



 **Atlas Insurance**  
Annual Report 2016

**تکافل**  
**TAKAFUL**  
Window Operation



Another  
**Milestone**  
Achieved

Rating upgraded to  
**'AA'**



Effective from March 10, 2017

Organisation  
development  
through  
*self development*



## Performance highlights



	2016	2015	
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### Gross premium

Rs. million      2,333.6      1,964.5      19% ↑

### Net premium

Rs. million      1,044.2      959.2      9% ↑

### Underwriting profit

Rs. million      484.2      462.7      5% ↑

### Investment income

Rs. million      458.1      357.0      28% ↑

### Profit before tax

Rs. million      916.8      797.8      15% ↑

### Profit after tax

Rs. million      618.2      601.2      3% ↑

	2016	2015	
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### Reserves and retained earnings

Rs. million      1,344.9      1,144.3      18% ↑

### Equity

Rs. million      2,046.5      1,845.9      11% ↑

### Investments - at cost

Rs. million      2,608.6      2,124.5      23% ↑

### Total assets - Market value

Rs. million      6,439.1      4,408.6      46% ↑

### Total assets - at book value

Rs. million      4,277.6      3,797.0      13% ↑

### Earnings per share - basic and diluted

Rs.      8.8      8.6      2% ↑

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## **Vision**

A first class insurance company that provides the highest level of quality service to its policyholders.

## **Mission**

To stay in the forefront of innovation and technological developments, continue to achieve corporate success, provide its policyholders quality products and service to their satisfaction, promote interest of all the stakeholders - employees, shareholders, reinsurers and business associates equitably fulfilling demand of overall social responsibility.



## Corporate Strategy

Our strategy is designed to deliver sustainable and profitable growth in a dynamic and a competitive business environment in accordance with the highest ethical, legal and professional standards

Focus on building long lasting relationships with our customers

Create value for the stakeholders by maintaining and improving our competitive position in the market

Adding value in our skills and services through training and development of our employees

Promoting a culture of transparency and accountability through honesty, integrity and diligence in dealing with people connected with the company business

Focus on career development of employees by coaching and by helping them to achieve their goals and providing working environment of trust and mutual respect

Competence and knowledge management to focus on human excellence using professional methodologies with strategic planning following the concept of "Management By Objective"

Monitoring performances of processes and taking timely action for their standardization and optimization



## Core Values

### Integrity and Ethics

The Company places high value on the integrity of employees and ethical practices in its business dealings. We endeavor to establish the best professional and personal standards by adopting the path leading to the highest level of integrity

### Value of Time

We believe that time is the most precious resource and should be utilized in the most effective and efficient manner possible and performance excellence in true sense is managing time to deliver the most in the shortest period

### Respect, Recognition and Reward

The human resource policy is built on Respect, Recognition and Reward (3R's) concept for all levels of employees

### Organization Development through Self Development

Every member is encouraged and motivated with a vision and purpose to continuously strive for excellence, taking pride in the Atlas motto 'Organization Development through Self Development'

### Team Work

We believe that long term sustainability and growth of an organization is based on strong team work and every employee is committed to work as a team to deliver the best results

### Fairness

The Company strongly emphasizes on fair dealing with employees, stakeholders, business partners and clients through adherence to ethical values, Company policies, applicable laws, regulations and high standard of moral behavior





## Code of Conduct

### Standard of Conduct

We conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of all stake holders including employees.

### Obeying the Law

Company is committed to comply with all the legal requirements, laws and regulations of Pakistan.

### Employees

- Company is committed to create the working environment where there is mutual trust and respect and everyone feels the responsibility for the improved performance and reputation of the Company.
- It recruits, employs and rewards employees purely on merit and on the basis of the qualification, experience and abilities needed for the work to be performed.
- It is committed to provide safe, healthy and pleasant working environment to all employees. Company will not use any form of forced, compulsory or child labor.
- It is committed to work with employees to develop and enhance each individual's skills and capabilities, provide training to groom them on the basis of their Training Needs Assessment analysis.
- It respects the dignity of employees and the right of individual to express freely.
- Company maintains good communication link with employees through Company based information and consultation procedures.

### Insured

It is committed to provide prompt and efficient services to its clients by properly insuring their risk, doing risk assessment and by issuing insurance policies to meet various requirements of the clients. It endeavors to provide peace of mind and security to its clients pursuing ethical and professional practices.

### Shareholders

Company will conduct its operations in accordance with principles of good corporate governance. It will provide timely, regular and reliable information on its activities, structure, financial situation and performance to all the shareholders.

## Business Partners

- Company is committed to establish mutually beneficial relations with its insured, reinsurers and business partners.
- In the business dealings, the Company expects its partners to adhere to business principles and ethical practices consistent with its own.

## Community Involvement

Company strives to be a trusted corporate citizen and, as integral part of society, to fulfill its responsibilities to society and communities where it operates.

## Public Activities

- Company will promote and defend its legitimate business interests.
- It will co-operate with the government and other organizations, both directly and through bodies such as Insurance Association of Pakistan, in the development of proposed legislation and other regulations that may affect legitimate business interests.
- Company neither supports any political group or party nor contributes to the funds of any group whose activities are aimed at, directly or indirectly, to promote party interests.

## The Environment

- Company is committed to making continuous improvement in the management of environmental impact and to the long term goal of developing a sustainable business.
- Company will work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

## Competition

Company and its employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations without compromising on ethical practices.

## Business Integrity

- Company does not give or receive, whether directly or indirectly, bribe or other improper advantages for business or financial gains. No employee may offer, give or receive any gift or payment, which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to the management.
- Its accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions transparently. No undisclosed or unrecorded account, fund or asset will be established or maintained.

## Conflict of Interests

Company's employees are expected to avoid personal activities and financial interests that could conflict with their responsibilities to the Company. They must not seek gain for themselves or for others through misuse of their positions.

## Compliance-Monitoring-Reporting

- Compliance with these principles is an essential element in our business success. The Company's Board of Directors (the Board) is responsible for ensuring that these principles are communicated to, and understood and observed by, all employees.
- Responsibilities are properly delegated to the senior management. They are responsible for implementing these principles, if necessary through more detailed guidance tailored to local needs.
- Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Board and supported by the Audit Committee of the Board.
- Any breaches of the Code must be reported in accordance with the procedure specified by the management.
- The Board of the Company expects employees to bring to their attention, or to that of senior management, any breach or suspected breach of these principles.
- Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.

## Risk Identification and Management

Risk management ensures an integrated pre-emptive approach to mitigate existing and emerging business risks. The Company is committed to effectively manage its risk through formulation of risk management policy and system. The management continuously monitors and controls risks to the business. Following are the major risks faced by the Company and their mitigating factors:

### Economic and Political Risk

Volatile economic, political and financial market conditions coupled with power shortage in the country may cause hurdle in overall business scenario of the country. The insurance sector will also face challenges arising from the economic and political scenario.

The Company has cautious underwriting and marketing approach to deal with such risks and keeps working on developing innovative products to maintain and increase its market share without compromising its underwriting profitability.

### Insurance Risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claims. Generally most insurance contracts carry the insurance risk for a period of one year.



The Company's risk exposure is mitigated by employing a comprehensive framework to identify, manage and monitor risk under the insurance contracts. This framework includes implementation of underwriting strategies which aim to ensure that the underwriting risks are well diversified in terms of type and amount of the risk, control heavy accumulation and provide adequate spread. Suitable reinsurance is arranged to mitigate the effect of potential loss to the Company from individual to large or catastrophic insured events.

### Credit Risk

Credit risk represents the accounting loss that would be recognized if counter parties failed completely to perform as contracted.

The Company monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in several industries and by continually assessing the credit worthiness of the counter parties.

### Liquidity Risk

To avoid any possibility of encountering difficulty at any point of time in meeting obligations associated with insurance and reinsurance contracts, the Company ensures that it has sufficient liquidity available to meet its claim and other liabilities when due under both normal and stressed conditions. It includes measuring and monitoring of future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

### Market Risk

The changes in interest rates and stock market trends may possibly affect future cash flows.

The Company limits investment risk by maintaining a diversified portfolio and by continuously monitoring development in debt and equity markets. In addition, the Company actively keeps a close watch on the key factors that could affect the underlying value of these securities.

### Reinsurance Risk

Reinsurance ceded does not relieve the Company from its obligation to the insured and as a result the Company remains liable for the portion of claims reinsured in case of any delay or possible problem of any reinsurer to discharge its obligation in time.

The Company has diversified reinsurance arrangements. It is neither dependent on a single reinsurer nor the operations of the Company are substantially dependent upon any single reinsurance contract. The Company obtains reinsurance cover only from companies with sound financial health with good international rating. Reinsurance arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and including cover of any catastrophic event.



## Safety, Health and Environment

At Atlas Insurance Limited, health and safety are core corporate values, driven by the goal of "no accident and no harm to people". The Company is totally committed to continuously improving the safety and well-being of all the people who work with it, or come into contact with the operations or products. The aim is to ensure a healthy and productive environment, free from incident, injury or illness.

The Company maintains the programs that provide reasonable assurance of the following:

- Compliance has been made of all government and internal health, safety and environmental requirements.
- Design facilities and conduct operations in a way that avoids risk to human health, safety and the environment.
- To examine and communicate the known hazards of operations with relevant health, safety and environmental protection information to potentially affected persons.
- Actively seeks to minimize the environmental impact of the activities.
- Systematically manages environmental performance in all phases of activities.
- Continuously improves the Company's overall environmental performance.
- Foster open communication, internally and externally about the Company's environmental performance.

## Whistle Blowing Policy

The Company is committed to create an atmosphere ensuring accountability and integrity in its conduct. A Whistle Blowing policy has been in place as part of Company's effort to provide a mechanism for raising alert against any wrongdoing, malpractice or impropriety. This is intended to further improve governance and service quality. The policy sets out the procedures for lodging of concerns by the employees, handling of concerns by the organization, reporting requirements, protection of whistleblower and periodic monitoring of the policy. The employees are encouraged to use the guidance provided by the program.



