.

22.14 No commitments were outstanding as at December 31, 2022 and December 31, 2021.

23. Net insurance premium	2022	2021
	Rupees in thousand	
Written gross premium	107,457	115,433
Add: unearned premium reserve opening	48,384	62,720
Less: unearned premium reserve closing	34,477	48,384
Premium earned	121,364	129,769
Less: reinsurance premium ceded	36,298	51,202
Add: prepaid reinsurance premium opening	18,278	21,640
Less: prepaid reinsurance premium closing	11,370	18,278
Reinsurance expense	43,206	54,564
	78,158	75,205
24. Net insurance claims expense		
Claims paid	154,567	62,991
Add: outstanding claims including IBNR closing	84,091	46,833
Less: outstanding claims including IBNR opening	46,833	35,472
Claims expense	191,825	74,352
Less: reinsurance and other recoveries received	142,780	22,434
Add: reinsurance and other recoveries in respect of outstanding claims closing	21,717	37,433
Less: reinsurance and other recoveries in respect of outstanding claims opening	37,433	26,175
Reinsurance and other recoveries revenue	127,064	33,692
	64,761	40,660

24.1 Claims development

Accident Year	Prior to 2019	2019	2020	2021	2022 (Including IBNR)	Total
	----- Rupees in thousand -----					
Estimate of ultimate claims cost:						
At the end of accident year	64,811	31,849	56,279	82,910	203,700	439,549
One year later	41,365	6,572	10,407	25,304	-	83,648
Two years later	28,803	1,223	-	-	-	30,026
Three years later	23,842	-	-	-	-	23,842
Four or more years later	21,529	-	-	-	-	21,529
Current estimate of cumulative claims	21,529	-	-	25,304	203,700	250,533
Cumulative payments / adjustments to date	-	-	-	(21,130)	(145,312)	(166,442)
Liability recognised in the statement of financial position	21,529	-	-	4,174	58,388	84,091

24.2 IBNR reserve, for the year ending on 31st December, 2022 for Rs. 5.233 million (2021: Rs. 6.904 million) as determined by the Actuary M/s. SIR Consultants.



25. Net commission expense	Note	2022	2021
		Rupees in thousand	
Commission paid or payable		16,082	17,613
Add: deferred commission expense opening		7,254	9,967
Less: deferred commission expense closing		5,154	7,254
Net commission		18,182	20,326
Less: commission received or recoverable		8,311	10,151
Add: unearned reinsurance commission opening		3,337	3,791
Less: unearned reinsurance commission closing		2,380	3,337
Commission from reinsurers		9,268	10,605
		8,914	9,721
26. Management expenses			
Employees' benefit cost	26.1	61,185	51,508
Travelling		547	669
Advertisements and business promotion		140	42
Printing and stationery		424	351
Depreciation	5	3,034	3,335
Rent, rates and taxes		693	739
Legal and professional charges - business related		2,839	7,567
Electricity, gas and water		4,376	3,609
Entertainment		855	749
Vehicles' running		8,904	5,425
Office repairs and maintenance		343	403
Bank charges		90	76
Postage, telegrams and telephone		1,311	1,121
Annual supervision fee SECP		100	100
Provision for doubtful insurance / reinsurance receivables	11.3	72,368	8,989
Miscellaneous		647	624
		157,856	85,307
26.1 Employees' benefit cost			
Salaries, allowances and other benefits		58,716	49,418
Charges for post employment benefit - provident fund		2,469	2,090
		61,185	51,508
26.2 The above management expenses allocated to the underwriting business segment represent directly attributable expenses & indirect expenses, allocated to Fire, Marine, Motor and Others classes of business on the basis of written gross premium revenue.			



	Note	2022 Rupees in thousand	2021
27. Investment income - net			
Income from equity securities			
- Dividend income		6,490	6,340
- Realised gain on investments at fair value through profit or loss		2,762	1,021
Income from debt securities			
- Return on fixed income securities and deposits (held to maturity)		5,825	5,415
Net unrealised (loss) / income on investments at fair value through profit or loss		(380)	1,105
		14,697	13,881
28. Other income			
Income from financial assets			
Profit on savings accounts		1,083	301
Payable balances written-back		-	3,755
		1,083	4,056
Income from non-financial assets			
Fronting fee		-	199
Gain on disposal of fixed assets	5.4	69	-
Fair value gain on investment property	6	6,466	4,656
Sale of scrap		-	114
Misc. Income		284	541
		6,819	5,510
		7,902	9,566
29. Other expenses			
Legal & professional fees other than business related		875	1,292
Auditors' remuneration	29.1	1,161	1,094
Loss on disposal of fixed assets	5.4	-	1
Subscription		885	828
Insurance		1,457	1,436
Office expenses		554	317
Repair and maintenance of computer equipment		214	278
Others		457	189
		5,603	5,435
29.1 Auditors' remuneration			
Statutory audit fee		600	500
Half yearly review		150	150
Regulatory returns		125	121
Certification charges		116	116
Out-of-pocket expenses		170	207
		1,161	1,094



	2022	2021
	Rupees in thousand	
30. Taxation		
Current year	(2,491)	(2,573)
Prior years - net	-	(865)
Deferred	38,731	(1,411)
	36,240	(4,849)

- 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, 2022 aggregated Rs. 236.922 million (2021:Rs.152.954 million).

	2022	2021
	Rupees in thousand	
31. (Loss) / earnings per share		
(Loss) / profit after taxation attributable to ordinary shareholders	(111,017)	40,440
	--Number of shares--	
Weighted average number of shares outstanding during the year	50,000,000	50,000,000
	----- Rupee -----	
(Loss) / earnings per share - basic	(2.22)	0.81

- 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, 2022 and December 31, 2021, 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	
	2022	2021	2022	2021	2022	2021
	----- Rupees in thousand -----					
Managerial remuneration	5,653	5,653	8,660	7,531	7,016	3,325
Leave encashment	-	-	1,231	947	1,057	496
Bonus	-	-	-	-	-	-
Provident fund	-	-	866	753	642	333
House rent	1,727	1,727	2,665	2,317	2,889	1,497
Utilities and others	2,801	2,148	713	621	896	333
Medical allowance	642	465	-	-	-	-
	10,823	9,993	14,135	12,169	12,500	5,984
No. of persons	1	1	1	1	5	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	2022	2021
	Nature of transaction	Rupees in thousand	
i)	Associated Companies due to common directorship		
	Janana De Malucho Textile Mills Ltd. Salaries & benefits paid	2,310	2,372
	Expenses paid	240	180
	Salaries & benefits recovered	815	
	Bannu Woolen Mills Ltd Salaries & benefits recovered	815	-
	Ghandhara Nissan Ltd Salaries & benefits recovered	815	-
	Purchase of Vehicle	5,654	
	Ghandhara Industries Ltd Salaries & benefits recovered	815	-
	Rehman Cotton Mills Ltd Salaries & benefits recovered	815	-
ii)	Key management personnel		
	Salary and other employment benefits	1,477	4,439
iii)	Year end balances		
	Contributions to provident fund - payable	-	337
	Loan - receivable	500	1,100