## Company's Profile - History of Success

### *A Commitment to excellence*

The Company was founded in 1934 by Dr. Sir Muhammad Iqbal, the founder thinker of Pakistan, and is one of the oldest insurance companies of Pakistan.

The Company was taken over by the Atlas Group in 1980. The Company has made steady progress since its acquisition by Atlas Group. The equity of the Company has grown from Rs. 1.6 million in 1979 to over Rs. 2.046 billion in 2016, total assets having grown to over Rs. 4.278 billion and investments from Rs. 4.594 million to over Rs. 2.608 billion. Atlas Insurance Limited has very sound reinsurance arrangements with the leading reinsurers of the world including Swiss Re from Switzerland, Hannover Re from Germany, Tokio Fire & Nichido Marine and Sompo from Japan among others.

After obtaining a Takaful license from Securities and Exchange Commission of Pakistan, the Company launched its Window Takaful Operations in March, 2016. Under the supervision of certified and experienced Shariah Advisor, the General Takaful products were designed. Takaful will help not only to cater the requirements of our existing clientele but also to reach out to new market segments.

**Acknowledging the financial strength of the Company, the Pakistan Credit Rating Agency Limited (PACRA), on March 10, 2017, has upgraded Insurer Financial Strength (IFS) rating from "AA-" to "AA" with stable outlook, which denotes a very strong capacity to meet policyholders and contract obligations.**

Atlas Insurance Limited a financially sound and professionally managed Company, has been awarded the Top Five Companies "Best Corporate Report Award" eight times between 2003 - 2015 by the joint committee of the institute of Chartered Accountants of Pakistan (ICAP) and the institute of Cost and Management Accountants of Pakistan (ICMAP). Atlas Insurance Limited has been awarded South Asian Federation of Accountants - SAFA "Best Presented Accounts Award" continuously for six years from 2006 to 2011. Atlas Insurance Limited is also recipient of "KSE Top 25 Companies Award". Atlas Insurance Limited was awarded the "Insurance Journal Performance Awards" for the "Highest Underwriting Profit as Percentage of Written Premium" on the basis of results for the years 2012, 2013, 2014 and 2015 by the Insurance Journal. This award reflects the fundamental strength of the Company and its prudent underwriting policies.

The Company's results have consistently been yielding handsome profit earnings. This was only made possible by excellent operating performance through professional and efficient service to clients, good management practices and cost controls, scaling new heights. Consistency, hard work, dedication, adherence to Company policies and procedures and code of ethics has contributed significantly towards the growth of the Company.

The Company has always sought to offer unique solutions to its clients and has the ability to offer creative alternatives to meet the challenges associated with the ever changing needs of its clients by offering specially designed policies. The Company follows sound underwriting policies and provides highest quality services to its valued clients. Atlas Insurance has the privilege of having many blue chip companies amongst its valued customers. It serves its customers through a strong branch network throughout the country backed by advanced computerized information and control system. Wide range of products for conventional and takaful are offered by Atlas which includes:

- Fire & allied perils
- Marine
- Motor
- Personal accident
- Contractors all risk
- Erection all risk
- Machinery breakdown
- Boiler & pressure vessel
- Product liability
- Fidelity guarantee
- Cash in transit / cash in safe
- Bankers' blanket bond
- Loss of profit
- Computer all risk
- Travel insurance
- Credit insurance
- Crop insurance
- Health insurance

**Fire & Allied Perils**

This covers property and assets; it provides coverage against fire and lightning and can be extended to provide coverage for perils including impact damage, earthquake fire & shock, atmospheric damage, malicious damage, riot & strike damage and burglary etc.



**Marine**

Marine cargo insurance covers risk of transportation of goods for imports and exports including inland transportation.



**Motor**

Motor insurance provides comprehensive coverage i.e. accidental damage to vehicle, theft and third party liability etc. to our corporate and individual customers.



**Personal Accident**

Personal accident insurance provides cover against death and disability of a person due to an accident.

### Contractors' All Risk (CAR)

Covers accidental damage to civil works and contractor plant and equipments in the course of construction carried out by contractors and can be extended to include third party liability cover.

### Erection All Risk (EAR)

Similar cover to CAR insurance but while CAR cover refers mainly to building and civil engineering work, EAR is used for coverage of loss or damage to machinery in the course of erection etc.

### Machinery Breakdown

Machinery insurance is to grant cover for plant and machinery against mechanical / electrical breakdowns.



### Fidelity Guarantee

Fidelity guarantee insurance protects employers against direct pecuniary loss which they may suffer due to fraud or any other act of dishonesty committed by their employee against them.

### Cash in Transit / Cash in Safe

Covers cash against snatching or robbery while in transit from one premise to another in a given location or lying in the safe at assured premises.

### Bankers' Blanket Bond

Covers banks and provide protection which includes loss due to theft and fidelity guarantee risks etc.

### Loss of Profit

Provides protection against business interruptions and its consequential losses followed by incident of fire etc.



### Boiler & Pressure Vessel

Covers damage to boilers and pressure vessels due to explosion or collapse caused by internal pressure and vacuum.



### Crop Insurance

Covers financial loss due to damage to crop caused by natural calamities.



**Product Liability**

This policy covers liability to third parties arising out of faulty products supplied by the manufacturers.



**Travel Insurance**

This policy provides protection like personal accident, medical, loss of luggage and money while insured is traveling out of home country.



**Computer All Risk**

This insurance is specially designed to cover delicate and high value computer equipment on all risk basis covering sudden and unforeseen losses including various insured perils like fire, burglary and accidental damage. With rapid improvements in technology the useful lives of computers are reducing creating demand for early changes in such sensitive equipment resulting in increased requirement for this insurance.



**Health Insurance**

Atlas Insurance health plan - 'Atlas Care' provides coverage against hospitalization, maternity, critical illness, OPD and specialized investigations etc.

Health Insurance relieves insured from the worries of unexpected diseases ailments, surgery, operations and out patients care. The group medical insurance curtails the administrative burden and financial pressures.



## Board of Directors

The Board of directors acknowledges the significance of efficient discharge of duties imposed by corporate law and stands firmly committed in its objectives to add value through effective participation and contribution towards achievement of Company's business objectives.

The Board further recognizes its responsibilities for protection and efficient utilization of Company assets for business objectives and compliance with laws and regulations at all Company levels with the ultimate objective of safeguarding the interests of the shareholders so as to increase shareholders wealth and promoting market confidence.

The Board has approved all the significant policies of the Company including but not limited to policies relating to human resource, risk management, business operations, investments, donations and signature mandate etc.

The Board is conscious to the need of maintaining balance between the interests of the equity holders and sustenance of growth in net earnings. Recognized for best governance practices, financial reporting and disclosure excellence, Atlas Insurance believe in timeliness and accuracy to enable informed decision making by our investors and their confidence in the Board.

All the directors represent rich exposure of diverse fields of business and professions and possess all the necessary skills and understanding to deal with the various business and corporate issues and have the ability to review, analyze and challenge the management performance.

During the year, five meetings of the Board were held to review and approve all issues and matters referred to it by the audit and other committees of the Board including periodical and financial statements, corporate and financial reporting framework, budget and forecasts including their analysis with actual, cash flow projections, compliance with relevant laws and regulations including amendments during the year, acquisition and disposal of assets, review of risks identified and their mitigation, accounting and internal control systems and such other matters considered to be significant enough for the Board's attention by the Audit Committee or the management.

For all the Board meetings the agenda and details of each item of agenda were circulated to all the members of the Board at least seven days before the meeting. The minutes of all Board meetings were timely circulated. An actions item list was also prepared and status of each action item was provided to the Board in the next meeting.

## Chief Executive Officer Performance Review

The Board assumes the monitoring role, giving full authority to the Chief Executive Officer to manage the Company, implement strategic decisions and policies of the Board and align the Company's direction with vision and objectives set by the directors for continuous development and progress. The Chief Executive Officer is present in every meeting of the Board and provides detailed explanation on each item of the agenda and addresses any specific questions by the Board members. The performance of the Chief Executive Officer is assessed through the evaluation system which takes into account various parameters including financials, employees, clients and stakeholders.

## The Roles of the Chairman and the Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are segregated and they have distinct responsibilities. Chairman of the Board has responsibilities and powers vested in him by law and the Articles of Association of the Company, as well as role assigned by the Board. In particular, the Chairman coordinates the activities of the directors and various committees of the Board, and presides over the meetings of the Board.

Chief Executive Officer is responsible for the operations of the Company and conduct of its business, in accordance with the powers vested in him by law, the Articles of Association of the Company and authorities delegated to him through a general power of attorney and Board resolutions from time to time. Chief Executive Officer recommends policies and strategic directions, financial statements, annual business plans and budget for the Board approval and is responsible for exercising the overall control, direction, administration and supervision for sound and efficient management and conduct of the business of the Company.

## Board and Management Committees

As envisaged by the Code of Corporate Governance for Insurers, 2016, (the Code), the Board has formed Audit Committee, Ethics, Human Resource & Remuneration Committee and Investment Committee. The Board has also established management committees namely; Underwriting, Reinsurance & Co-insurance Committee, Claims Settlement Committee and Risk Management & Compliance Committee. In addition to the regulatory requirements, the Board has also formed Information Technology Committee. A Management Committee comprising of all departmental heads headed by the Chief Executive Officer is also in place for operational coordination.