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, 2022

	Fire and property damage	Marine and Transport	Motor	Others	Total
----- Rupees in thousand -----					
Premium receivable (inclusive of federal excise duty, federal insurance and administrative surcharge)	41,759	13,701	50,409	4,256	110,125
Less: Federal excise duty	73	720	1,490	198	2,481
Federal insurance fee	5	55	112	15	187
Gross written premium (inclusive of administrative surcharge)	41,681	12,926	48,807	4,043	107,457
Gross direct premium	457	5,462	10,954	1,471	18,344
Facultative inward premium	41,223	7,387	37,669	2,539	88,818
Administrative surcharge	1	77	184	33	295
	41,681	12,926	48,807	4,043	107,457
Insurance premium earned	45,095	13,164	56,059	7,046	121,364
Insurance premium ceded to reinsurers	30,493	7,801	798	4,114	43,206
Net insurance premium	14,602	5,363	55,261	2,932	78,158
Commission income	6,486	2,083	-	699	9,268
Net underwriting income	21,088	7,446	55,261	3,631	87,426
Insurance claims	168,735	2,596	16,494	4,000	191,825
Insurance claims recovered from reinsurers	122,903	1,674	(392)	2,879	127,064
Net claims	(45,832)	(922)	(16,886)	(1,121)	(64,761)
Commission expense	(8,960)	(2,315)	(5,809)	(1,098)	(18,182)
Management expenses	(61,231)	(18,988)	(71,698)	(5,939)	(157,856)
Premium deficiency expense	(3,717)	-	(8)	(119)	(3,844)
Net insurance claims and expenses	(119,740)	(22,225)	(94,401)	(8,277)	(244,643)
Underwriting result	(98,652)	(14,779)	(39,140)	(4,646)	(157,217)
Net investment income					14,697
Rental income					1,208
Other income					7,902
Other expenses					(5,603)
Share of loss of associates - net					(8,244)
Loss before taxation					(147,257)
Segment assets	78,550	23,803	3,674	15,453	121,480
Unallocated assets					826,709
					948,189
Segment liabilities	113,924	16,362	60,002	17,302	207,590
Unallocated liabilities					10,878
					218,468



December 31, 2021

	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)	43,376	14,185	48,988	11,088	117,637
Less: Federal excise duty	81	666	1,117	187	2,051
Federal insurance fee	5	51	84	13	153
Gross written premium (inclusive of administrative surcharge)	43,290	13,468	47,787	10,888	115,433
Gross direct premium	492	5,045	8,334	1,307	15,178
Facultative inward premium	42,795	8,348	39,381	9,551	100,075
Administrative surcharge	3	75	72	30	180
	43,290	13,468	47,787	10,888	115,433
Insurance premium earned	48,206	14,337	57,831	9,395	129,769
Insurance premium ceded to reinsurers	39,698	8,533	712	5,621	54,564
Net insurance premium	8,508	5,804	57,119	3,774	75,205
Commission income	7,587	2,112	-	906	10,605
Net underwriting income	16,095	7,916	57,119	4,680	85,810
Insurance claims	27,451	4,508	30,571	11,822	74,352
Insurance claims recovered from reinsurers	21,575	2,667	224	9,226	33,692
Net claims	(5,876)	(1,841)	(30,347)	(2,596)	(40,660)
Commission expense	(9,702)	(2,590)	(6,489)	(1,545)	(20,326)
Management expenses	(31,993)	(9,953)	(35,315)	(8,046)	(85,307)
Net insurance claims and expenses	(47,571)	(14,384)	(72,151)	(12,187)	(146,293)
Underwriting results	(31,476)	(6,468)	(15,032)	(7,507)	(60,483)
Net investment loss					13,881
Rental income					1,116
Other income	1				9,566
Other expenses					(5,435)
Share of loss of associates					86,644
Profit before taxation					45,289
Segment assets	79,570	16,971	36,632	19,622	152,795
Unallocated assets					840,053
					992,848
Segment liabilities	75,974	14,281	31,101	20,755	142,111
Unallocated liabilities					10,493
					152,604

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, 2020	55,362	615	134,372	190,349
Additions during the year	10,496	-	15,384	25,880
Disposals (redemptions)	(11,000)	-	(40,357)	(51,357)
Fair value net gain (excluding net realised gains)	172	(74)	1,105	1,203
Designated at fair value through profit or loss upon initial recognition	139	-	-	139
As at December 31, 2021	55,169	541	110,504	166,214
Additions during the year	33,746	-	5,513	39,259
Disposals (redemptions)	(33,500)	-	(56,210)	(89,710)
Fair value net gain (excluding net realised gains)	(738)	(33)	(381)	(1,152)
Designated at fair value through profit or loss upon initial recognition	686	-	-	686
As at December 31, 2022	55,363	508	59,426	115,297



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:

	2022	2021
	Rupees in thousand	
Bank balances	10,071	13,363
Investments in equity securities	59,934	111,045
Investments in debt securities	55,363	55,169
Insurance / reinsurance receivables	83,239	89,830
Reinsurance recoveries against outstanding claims	21,717	37,433
Loans and other receivables	2,707	3,083
	233,031	309,923

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.72.368 million (2021: Rs.8.989 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	2022	2021
				Rupees in thousand	
Bank Al Habib Ltd.	A-1+	AAA	PACRA	9,111	11,943
National Bank of Pakistan	A-1+	AAA	PACRA & JCR-VIS	14	23
Habib Bank Ltd.	A-1+	AAA	JCR-VIS	937	1,379
United Bank Ltd.	A-1+	AAA	-do-	9	18
				10,071	13,363

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	
			2022	2021
----- Rupees in thousand -----				
A or above (including PRCL)	134,031	20,210	154,241	163,467
BBB or below A	15,724	1,507	17,231	12,325
Total	149,755	21,717	171,472	175,792

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 -----			
2022			
Financial liabilities			
Outstanding claims (including IBNR)	84,091	84,091	84,091
Insurance / reinsurance payables	82,798	82,798	82,798
Other creditors and accruals	5,353	5,353	5,353
Unclaimed dividends	555	555	555
Total	172,797	172,797	172,797
2021			
Outstanding claims (including IBNR)	46,833	46,833	46,833
Insurance / reinsurance payables	43,557	43,557	43,557
Other creditors and accruals	4,993	4,993	4,993
Unclaimed dividends	555	555	555
Total	95,938	95,938	95,938



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:

2022	2021	2022	2021
Effective interest rate		Rupees in thousand	
Percentage			

Fixed rate financial instruments

Financial assets

Investments - Pakistan Investment Bonds **9.10 to 13.70** 7.50 to 12.00 **55,363** 55,169

Floating rate financial instruments

Financial assets

Bank deposits **8.25 to 14.50** 5.50 to 7.25 **10,071** 13,363

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.101 thousand (2021: Rs.134 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, 2022 by Rs.5.993 million (2021: Rs.11.105 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.

2022	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 -----				
Financial assets as per statement of financial position					
Bank balances	-	-	-	10,071	10,071
Investments in equity securities	-	508	59,426	-	59,934
Investments in debt securities	55,363	-	-	-	55,363
Insurance / reinsurance receivables	-	-	-	83,239	83,239
Reinsurance and other recoveries against outstanding claims	-	-	-	21,717	21,717
Loans and other receivables	-	-	-	2,707	2,707
	55,363	508	59,426	117,734	233,031

2021	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	-	-	-	13,363	13,363
Investments in equity securities	-	541	110,504	-	111,045
Investments in debt securities	55,169	-	-	-	55,169
Insurance / reinsurance receivables	-	-	-	89,830	89,830
Reinsurance and other recoveries against outstanding claims	-	-	-	37,433	37,433
Loans and other receivables	-	-	-	3,083	3,083
	55,169	541	110,504	143,709	309,923

Financial liabilities as per statement of financial position	2022	2021
	Rupees in thousand	
Outstanding claims including IBNR	84,091	46,833
Insurance/ reinsurance payables	82,798	43,557
Other creditors and accruals	5,353	4,993
Unclaimed dividends	555	555
	172,797	95,938



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 prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