### Audit Committee

The Committee consists of three non-executive directors and chaired by an independent director. The Audit Committee is responsible for assisting the Board in discharging its responsibilities in relation to the disclosure of the financial affairs of the Company. The Committee focuses in particular on compliance with accounting policies and ensuring that an effective system of internal financial control is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports, remains with the Board. The terms of reference of the Audit Committee have been determined by the Board in accordance with the Code of Corporate Governance consisting on the following:

- Review of quarterly, half yearly and annual financial statements before their consideration by the Board.
- Detailed review of the management letters issued by the external auditors and the management's response thereto.
- Review of compliance with all relevant laws and regulations and other statutory requirements.
- Compliance with the best practices of corporate governance.
- Determination of appropriate measures to safeguard Company's assets.
- Review of action items from the previous meetings.
- Review of Company's statement on internal control systems prior to endorsement by the Board of directors.
- Review scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Consider major findings of internal investigations and management's response thereto.
- Facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight.
- Institute special projects, value for money studies or other investigations on any matter specified by the Board of directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body.

Four meetings of the Committee were held during the year, which were attended by the members.

### **Ethics, Human Resource and Remuneration Committee**

The Committee consists of three members. Majority of the members including the Chairman are non-executive directors. The Committee is responsible for:

- Recommending human resource management policies to the Board.
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer.
- Recommending to the Board the selection and evaluation of Chief Financial Officer, Company Secretary, Compliance Officer and Head of Internal Audit. Consideration and approval on recommendations of the Chief Executive Officer on such matters for key management positions who report directly to the Chief Executive Officer.
- Proposing a remuneration approach and related policies for the Company covering the remuneration policy, remuneration governance and structure including approval policy for the level and composition of compensation, and the components of compensation.
- Preparing remuneration report or other required voluntary disclosures on compensation practices, on an annual basis but at least prior to the convening of the annual general meeting for the immediate preceding year.
- Reviewing and making recommendations to the Board of directors regarding the specific remuneration of the Board members, the Chief Executive Officer, Chief Financial Officer, Company Secretary, Compliance Officer and Head of Internal Audit. However, at all times, the Committee shall ensure that the remuneration approach is consistent with the performance and risk management framework of the Company.

The Board has also assigned the following responsibilities of Nomination Committee to the Ethics, Human Resource & Remuneration Committee:

- Implement the Board's policy on Board's renewal so that the Board individually and collectively continues to maintain target skill levels and independence.
- Make recommendations to the Board with regard to the nomination for appointment or reappointment of members of the Board consistent with appropriate criteria established in the profiles and succession plans.
- Ensure proper orientation of the Board members in respect of their responsibilities.
- Establish a mechanism for the formal assessment of the effectiveness of the Board as whole as well as individual Board members.
- Make recommendations to the appropriate authority within the Company for retirement of members of the Board, Chief Executive Officer and senior management of the Company.
- Make recommendations to the Board with respect to succession planning for the Chief Executive Officer and other members of the senior management and with respect to management development principles.
- Make recommendations to the Board on nominations of members of Board committees.
- Review the management development status and succession plans for key officers as well as general talent management of the Company.
- Ensure that all directors receive appropriate ongoing training as required for them to fulfil their role requirements.

One meeting of the Committee was held during the year, which was attended by the members.

### Investment Committee

The Committee consists of four members including two non-executive directors, Chief Executive Officer and Chief Financial Officer. The primary responsibility of the Committee is to assist the Board in discharging its responsibilities in overseeing Company's investment portfolio, including:

- Developing, reviewing and recommending to the Board investment strategies and investment guidelines.
- Monitoring management's compliance with the Company's investment strategies and guidelines.
- Monitoring compliance of the Company's investment policies and practices with applicable legal and regulatory requirements.
- Reviewing and approving all investment transactions made by the Company.
- Reporting to the Board the Company's investment strategies and guidelines.

During the year four meetings of the Committee were held and attended by the members.

### Underwriting, Reinsurance & Co-insurance Committee

The Committee consists of three members, chaired by the Chief Executive Officer. Previously the Company had two separate Committees namely; Underwriting Committee and Reinsurance and Co-insurance Committee. The Board has now combined both the committees to form a new Committee.

Following Terms of Reference (TORs) for the Underwriting, Reinsurance & Co-insurance Committee have been finalized by the Board:

- Advise the Board and management concerning the establishment and review of the Company's underwriting policies and guidelines.
- Set out the criteria for assessing various types of insurance risks and determine the premium policy of different insurance covers.
- Regularly review the underwriting and premium policies of the Company with regard to relevant factors such as its business portfolio and the market development.
- Develop the policy for effecting reinsurance, not inconsistent with the relevant provisions of the Insurance Ordinance, 2000, and shall ensure that adequate reinsurance arrangements are made for the business of the Company.
- Review the reinsurance arrangements from time to time, and subject to the consent of the participating reinsurers, make appropriate adjustments to the arrangements in the light of the market development.
- Assess the effectiveness of the reinsurance program for the future reference.

In the year 2016, four meetings of both the Underwriting and the Reinsurance & Co-insurance Committees were held, which were attended by the members.

### Claims Settlement Committee

Claims Settlement Committee devises the claims settling policy of the Company. It oversees the claims position of the Company and ensures that adequate claims reserves are made. It pays attention to significant claims cases, which may give rise to a series of claims. The Committee determines the circumstances under which the claims disputes shall be brought to its attention and decide how to deal with such claims disputes.

The Committee consists of three members, chaired by a non-executive director. During the year 2016 four meetings of Claims Settlement Committee were held and attended by the members.

### Risk Management & Compliance Committee

As envisaged by the Code, the Board has recently formed Risk Management & Compliance Committee. The Committee consists of three members, chaired by the Chief Executive Officer.

Following Terms of Reference (TORs) for the Committee have been finalized by the Board:

- Oversee the activities of the risk management function of the Company and shall make appropriate recommendations to the Board.
- Assist the Board in implementation of the decisions taken by the Board to mitigate probable risks falling within the purview of the risk management function.
- Monitoring the compliance function and Company's risk profile in respect of compliance with the laws applicable to it as well as the internal policies and procedure.
- Prepare reports detailing Company's risk profile and the compliance activities undertaken proactively aiming at determination of the Company's ability to meet its legal and ethical obligations, as well as report on identified weaknesses, lapses, breaches or violations of the areas within its purview and the controls and other measures in place to help detect and address the same.
- Supervise and monitor matters reported using the Company's Whistle Blowing policy for employees and others to report compliance concerns or potential breaches, violations or frauds within the areas under its purview.
- Assist the Board in setting up adequate controls or take such measures so as to mitigate any risk relating to compliance and / or potential breaches, violations or frauds within the areas under its purview.

### **Information Technology (IT) Committee**

IT Committee has been formed to assist the Board in overseeing Company's information technology projects and initiatives. The terms of reference of the Committee included:

- Identify strategic directions, capabilities and objectives for Company's IT support.
- Identify opportunities where IT can help achieve Company's goals and recommend priorities.
- Ensure a coordinated implementation of Company's IT projects.
- Review significant IT investments and expenditures.
- Review and as appropriate, make recommendations to the Board regarding significant IT investments in support of Company's IT strategy.
- Review and discuss with the management, Company's risk management and risk assessment guidelines and policies regarding IT security including disaster recovery capabilities

The Committee consists of three members. One meeting of the Committee was held during the year which was attended by the members.

### **Management Committee**

The Management Committee acts at the operating level in an advisory capacity to the Chief Executive Officer, providing recommendations relating to the business and other corporate affairs. The Committee is responsible for reviewing and forwarding short / long term plans, capital and expense budget development and stewardship of business plans. The Committee is also responsible for maintaining a healthy environment within the Company as well as outside the Company through channeling its financing and investment to different projects. It contributes to further strengthen the team work to achieve Company's objectives, effectively & efficiently.

The foundation upon which our team is created is based upon the premise that motivates people and long standing relationships are the ultimate tools of success and creativity, energy perseverance and loyalty and are just as important as a platinum resume.

We have a team of highly qualified and experienced professionals with proven problem solving ability, consulting and analytical skills. Our team consists of insurance experts and technical specialists to provide the best services to our clients.

## Board of Directors



**Mr. Yusuf H. Shirazi**  
Chairman

Mr. Shirazi is a Law graduate (LLB) with BA (Hons.) and JD (Diploma in Journalism) from Punjab University and AMP Harvard. He served in the financial services of the Central Superior Services of Pakistan for eight years where he authored 50 reports as to how the businesses are carried and tax assessed. He was an instructor in the Finance Services Academy on Law and Accounts. He is the author of seven books including "Aid or Trade" adjudged by the Writers Guild as the best book of the year and continues to be a columnist, particularly on matters – socio – politico – economic.

Mr. Shirazi is the Chairman of Atlas Group, which, among others, has joint ventures with GS Yuasa International, Honda, and MAN to name a few. Mr. Shirazi has been the President of Karachi Chamber of Commerce and Industry for two terms. He has been the founder member of Karachi Stock Exchange, Lahore Stock Exchange and International Chamber of Commerce and Industry. He has been on the Board of Harvard Business School Alumni Association and is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has been a visiting faculty member at National Defense University, Navy War College and National School of Public Policy. He has been on the Board of Governors of LUMS, GIK and FC College (Chartered University) and Pakistan Institute of Management. Previously, he also served, among others, on the Board of Fauji Foundation Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology – Space & Upper Atmosphere Research Commission (SUPARCO).

Mr. Shirazi has been awarded Sitara-e-Eisaar and Sitara-e-Imtiaz the top Civilian Awards. Sitara-e-Imtiaz conferred by the Government of Pakistan recognizes individuals who have made an "especially meritorious contribution to the security or national interests of Pakistan, world peace, cultural or other significant public endeavors". Sitara-e-Eisaar Award is in recognition of CSR activities in Pakistan. A distinguished Formanite Award for outstanding achievements as an entrepreneur was awarded by Forman Christian College – University Lahore.

The Government of Japan also acknowledged Mr. Shirazi's contributions to promote economic relationship between the two countries by conferring the Japanese National Award.