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

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

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

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

a) Concentration of insurance risk

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

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

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



b) Reinsurance risk

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

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

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

	Gross sum insured		Reinsurance		Net	
	2022	2021	2022	2021	2022	2021
	----- Rupees in thousand -----					
Fire	43,108,439	40,236,872	26,520,312	33,364,414	16,588,127	6,872,458
Marine	22,190,480	20,778,829	13,145,640	12,398,727	9,044,840	8,380,102
Motor	14,183,333	5,237,158	211,332	67,036	13,972,001	5,170,122
Others	708,851	2,414,440	398,516	1,476,189	310,335	938,251
	80,191,103	68,667,299	40,275,800	47,306,366	39,915,303	21,360,933

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 SECP 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	
2022	2021		2022	2021
----- Rupees in thousand -----				
Fire	4,583	588	3,254	417
Marine	92	184	65	131
Motor	1,689	3,035	1,199	2,155
Others	112	260	80	185
	6,476	4,067	4,598	2,888

38. Maturity analysis of financial assets and liabilities

2022							
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	-	-	-	59,934	-	59,934	59,934
Investments in debt securities	10,153	45,210	55,363	-	-	-	55,363
Loans and other receivables	-	-	-	2,707	-	2,707	2,707
Insurance/ reinsurance receivables	-	-	-	83,239	-	83,239	83,239
Reinsurance and other recoveries against outstanding claims	-	-	-	21,717	-	21,717	21,717
Bank balances	5,428	-	5,428	4,643	-	4,643	10,071
	15,581	45,210	60,791	172,240	-	172,240	233,031
Off statement of financial position	-	-	-	-	-	-	-
Total	15,581	45,210	60,791	172,240	-	172,240	233,031
Financial liabilities on statement of financial position							
Outstanding claims (including IBNR)	-	-	-	84,091	-	84,091	84,091
Insurance/ reinsurance payables	-	-	-	82,798	-	82,798	82,798
Other creditors and accruals	-	-	-	5,353	-	5,353	5,353
Unclaimed dividends	-	-	-	555	-	555	555
	-	-	-	172,797	-	172,797	172,797
Off statement of financial position	-	-	-	-	-	-	-
Total	-	-	-	172,797	-	172,797	172,797
On statement of financial position gap	15,581	45,210	60,791	(557)	-	(557)	60,234
Off statement of financial position gap	-	-	-	-	-	-	-



2021						
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	-	-	-	111,045	-	111,045	111,045
Investments in debt securities	34,808	20,361	55,169	-	-	-	55,169
Loans and other receivables	-	-	-	3,083	-	3,083	3,083
Insurance/ reinsurance receivables	-	-	-	89,830	-	89,830	89,830
Reinsurance and other recoveries against outstanding claims	-	-	-	37,433	-	37,433	37,433
Bank balances	10,486	-	10,486	2,877	-	2,877	13,363
	45,294	20,361	65,655	244,268	-	244,268	309,923
Off statement of financial position	-	-	-	-	-	-	-
Total	45,294	20,361	65,655	244,268	-	244,268	309,923

Financial liabilities on statement of financial position

Outstanding claims (including IBNR)	-	-	-	46,833	-	46,833	46,833
Insurance/ reinsurance payables	-	-	-	43,557	-	43,557	43,557
Other creditors and accruals	-	-	-	4,993	-	4,993	4,993
Unclaimed dividends	-	-	-	555	-	555	555
	-	-	-	95,938	-	95,938	95,938
Off statement of financial position	-	-	-	-	-	-	-
Total	-	-	-	95,938	-	95,938	95,938
On statement of financial position gap	45,294	20,361	65,655	148,330	-	148,330	213,985
Off statement of financial position gap	-	-	-	-	-	-	-

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, 2022											
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	90	-	-	-	-	90	90	-	-	90
Mutual funds - JS Growth fund	8.1	418	-	-	-	-	418	-	-	-	-
Mutual funds	8.2	59,426	-	-	-	-	59,426	-	-	-	-