**Mr. Feroz Rizvi**  
Director

Feroz Rizvi is a Chartered Accountant, having qualified from England and Wales. He has over 38 years of local and international experience in some of the largest companies in the world. On returning to Pakistan post qualification, he joined ICI Pakistan Ltd, which was a subsidiary of ICI PLC, one of the largest chemical companies in the world. He left ICI Pakistan in 1985 and after a brief period with Petromin Refinery Riyadh, he rejoined ICI Pakistan in its Polyester Fiber business in Lahore.

In 1986 he was seconded to ICI PLC's headquarters in London. During his secondment he was involved in ICI PLC's strategic shift from industrial to consumer chemicals and a major acquisition of USD 8 billion from Unilever PLC as part of the company's major strategic priority. In addition, he was also responsible for a number of divestments of ICI PLC's industrial chemical businesses. Feroz Rizvi has extensive experience in corporate strategy, restructuring and merger and acquisition. He is the Chief Executive of Pakistan Institute of Corporate Governance and is also on the Board of Engro Chemicals and Polymers Ltd.



**Mr. Isphanyar M. Bhandara**  
Director

Mr. Isphanyar M. Bhandara is the Chief Executive of Murree Brewery Company, Rawalpindi, one of the oldest public limited companies of the sub-continent. He has been associated with Murree Brewery Group of Companies since 1997. He is an MBA from School of Business and Commerce, Islamabad. He has attended various business workshops from LUMS. He is also the Chief Executive of D.P. Edulji & Co (Private) Limited. He is the President of Rawalpindi Parsi Anjuman. He is Member of the National Assembly of Pakistan. He occasionally writes for the English newspapers and contributes to many charities and other philanthropic work.

Being MNA he is also member of various government committees e.g. National Assembly Standing Committee on Defence, Finance Committee of the National Assembly, Gilgit-Baltistan Council, Evacuee Trust Property Board (ETPB) and Parliamentary Committee on China-Pakistan Economic Corridor (CPEC).



**Mr. Ali H. Shirazi**  
Director

Mr. Ali H. Shirazi graduated in Political Science from Yale University, U.S.A. in 2000 and thereafter completed his Masters in Law from Bristol University, U.K. in 2005. He has worked with the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He is the Chief Executive / President of Atlas Battery Limited and member of the Group Executive Committee, responsible for Group's financial services. He is also on the Board of Atlas Asset Management Limited, Atlas Engineering Limited, Atlas Metals (Private) Limited, Pakistan Society of Training and Development, Pakistan Institute of Management, National Clearing Company of Pakistan Limited, National Management Foundation (sponsoring body of LUMS) and Techlogix International Limited. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.



**Mr. Jawaid Iqbal Ahmed**  
Director

Mr. Ahmed is an AMP from Harvard Business School, Boston USA, AIM from Stockholm School of Economics, Sweden and IPBM from IMD Lussanne, Switzerland. He is also MBA from IBA Karachi University. He has been working in Atlas Group in various capacities. He has over 49 years of experience in the field of industrial and financial markets of Pakistan. He spearheaded joint venture partnerships of Atlas Group with Honda Japan, JSB Japan, Bank of Tokyo, Asian Development Bank and ING.



**Mr. Khaleeq-ur-Rahman Khan**  
Director

Mr. Khaleeq-ur-Rahman Khan is the Group Director Trading, Atlas Group and member of Group Executive Committee. He has been associated with the Atlas Group since 1970. He has served as Chief Executive Officer of Shirazi Trading Company (Pvt.) Limited, for about 10 years and of Atlas Lease Limited for 7 years.

He is an MBA from International Management Institute (IMI) Geneva, Switzerland. He has attended various management level training programs from international institutes including AMP from INSEAD France, GMP from Stanford University, Singapore and Leasing-Competing in the 1990s from Amembal & Halladay, Singapore. He has also completed a number of financial and management courses at domestic level. Mr. Khaleeq has over 40 years of experience including different management positions in manufacturing, trading and financial sector in the Atlas Group.



**Mr. Arshad P. Rana**  
Chief Executive and Director

Mr. Arshad P. Rana has been affiliated with Atlas Insurance Limited since 1991; as General Manager and Chief Operating Officer before being appointed as the Chief Executive Officer of the Company in March, 2004. He is a graduate from Government College, Lahore; B.S. in Insurance & Economics from Iran and MBA from USA. In his professional career that spans over 40 years, he has worked in Iran, USA and Middle East. Since his appointment to this position, Mr. Rana has been managing the Company affairs with a professional approach having the vision to make Atlas Insurance Limited one of the best performing companies in the market. Under his leadership, Atlas Insurance Limited has won several awards in the financial sector. He is also on the Board of Atlas Asset Management Limited.

Mr. Rana has been the Chairman, Insurance Association of Pakistan (IAP), Lahore Regional Committee in 2002-2003 and Vice Chairman, Central Committee (IAP) in the year 2004-2005 prior to becoming the Chairman, Insurance Association of Pakistan in 2005-2006. Currently he is the Senior Vice Chairman of the Association.



## Company Information



### Board of Directors

Yusuf H. Shirazi  
Chairman

Feroz Rizvi  
Director

Isphanyar M. Bhandara  
Director

Ali H. Shirazi  
Director

Jawaid Iqbal Ahmed  
Director

Khaleeq-Ur-Rahman Khan  
Director

Arshad P. Rana  
Chief Executive

Muhammad Afzal  
Company Secretary

### Audit Committee

Feroz Rizvi  
Chairman

Ali H. Shirazi  
Member

Jawaid Iqbal Ahmed  
Member

Muhammad Afzal  
Secretary

Saleem Mahmood Akhtar  
Chief Internal Auditor

### Ethics, Human Resource & Remuneration Committee

Isphanyar M. Bhandara  
Chairman

Ali H. Shirazi  
Member

Arshad P. Rana  
Member

Qudsia Naheed  
Secretary

### Investment Committee

Ali H. Shirazi  
Chairman

Khaleeq-ur-Rahman Khan  
Member

Arshad P. Rana  
Member

Rashid Amin  
Member

Muhammad Afzal  
Secretary

### Underwriting, Reinsurance & Co-insurance Committee

Arshad P. Rana  
Chairman

Muhammad Saeed  
Member

Syed Nasir Hussain  
Member

Syed Irtiza Kazmi  
Secretary

### Claims Settlement Committee

Ali H. Shirazi  
Chairman

Arshad P. Rana  
Member

Syed Irtiza Kazmi  
Member

Muhammad Saeed  
Secretary

### Risk Management & Compliance Committee

Arshad P. Rana  
Chairman

Rashid Amin  
Member

Syed Irtiza Kazmi  
Member

Syed Nasir Hussain  
Secretary

### Information Technology (IT) Committee

Arshad P. Rana  
Chairman

Rashid Amin  
Member

Muhammad Saeed  
Member

Wasim Ahmed  
Secretary

### Management Committee

Arshad P. Rana  
Chief Executive

Nisar Zaman Khan  
Head of Marketing & Sales

Rashid Amin  
Chief Financial Officer

Muhammad Saeed  
Head of Claims

Qudsia Naheed  
Head of HR & Admin

Abdul Razzaq Ghauri  
Head of Window Takaful Operations

Syed Irtiza Kazmi  
Vice President Underwriting

### Shariah Advisor

Mufti Zeeshan Abdul Aziz

### Compliance Officer

Muhammad Aasim Gul

### Auditors

A. F. Ferguson & Co.  
Chartered Accountants

### Legal Advisors

Mohsin Tayebaly & Co.  
Agha Faisal Barrister at Law  
RIAA Barker Gillette

### Tax Advisor

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

### Share Registrar

Hameed Majeed Associates (Pvt.) Limited  
H. M. House, 7 - Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore  
Tel: (92-42) 37235081-82  
Fax: (92-42) 37358817

### Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
NRSP Microfinance Bank  
Sindh Bank Limited  
Summit Bank Limited  
The Bank of Punjab

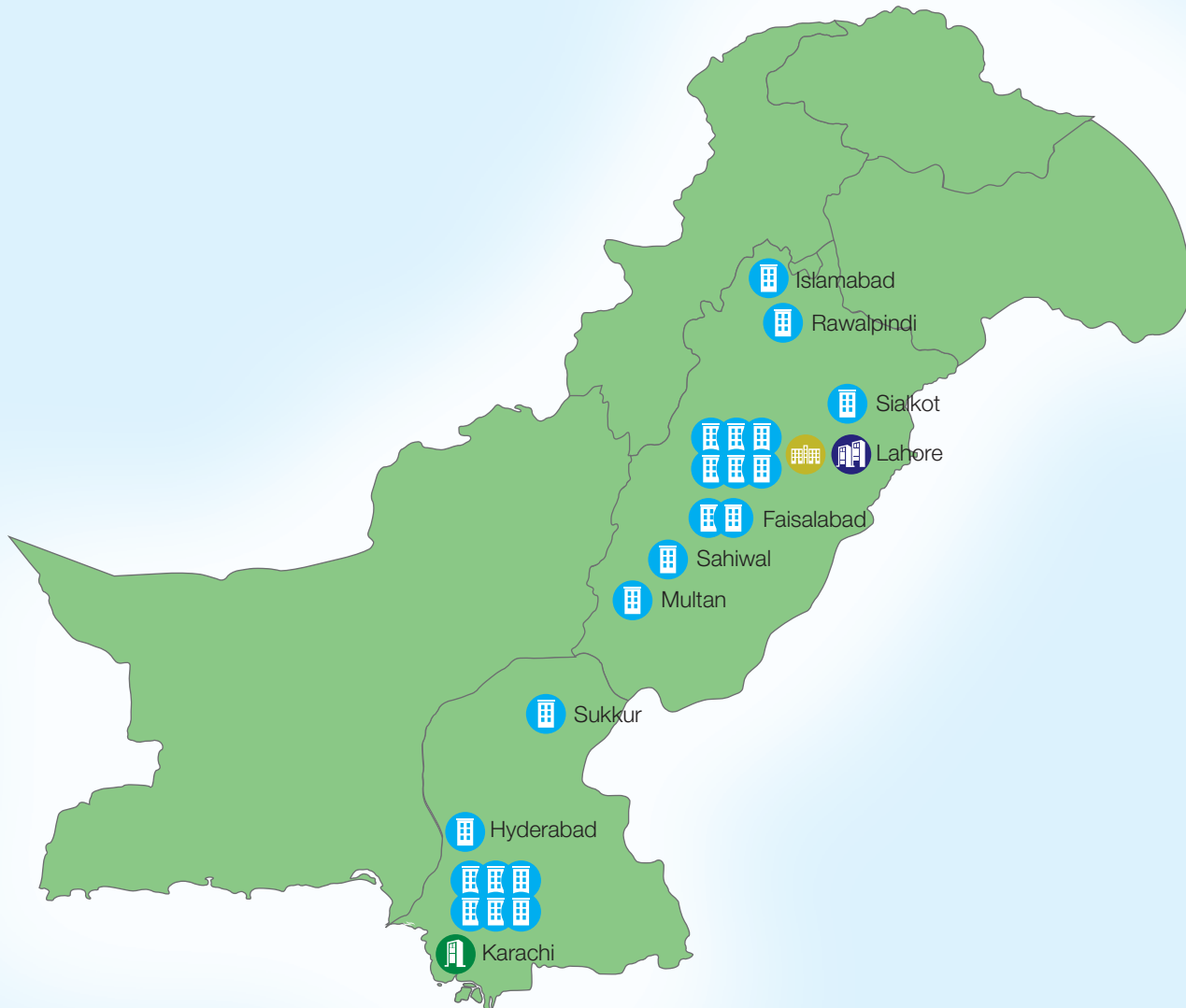
### Registered & Head Office

3 - Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore  
Tel: (92-42) 37320542-43,  
37322271, 73, 37310658  
Fax: (92-42) 37234742  
E mail: info@atlasinsurance.com.pk  
Website: www.atlasinsurance.com.pk

# Geographical Presence

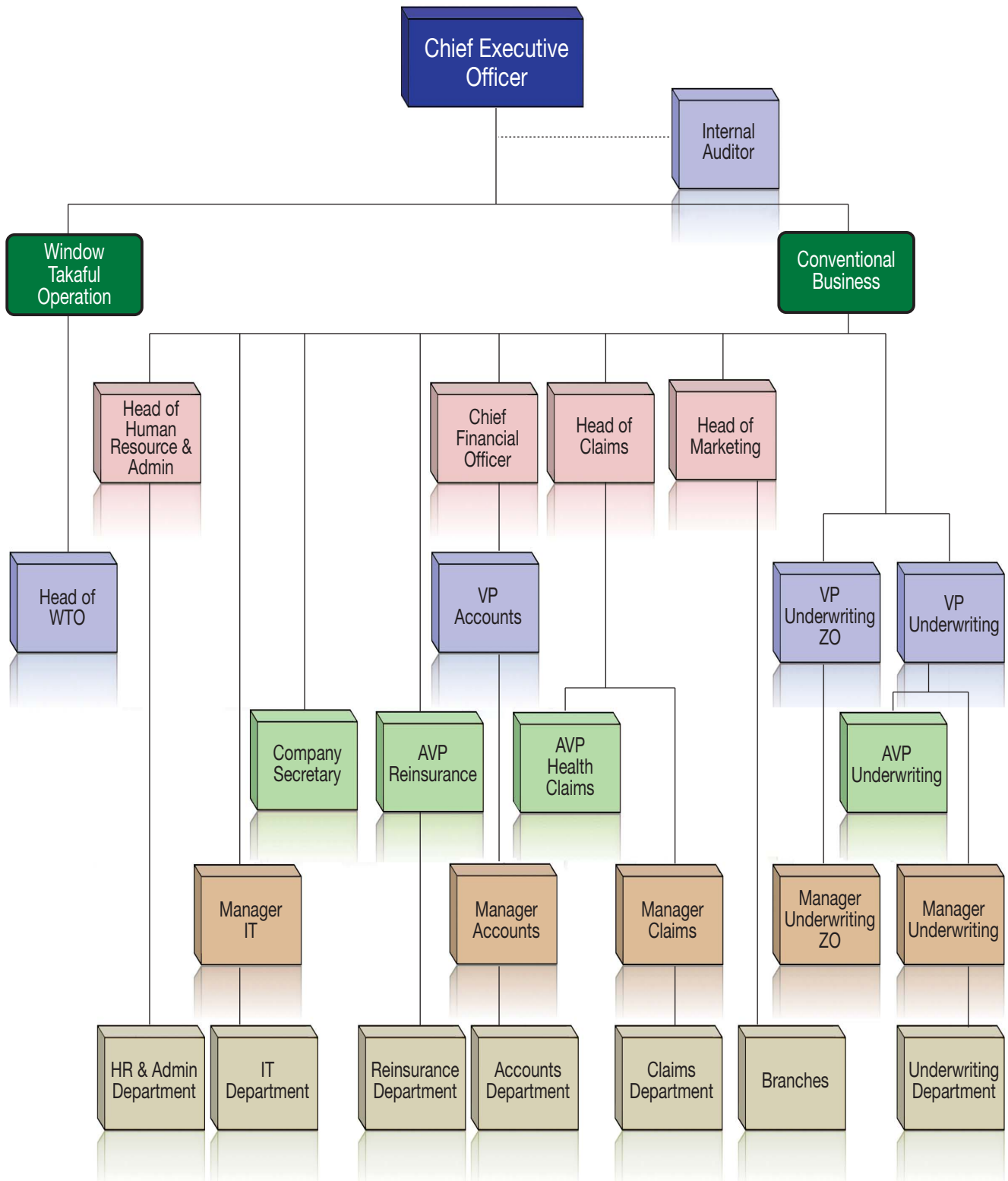
## Branch Network

The complete branch network of the Company is available at [www.atlasinsurance.com.pk](http://www.atlasinsurance.com.pk)



-  Head Office
-  Zonal Office
-  Registered Office
-  Branch Office

# Organogram



# Major Events

## February

### Annual Sales Conference

Annual Sales Conference was held on February 24, 2016 in Karachi and was attended by all the filed executives of the Company.

### BOD Meeting for the Year Ended December 31, 2015

The meeting was held on February 25, 2016 to consider and adopt the audited financial statements of the Company for the year ended December 31, 2015.

## April

### Annual General Meeting

81st Annual General Meeting of the members of the Company was held on April 15, 2016 at the Registered Office of the Company.

### BOD Meeting for 1st Quarter

Board of directors meeting for the 1st quarter ended March 31, 2016 was held on April 27, 2016 to approve the unaudited first quarter financial statements of the Company.

### Cash Dividend

Cash dividend @ 60% (Rs. 6 per share) was disbursed on April 22, 2016.

## July

### Mid Year Sales Conference

Mid year Sales Conference was held on July 30, 2016 in Lahore and was attended by all the filed executives of the Company.

## August

### BOD Meeting for 2nd Quarter

Board of directors meeting was held on August 23, 2016 for approval of the unaudited half year financial statements, reviewed by the auditors, for the period ended June 30, 2016.

## October

### BOD Meeting for 3rd Quarter

The meeting was held on October 26, 2016 for approval of the unaudited financial statements of the Company for the nine months period ended September 30, 2016.

### Best Corporate Report Award

The Company's Annual Report 2015 was adjudged to receive "Best Corporate Award 2015" by the joint committee of ICAP and ICMAP.

## December

### BOD Meeting for Approval of Annual Budget 2017

The Board of directors meeting was held on December 23, 2016 in which budget for the year ending December 31, 2017 was considered and approved.

### Insurance Journal Performance Awards

The Company was awarded for the "Highest Underwriting Profit as Percentage of Written Premium" on the basis of figures for the year ended December 31, 2015.

## Notice of Annual General Meeting

Notice is hereby given that the 82nd Annual General Meeting of the members of Atlas Insurance Limited will be held on Wednesday, April 26, 2017 at 9:30 a.m. at 2nd Floor, Federation House, Sharah-e-Firdousi, Clifton, Karachi, to transact the following business:

### Ordinary Business

1. To confirm the minutes of the last Extraordinary General Meeting held on February 10, 2017.
2. To receive consider and adopt the audited financial statements of the Company for the year ended December 31, 2016, together with the Directors' and Auditors' Reports thereon.
3. To consider and approve cash dividend @ 65% for the year ended December 31, 2016, as recommended by the Board of directors.
4. To appoint auditors and fix their remuneration for the year ending December 31, 2017. The present auditors M/s. A.F. Ferguson, Chartered Accountants, retire and being eligible, offer themselves for reappointment.

### Special Business

5. To consider and, if thought fit, to pass with or without modification the following resolution as ordinary resolution:

**Resolved:**

"that the remuneration of the Chief Executive Officer of the Company, as fixed by the Board, for the financial year ending December 31, 2017, be and is hereby approved."

### Other Business

6. To consider any other business with the permission of the Chair.

The Statement under Section 160(1) (b) of the Companies Ordinance, 1984, pertaining to the special business referred to above is being circulated to the members along with the Notice of the Meeting.

By Order of the Board



Muhammad Afzal  
Company Secretary

Lahore: April 5, 2017

### Notes:

1. The share transfer books of the Company will remain closed from April 19, 2017 to April 26, 2017 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company's share registrar, Hameed Majeed Associates (Pvt.) Limited, 7 - Bank Square Sharah-e-Quaid-e-Azam, Lahore by the close of business on April 18, 2017 will be treated in time for the purpose of transfer of shares to the transferees.
2. The individual members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC), are once again reminded to send the same directly to the Company's share registrar at the above address at the earliest. The corporate entities are requested to provide their National Tax Number (NTN). Please give folio number with the copy of CNIC / NTN details.
3. A member of the Company, entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another person as his / her proxy to attend, speak and vote instead of him / her and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Annual General Meeting as are available to the member.
4. Duly completed instrument of proxy, and the other authority under which it is signed, or a notarially certified copy thereof, in order to be valid, must be received at the registered office of the Company not later than 48 hours before the time of meeting.