Financial assets - not measured at fair value*

Debt securities	9	-	55,363	-	-	-	55,363	-	-	-	-
Loans and other receivables	10	-	-	33,445	-	-	33,445	-	-	-	-
Insurance / reinsurance receivables	11	-	-	83,239	-	-	83,239	-	-	-	-
Reinsurance recoveries against outstanding claims	24	-	-	21,717	-	-	21,717	-	-	-	-
Prepayments	14	-	-	12,450	-	-	12,450	-	-	-	-
Cash and bank	15	-	-	-	10,071	-	10,071	-	-	-	-
		59,934	55,363	150,851	10,071	-	276,219	90	-	-	90

Financial liabilities - not measured at fair value*

Underwriting provisions:

Outstanding claims (including IBNR)	24	-	-	-	-	84,091	-	-	-	-	-
Long term deposits	19	-	-	-	-	75	-	-	-	-	-
Insurance / reinsurance payables	20	-	-	-	-	82,798	-	-	-	-	-
Unclaimed dividend		-	-	-	-	555	-	-	-	-	-
Other creditors and accruals	21	-	-	-	-	10,248	-	-	-	-	-
		-	-	-	-	177,767	-	-	-	-	-



* 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.

31 December, 2021										
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	48	-	-	-	-	48	48	-	-
Mutual funds - JS Growth fund	8.1	493	-	-	-	-	493	-	-	-
Mutual funds	8.2	110,504	-	-	-	-	110,504	-	-	-

Financial assets - not measured at fair value*

Debt securities	9	-	55,169	-	-	-	55,169	-	-	-
Loans and other receivables	10	-	-	33,125	-	-	33,125	-	-	-
Insurance / reinsurance receivables	11	-	-	89,830	-	-	89,830	-	-	-
Reinsurance recoveries against outstanding claims	24	-	-	37,433	-	-	37,433	-	-	-
Prepayments	14	-	-	19,228	-	-	19,228	-	-	-
Cash and bank	15	-	-	-	13,398	-	13,398	-	-	-
		111,045	55,169	179,616	13,398	-	359,228	48	-	48

Financial liabilities - not measured at fair value*

Underwriting provisions:

Outstanding claims (including IBNR)	24	-	-	-	-	46,833	-	-	-	-
Long term deposits	19	-	-	-	-	124	-	-	-	-
Insurance / reinsurance payables	20	-	-	-	-	43,557	-	-	-	-
Unclaimed dividend		-	-	-	-	555	-	-	-	-
Other creditors and accruals	21	-	-	-	-	9,814	-	-	-	-
		-	-	-	-	100,883	-	-	-	-

* '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

2022 2021

Rupees in thousand

Investments in associates

257,562 418,953

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, 2022		('Rupees in thousand)
Property and equipment		157,919
Investment property		41,782
Investments in associates		363,050
Investments		
- equity securities		59,934
- debt securities		55,363
Loans and other receivables		33,445
Insurance / reinsurance receivables		83,239
Reinsurance recoveries against outstanding claims		21,717
Deferred commission expense		5,154
Deferred taxation		95,101
Taxation - payments less provisions		8,964
Prepayments		12,450
Cash and bank balances		10,071
Total Assets	(A)	948,189
In-admissible assets as per the following applicable clauses of section 32(2) of the Insurance Ordinance, 2000(the Ordinance)		
Prepayments, loans and advances - (d)		2,024
Investments in associates - (g)		363,383
Deferred taxation - (j)		95,101
Land and Building (n) & (o)		1,755
Vehicles - (u)(i)		9,358
Office equipments and computers - (u)(ii)		1,632
Furniture and fixtures - (u)(iii)		563
Total in-admissible assets	(B)	473,816
Total admissible assets	(C = A - B)	474,373
Liabilities as disclosed in the statement of financial position as at December 31, 2022		
Underwriting provisions		
Outstanding claims including IBNR		84,091
Unearned premium reserves		34,477
Premium deficiency reserves		3,844
Unearned reinsurance commission		2,380
Long term deposits		75
Insurance / reinsurance payables		82,798
Unclaimed dividends		555
Other creditors and accruals		10,248
Total Liabilities	(D)	218,468
Total net admissible assets	(E = C - D)	255,905
Minimum solvency requirement (higher of the following)		
Method A - under section 36(3)(a) of the Ordinance	150,000	
Method B - under section 36(3)(b) of the Ordinance	15,632	
Method C - under section 36(3)(c) of the Ordinance	17,096	150,000
Excess of net admissible assets over minimum requirements		105,905