5. Any change of address of members should be immediately notified to the Company's share registrar.
6. CDC account holders will further have to follow the guidelines laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

#### **Availability of Audited Financial Statements on Company's website**

The audited financial statements of the Company for the year ended December 31, 2016 have been made available on the Company's website [www.atlasinsurance.com.pk](http://www.atlasinsurance.com.pk) in addition to the annual and quarterly financial statements of the prior years.

#### **Minutes of Previous General Meeting**

Copies of the minutes of the Extraordinary General Meeting held on February 10, 2017 will be available to the members on request.

#### **Consent for the Video Conference Facility**

Members can also avail video conference facility in cities where facility can be provided keeping in view geographical dispersal of members. In this regard, please fill the following and submit at the registered address of the Company 10 days before holding of the Annual General Meeting.

"I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Atlas Insurance Limited, holder of \_\_\_\_\_ ordinary share(s) as per register folio no. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_ (Name of the city) \_\_\_\_\_.

If the Company receives consent from members in aggregate 10% or more shareholding residing at a geographical location to participate in the meeting through video conference at least 10 days prior to the date of the meeting, the Company will arrange video conference facility in that city subject to the availability of such facility in that city.

#### **Submission of CNIC (Mandatory)**

Pursuant to the directive of the SECP, CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to the share registrar.

#### **Dividend Mandate - Payment of Cash Dividend Electronically**

In compliance with the SECP's Circular No 18 of 2012 dated June 6, 2012, the Company wishes to inform its shareholders, that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Shareholders, wishing to exercise this option, may submit their application to the Company's share registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank, CDC account holders should submit their request directly to their broker (participant) / CDC.

#### **Electronic Transmission of Annual Financial Statements and Notices**

Pursuant to Notification vide SRO 787(1) / 2014 dated September 8, 2014, the SECP has directed to facilitate the members of the company receiving annual financial statements and notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive annual financial statements and notices of the Company through email in future. In this respect members are hereby requested to convey their consent via email on a standard request form which is available at the Company website i.e. [www.atlasinsurance.com.pk](http://www.atlasinsurance.com.pk). Please ensure that your email has sufficient rights and space available to receive such email which may be larger than 10 MB file in size. Further, it is the responsibility of the member to timely update the share registrar of any change in the registered email address.

#### **Deduction of Withholding Tax on the Amount of Dividend**

Pursuant to SECP directives vide Circular No. 19/2014 dated October 24, 2014, SECP has directed all companies to inform shareholders about changes made in the section 150 of the Income Tax Ordinance, we hereby advise shareholder as under:

The government of Pakistan through Finance Act, 2016 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- |    |                                      |        |
|----|--------------------------------------|--------|
| a) | For filers of income tax returns     | 12.50% |
| b) | For non-filers of income tax returns | 20.00% |

To enable the Company to make tax deduction on the amount of cash dividend @12.50% instead of 20%, all the shareholders whose names are not entered into the Active Tax payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL for future payment of dividend if any. For any query / problem / information, the investors may contact the Company and / or the share registrar at the following address:

#### Company's Registered Office

3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore  
Tel: (92-42) 37320542-43, 37322271, 73, 3731068  
Fax: (92-42) 37323472

#### Share Registrar

M/s. Hameed Majeed Associates (Pvt.) Limited  
H.M. House, 7 - Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore  
Tel: (92-42) 37235081-82  
Fax: (92-42) 37358817

The corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its share registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

#### Deduction of Withholding Tax on Joint Account Holder(s)

The joint account holders whose shareholding details as to principal shareholder have not yet been determined for deduction of withholding tax on the upcoming dividend of the Company, are requested to please furnish to the Company's share registrar, the shareholding details of yourself as principal shareholder and your joint holder(s) in the following manner, enabling the Company to compute withholding tax of each shareholder accordingly:

CDC Account No. / Folio No.	Name of Principal Shareholder / Joint Holder	Shareholding Proportion (%)	CNIC Number (Copy attached)	Signature

Kindly note that in case of non-receipt of the information each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly.

#### Transmission of annual audited accounts through CD / DVD

In compliance with the SECP Notification No. SRO 470 (1) 2016, dated May 31, 2016, the Company in the Extraordinary General Meeting, held on February 10, 2017, has obtained the approval of the shareholders to circulate the annual audited accounts through electronic medium, i.e. through CD / DVD at their registered address instead of transmitting the annual accounts in hard copies. However, a shareholder may request the Company Secretary or share registrar of the Company for hard copy of annual audited accounts instead of CD / DVD and the same will be provided at his / her registered address, free of cost, within one week of the demand. In this regard, a 'Standard Request Form', has also been placed on the website of the Company for communicating the need of hard copies of the annual audited accounts instead of sending the same through CD / DVD.

#### Statement under Section 160(1) (b) of the Companies Ordinance, 1984

This Statement is annexed to the Notice of the 82nd Annual General Meeting of the Company to be held on April 26, 2017, at which certain special business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such special business.

#### Item No 5 of the Agenda

Approval is being sought for the annual increase in the remuneration of the Chief Executive, as fixed by the Board, working whole time with the Company. The Chief Executive is interested only in the remuneration payable to him.



## Corporate Information

### Registered Office

3 - Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore  
Tel: (92-42) 37320542-43  
(92-42) 373222271, 73  
(92-42) 37310658  
Fax: (92-42) 37234742

### Listing on Stock Exchange

Atlas Insurance Limited is listed on the Pakistan Stock Exchange.

### Stock Symbol

The stock symbol for Atlas Insurance at the stock exchanges is "ATIL".

### Listing Fees

The annual listing fee for the financial year 2016-17 was paid to the Pakistan Stock Exchange and Central Depository Company within the prescribed time.

### Statutory Compliance

During the year, the Company complied with all applicable provisions of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Code of Corporate Governance, listing requirements and regulations prescribed by the Securities and Exchange Commission of Pakistan (SECP).

### 82nd Annual General Meeting

Date: April 26, 2017  
Time: 9:30 a.m.  
Venue: Federation House, Clifton Karachi

### Financial Calendar

Audited annual results for year ended  
December 31, 2016

- Second half of February

Mailing of annual reports

- 1st half of April

Annual General Meeting

- Second half of April

Unaudited first quarter financial results

- Second half of April

Unaudited half year financial results

- Second half of August

Unaudited nine months financial results

- Second half of October

### Dividend Announcement

The Board of directors of the Company has proposed a final cash dividend of Rs. 6.50 per share for the financial year ended December 31, 2016, subject to approval by the shareholders at the Annual General Meeting.

60% cash dividend was paid to the shareholders for the year ended December 31, 2015.

### Dates of Book Closure

The share transfer books of the Company will remain closed from April 19, 2017 to April 26, 2017 (both days inclusive).

### Payment of Dividends

Cash dividend for the year ended December 31, 2016, subject to the approval of the shareholders of the Company at the Annual General Meeting, will be disbursed on or before May 10, 2017.

Last year, the Company dispatched the cash dividend within 10 days from the date of approval.

### CNIC requirements for Dividend Warrants

As per directives to all listed companies by the SECP vide S.R.O. 779(1) / 2011 dated August 18, 2011, the "Dividend Warrant(s)" should bear the Computerized National Identity Card (CNIC) number of the registered member(s), except in the case of minor(s) and corporate members, and dividend warrant can not be issued without inserting the CNIC number of the member(s) or their authorized person(s).

The shareholders are, therefore, requested to provide by mail or fax, photocopy of their CNIC and in case of a foreigner copy of passport, unless provided earlier.

### Dividend Mandate (Optional)

Shareholders of the Company are informed that under Section 250 of the Companies Ordinance, 1984, a shareholder may advise the Company for disbursement of dividend through his / her bank account.

In pursuance of the directives of the SECP vide Circular No. 18 of 2012 dated June 5, 2012, shareholders of the Company can give their dividend mandate authorizing the Company to directly credit the their cash dividend into their bank accounts.

Please note that this dividend mandate is optional and not compulsory, in case if any shareholder does not wish his / her dividend to be directly credited into bank account, the same shall be paid through the dividend warrants as usual.

### Share Transfer System

Transfer of non-CDC shares is executed / completed within 30 days and that of CDC within 5 working days from the date of receipt, provided documents received with transfer requests are complete in all respects.

### Annual General Meetings

Pursuant to Section 158 of the Companies Ordinance, 1984, Annual General Meetings of the shareholders are held once every year. Every shareholder has a right to attend these meetings. The notice of such meetings is sent to all shareholders at least 21 days before the meetings and also published in one English and one Urdu newspaper having circulation both in Karachi and Lahore.

### Proxies

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at general meetings of the Company can appoint another person as his / her proxy to attend and vote on his / her behalf. Procedure for appointment of proxies is stated in every notice of such meetings. The instrument appointing a proxy (duly signed by the shareholder) must be received at the registered office of the Company not later than forty eight hours before the meeting.

### Website

Updated information regarding the Company can be accessed at [www.atlasinsurance.com.pk](http://www.atlasinsurance.com.pk). The website contains information about Company's financials, history, types of insurance, list of reinsurers etc.

An online complaint system is also available to improve the efficiency.

Annual, half yearly and quarterly financial statements of the Company are available at the website.

### Communication

Address of the share registrar for correspondence and other relevant matters is as follows:

M/s. Hameed Majeed Associates (Pvt.) Limited

H. M. House, 7 - Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore.

Tel: (92-42) 37235081-82

Fax: (92-42) 37358817

### Share Price at the Pakistan Stock Exchange

Month-wise share price movement of the Company, at the Pakistan Stock Exchange, during the year 2016 was as follows:

Months	High	Low	Volume
January	75.90	66.20	26,000
February	74.50	66.03	95,000
March	72.39	68.20	96,500
April	66.30	62.20	213,000
May	67.50	63.20	355,000
June	65.01	60.00	249,500
July	68.89	59.10	274,500
August	67.99	63.05	63,000
September	66.51	63.00	75,000
October	88.69	65.00	796,500
November	84.00	76.05	460,000
December	85.40	76.00	535,000

## Report of the Board Audit Committee

The Committee is chaired by an independent director and it comprises of three non-executive directors. The Board has delegated the Committee function of review of the effectiveness of Company's internal controls and risk management systems. During the year, the Committee discharged this responsibility and reports the following:

- Composition of the Audit Committee meets all applicable independence requirements.
- Each member of the Committee is equipped with professional qualification and experience and two members have expert knowledge of finance and accounting.
- Four meetings of the Audit Committee were held during the year.
- The Company's internal audit function which reports to the Audit Committee, performed independent audits of selected controls through desktop reviews and on-site re-performance of tests to ensure compliance with pre-defined policies and procedures. The Chief Internal Auditor reports directly to the Audit Committee, functionally.
- The Committee approved the annual audit plan for the internal audit function. The Committee reviewed internal audit reports and issued necessary instructions to establish better controls over the areas highlighted in such reports.
- The Committee reviewed all interim and annual financial statements and recommended the same for consideration and approval of the Board of directors.
- The Committee reviewed preliminary announcements of financial results prior to publication.
- The Committee ensured that the financial statements were prepared in accordance with the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan.
- The Committee monitored the effectiveness of the internal controls, including risk management and proactively proposed improvement measures.
- The Committee reviewed the related party transactions in each quarter and recommended the same for consideration and approval of the Board of directors.
- The external auditors have been allowed direct access to the Audit Committee to ensure their effectiveness, independence and objectivity.
- The Committee had met external auditors with and without presence of the management and has reviewed and discussed points of improvements highlighted by the external auditors.
- The Committee reviewed Board Letter issued by the external auditors.
- The Committee suggested the appointment and remuneration of the external auditors for consideration and recommendation of the Board of directors.

## Access to Reports and Enquiries

### Annual Reports

Annual reports can be downloaded from the Company's website, 'www.atlasinsurance.com.pk' or printed copies can be obtained by writing to:

The Company Secretary  
Atlas Insurance Limited  
3 - Bank Square,  
Sharah-e-Quaid-e-Azam,  
Lahore.

### Quarterly Reports

The interim reports are published after the end of first, second and third quarters of the financial year. The interim reports for the year 2016 can be accessed at the Company's website or printed copies can be obtained by writing to the Company Secretary.

### Shareholders' Enquiries

Shareholders' enquiries regarding status of their shareholdings, dividends, bonus or any other matter may be directed to share registrar at the following address:

Hameed Majeed Associates (Pvt.) Limited  
H. M. House, 7 - Bank Square,  
Sharah-e-Quaid-e-Azam, Lahore.  
Tel: 042-37235081-82

## Decisions Taken at the Last Extraordinary General Meeting

No significant issues were raised by the shareholders during the Extraordinary General Meeting held on February 10, 2017. As per agenda the following matters were approved in the meeting and the decisions taken were implemented in due course:

1. Approval of the minutes of the last Annual General Meeting held on April 15, 2016.
2. Approval of amendments in Articles of Association of the Company to add new sub Articles in compliance with the requirements of Companies (E-Voting) Regulations 2016 notified by the SECP.
3. Approval for transmission of annual audited accounts of the Company to the shareholders through CD / DVD.

## Profile of the Shariah Advisor

Mufti Zeeshan Abdul Aziz is a recognized Shariah Scholar and researcher having strong comprehension of all aspects of Islamic Law and a specialized in Islamic Jurisprudence and Islamic Finance from Jamia Dar Ul Uloom Karachi, Pakistan, having Takhassus Fil Ifta (Specialization in Islamic Jurisprudence) done, majoring in Islamic Banking & Finance.

He is serving as the Shariah Advisor of "Atlas Insurance - Window Takaful Operations" since its commencement and looking after the transactions, day to day Shariah matters and services provided by Atlas Window Takaful Operations. His specialties include Shariah Compliant investments, development of takaful products, policies, manuals and drafting of all its Shariah related documents. Mufti Zeeshan is also involved in delivering detailed trainings to the management of all levels, marketing and distribution force of Atlas Window Takaful Operations on Takaful, its Shariah related issues and requirements in the light of Takaful Rules, 2012.

He has been associated with several Islamic Financial Institution and Halal Certification bodies within Pakistan and abroad. Mufti Zeeshan is also the Shariah Advisor of Sindh Bank-Islamic Banking Division, NIT Islamic Investment Funds and Shariah Review Bureau, Bahrain and has been frequently debating and speaker on Shariah & technical aspects related to Islamic Finance nationally and internationally as well.

Mufti Zeeshan has been associated with various Halal Certification bodies of several countries and has performed around 300 Halal Certification audits of different food, beverages, cosmetics and pharmaceutical industries in different parts of the world.



## Share Price Sensitivity Analysis

### Key Sensitivities

Company's financial performance has a positive correlation with its share price. As such the factors that influence Company's performance can also be expected to have an impact on its share price. Following factors can be considered as sensitive to affect Company's share price:

### Earnings

News released on earnings, profits and future estimated earnings develop investor interest in the stock of the Company.

### Dividend Announcement

Consistency in dividend pay outs will reflect the expectations of shareholders and this affects the share price.

### Introduction of New Insurance Products

This could lead to positive topline growth which could have an impact on bottom line affecting the share price.

### Industry Performance

Government policies specific to industry like Takaful business could result in movement of the share price.

### Investor Confidence

Positive economic reforms can attract investors.

### Economic Indicators

An economic outlook could include expectations for inflation, productivity growth, unemployment and balance of trade. Changes around the world can affect both the economy and share price.

### Law and Order

Unstable law and order situation impacts disturbance and interruptions in business process. An act of terrorism can also lead to a downturn in economic activity and a fall in share price.

### Change in Government Policies

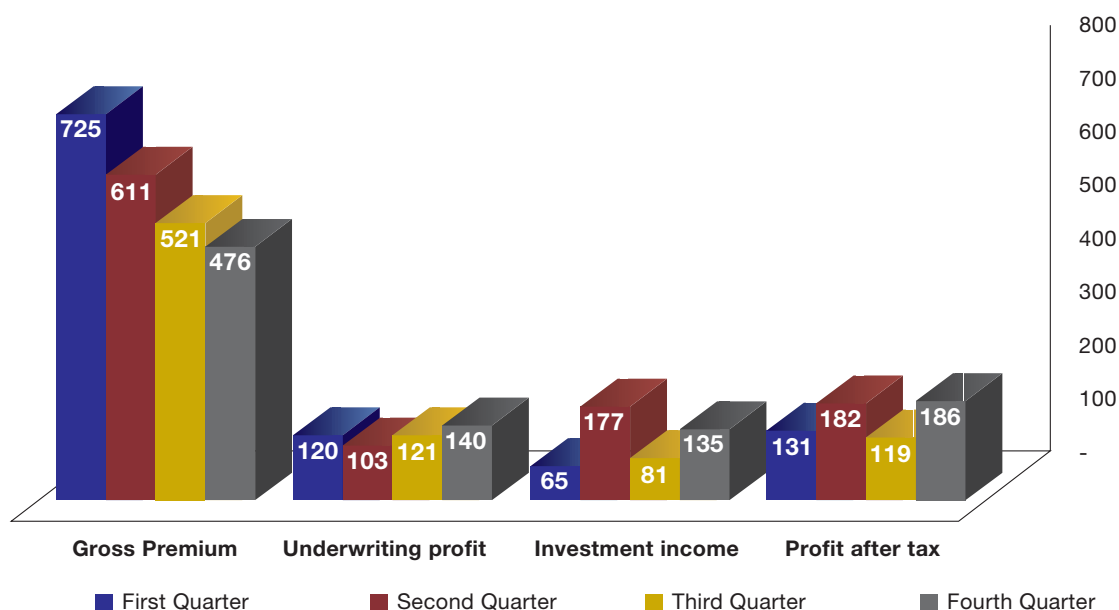
Government policies could be perceived as positive or negative for businesses. The policies may lead to changes in inflation and interest rates, which in turn may affect share price.

### Investor Sentiment

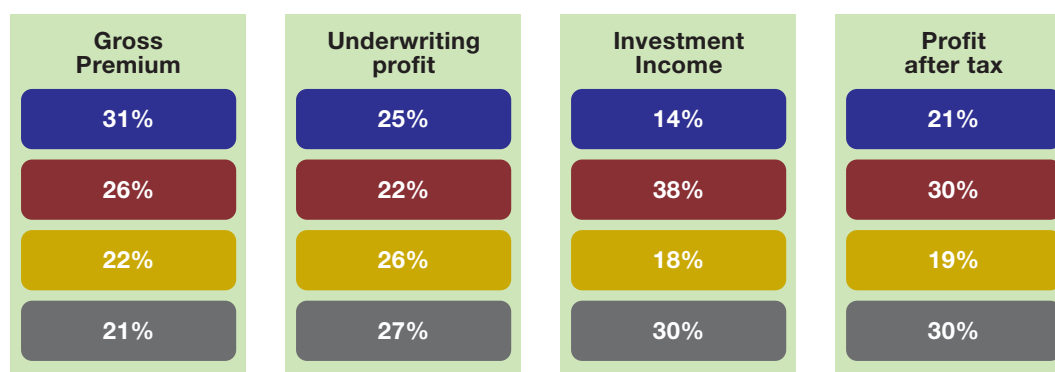
Investor sentiment or confidence can cause the stock market to go up or down, which can cause share prices to rise or fall. The general direction that the stock market takes can affect the value of a stock:

- Bull market - a strong market where stock prices are rising and investor confidence is growing. It is often tied to economic recovery or an economic boom, as well as investor optimism.
- Bear market - a weak market where stock prices are falling and investor confidence is fading. It often happens when an economy is in recession and unemployment is high with rising inflation.