42. Number of employees

	2022	2021
Number of employees as at December 31,	<u>36</u>	<u>34</u>
Average number of employees during the year	<u>36</u>	<u>33</u>

43. Provident Fund relating disclosures

The Company, during the year 2019, 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, 2022:

	2022	2021
	Rupees in thousand	
Size of the fund	<u>17,631</u>	<u>12,703</u>
Cost of investments made	<u>13,550</u>	<u>8,300</u>
Fair value of investments	<u>15,410</u>	<u>8,788</u>
	% of investment	% of investment
Percentage of investments made	<u>87</u>	<u>69</u>
The break-up of cost of Investments is as follows:		
Mutual funds	85 11,550	8,300 100
Bank deposit - TDR	15 2,000	- -
	<u>100 13,550</u>	<u>8,300 100</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. Subsequent events



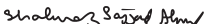



There are no subsequent events that need to be disclosed for the year ended December 31, 2022.

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 30, 2023 by the board of directors of the Company.

 Lt. Gen (R) Ali Kuli Khan Khattak CHAIRMAN	 Gohar Ayub Khan CHIEF EXECUTIVE	 Mrs. Shahnaz Sajjad Ahmed DIRECTOR	 Khalid Kuli Khan Khattak DIRECTOR	 Amir Raza PRINCIPAL OFFICER	 Ashfaq Ahmed CHIEF FINANCIAL OFFICER
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PATTERN OF SHAREHOLDING AS ON DECEMBER 31ST 2022

Number of ShareHolders	Shareholdings		Total Number of Share Held	Percentage of Total Capital
	From	To		
292	1 -	100	6,192	0.01
155	101 -	500	46,130	0.09
81	501 -	1000	62,403	0.12
233	1001 -	5000	567,791	1.14
48	5001 -	10000	328,923	0.66
32	10001 -	15000	394,008	0.79
11	15001 -	20000	201,326	0.40
5	20001 -	25000	113,175	0.23
6	25001 -	30000	160,855	0.32
4	30001 -	35000	133,918	0.27
3	35001 -	40000	110,431	0.22
5	40001 -	45000	211,602	0.42
3	45001 -	50000	150,000	0.30
2	55001 -	60000	117,000	0.23
1	65001 -	70000	70,000	0.14
1	70001 -	75000	72,000	0.14
3	80001 -	85000	248,576	0.50
3	90001 -	95000	280,650	0.56
3	95001 -	100000	291,522	0.58
2	105001 -	110000	216,086	0.43
1	155001 -	160000	158,136	0.32
1	175001 -	180000	177,028	0.35
1	275001 -	280000	276,226	0.55
1	295001 -	300000	297,861	0.60
1	400001 -	405000	403,500	0.81
2	415001 -	420000	832,737	1.67
1	475001 -	480000	476,933	0.95
1	610001 -	615000	613,203	1.23
1	42980001 -	42985000	42,981,788	85.96
903			50,000,000	100.00

CATEGORIES OF SHAREHOLDERS AS ON DECEMBER 31ST 2022

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	713,402	1.4268
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)	881	5,309,738	10.6195
8	Others	9	966,504	1.9330
TOTAL:		903	50,000,000	100.0000



**DETAILED CATEGORIES OF SHAREHOLDERS
AS ON DECEMBER 31ST, 2022**

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.Ahmed Kuli Khan Khattak	276,226	0.5525
4	Mrs. Shahnaz Sajjad Ahmad	93,075	0.1862
5	Mr. Muhammad Imran Malik	3,003	0.0060
6	Mr. Khalid Kuli Khan Khattak	3,003	0.0060
7	Wing Commander (Retd.) Javaid Ahmad Afzal	0	0.0000
Running Total:		713,402	1.4268
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)			
Running Total:		5,309,738	10.6195
Others			
1	AKD Securities Limited	403,500	0.8070
2	Fikrees (Private) Limited	2,500	0.0050
3	Sarfraz Mahmood (Pvt.) 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.) Limited	476,933	0.9539
8	Millwala Sons (Private) Limited	99	0.0002
9	Adeel & Nadeem Securities (Pvt.) Ltd.	45,000	0.0900
Running Total:		966,504	1.9330
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. Ashfaq Ahmed	Chief Financial Officer	042-37243168	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. Liaqat Ali Shaukat	Company Secretary	042-37322813	042-37230326
Mr. Muhammad Alyas	Compliance Officer & Head of Re-insurance	042-37238616	042-37230326
Mr. Muhammad Imran Mahmood	Head of Underwriting & Claims	042-37355426	042-37230326
Miss. Bushra Hina Mushtaq	Head of Risk Management	042-37311608	042-37230326

BRANCHES / OFFICES

Sr. No.	Branch / Office	Address	Ph No.	Fax No.
1	Principal Office, Karachi	3rd Floor Nelson Chamber I.I Chundrigar Road, Karachi	0334-3360326	0334-3360326
2	Dean Trade Center, Peshawar	Dean Trade Center, 145, 146 3rd Floor, Opposite State Bank of Pakistan Saddar Road, Peshawar Cantt.	091-5250081	091-5272246



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, 2022.





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 63rd Annual General Meeting of the
Company to be held on Thursday 25th May, 2023 at 10:30 a.m and any adjournment
thereof.

Signed this _____ day of _____ 2023.

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 _____ سائن _____ بحیثیت ممبر
دی یونیورسل انشورنس کمپنی لمیٹڈ اور حامل عام حصص تعدادی _____ برطانیہ رجسٹرڈ فوئیو نمبر ای ڈی ی شرکت کنندگان شناخت و اکاؤنٹ نمبر
_____ بذریعہ ہذا اپنی جانب سے مسمیٰ _____ کنندہ
یا ان کی عدم دستیابی کی صورت میں مسمیٰ _____ کنندہ _____ کو مقرر کرنا
ا کرتی ہوں جو کہ یونیورسل انشورنس کمپنی لمیٹڈ کے رجسٹرڈ فوئیو نمبر ای ڈی ی کے اکاؤنٹ نمبر _____ کے مطابق رکن ہے
جو ہماری غیر حاضری کی صورت میں ہمیں ماہماری جانب سے 63 ویں سالانہ اجلاس عام جو کہ بروز جمعرات 25 مئی 2023 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 _____ تاریخ _____ 2023

دستخط: _____


رپونٹنگ
50/- روپے
چسپاں کریں


گواہان:


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

اہم نوٹ:

- 1۔ بر لحاظ سے مکمل شدہ یہ پراکسی فارم کمپنی کے رجسٹرڈ آفس دی یونیورسل انشورنس کمپنی لمیٹڈ 63۔ شاہراہ قائد اعظم لاہور پہنچ جائیں جو میننگ کے
منعقد ہونے کے 48 گھنٹے سے لیت نہ ہو۔
- 2۔ پراکسی لگانے والے کیلئے ضروری ہے کہ وہ کمپنی کا ممبر ہو۔
- 3۔ سی ڈی سی شیر 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.
3731 3878

 Fax: 042-3723 0326

 Email: info@uic.com.pk

 Web: www.uic.com.pk