## Quarterly Performance Analysis



## Quarterly Contribution



### Gross premium

Our clients loyalty resulting in continuous insurance renewals and confidence of new clients generating additional new business kept the gross premium varying in four quarters. Gross premium trend reflect consistency of underwriting policy for accepting business.

### Underwriting profit

Underwriting profit is derived after taking into account net premium, net claims, allocated management expenses and net commission. The underwriting profit build up shows almost the same trend in all quarters except slight variation in 2nd quarter due to relatively higher claims in the said quarter.

### Investment income

Investment income consist of realized capital gain, interest income and dividend income. Major portion of investment income was recorded in the second quarter due to increased dividend income. Impairment provided in the value of available for sale investment during previous years was reversed in the fourth quarter due to improvement witnessed in market value of stocks, which resulted in increased investment income in the said quarter.

### Profit after tax

Weightage of profit after tax in second and fourth quarters was higher mainly due to growth in premium, control of operating expenses and improved claim ratio. The Company consistently earned investment income throughout the year.

# Six Years at a Glance

(Rupees in million)

	2016	2015	2014	2013	2012	2011
<b>Financial Data</b>						
Paid-up capital	701.6	701.6	701.6	637.8	531.5	442.9
General & capital reserves	1,344.9	1,144.3	965.9	800.2	666.9	567.0
Equity	2,046.5	1,845.9	1,667.5	1,438.0	1,198.4	1,010.0
Underwriting provisions	1,471.7	1,347.9	1,057.2	1,105.3	1,044.5	749.0
Total liabilities	2,231.1	1,951.1	1,676.5	1,576.7	1,504.2	1,068.2
Investments - at cost	2,608.6	2,124.5	1,868.6	1,550.4	1,255.9	1,089.3
Total assets - at book value	4,277.6	3,797.0	3,344.0	3,014.7	2,702.7	2,078.1
Fixed assets - net	59.2	56.2	51.9	56.1	66.4	46.9
Cash and bank deposits	250.4	428.3	433.2	162.2	282.0	54.6
Advances, deposits and prepayments	551.9	426.3	407.9	547.6	554.2	268.6
Total assets from Window Takaful Operations - OPF	68.8	-	-	-	-	-
<b>Operating Data</b>						
Gross premium revenue	2,333.6	1,964.5	1,651.3	1,400.2	1,500.3	1,120.3
Net premium revenue	1,044.2	959.2	878.4	755.7	603.6	591.3
Net claims	268.9	203.9	210.5	163.4	133.2	153.3
Management expenses	358.5	356.5	311.0	304.5	230.0	227.5
Net commission	67.3	63.9	49.9	55.2	54.9	43.1
Underwriting profit	484.2	462.7	406.7	342.9	295.3	253.6
Investment income	458.1	357.0	294.7	246.4	180.7	133.6
Loss from Window Takaful Operations	(2.3)	-	-	-	-	-
Profit before tax (PBT)	916.8	797.8	690.8	587.6	467.8	400.1
Income tax	298.7	196.7	145.8	131.6	101.4	98.9
Profit after tax (PAT)	618.2	601.2	545.0	456.0	366.4	301.2
<b>Cash Flow Summary</b>						
Operating activities	300.4	300.0	592.1	100.7	399.7	(139.2)
Investing activities	(67.9)	104.8	(11.0)	(14.2)	1.0	(153.8)
Financing activities	(410.3)	(409.7)	(310.0)	(206.3)	(173.3)	(145.0)
Cash & cash equivalents at the year end	250.4	428.3	433.2	162.2	282.0	54.6
<b>Financial Ratios</b>						
<b>Profitability</b>						
Profit before tax / gross premium (%)	39.3	40.6	41.8	42.0	31.2	35.7
Profit before tax / net premium (%)	87.8	83.2	78.6	77.8	77.5	67.7
Profit after tax / gross premium (%)	26.5	30.6	33.0	32.6	24.4	26.9
Profit after tax / net premium (%)	59.2	62.7	62.0	60.3	60.7	50.9
Underwriting profit / net premium (%)	46.4	48.2	46.3	45.4	48.9	42.9
Management expenses / gross premium (%)	15.3	18.1	18.8	21.7	15.3	20.3
Management expenses / net premium (%)	34.3	37.2	35.4	40.3	38.1	38.5
Commission / net premium (%)	6.4	6.7	5.7	7.3	9.1	7.3
Net claims / net premium (%)	25.7	21.3	24.0	21.6	22.1	25.9
Combined ratio (%)	60.9	58.4	59.4	61.9	60.2	64.4

## Six Years at a Glance

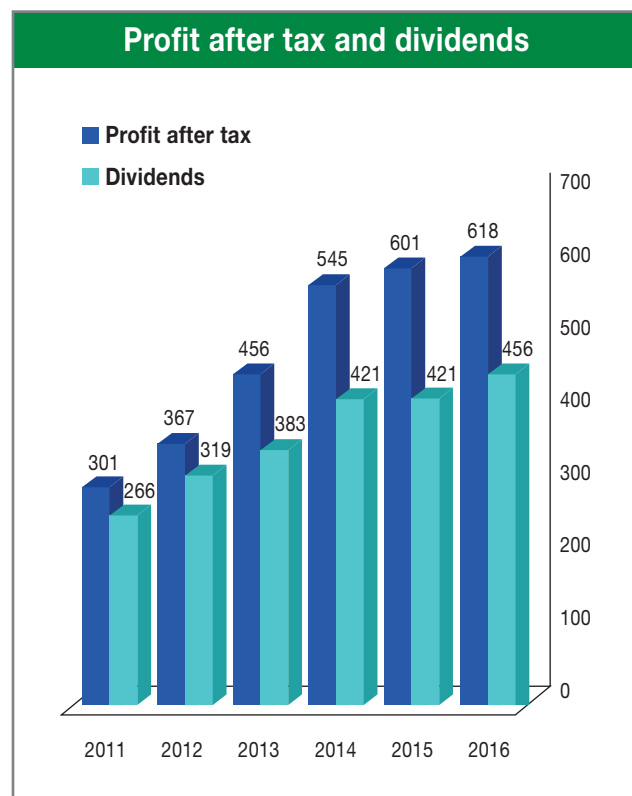
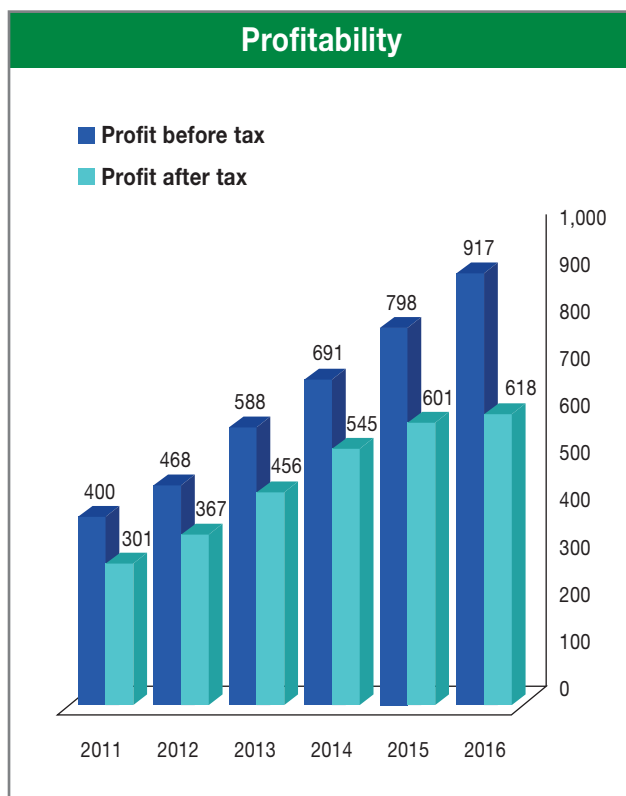
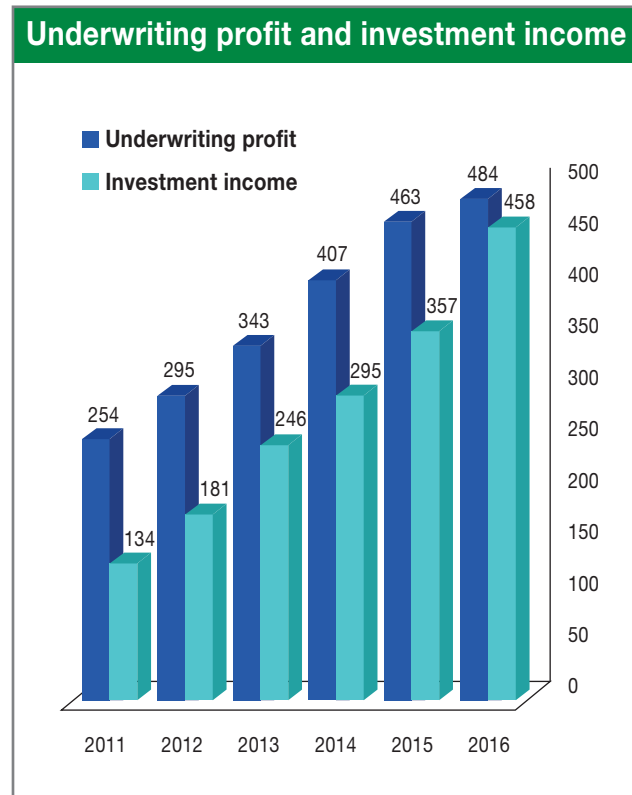
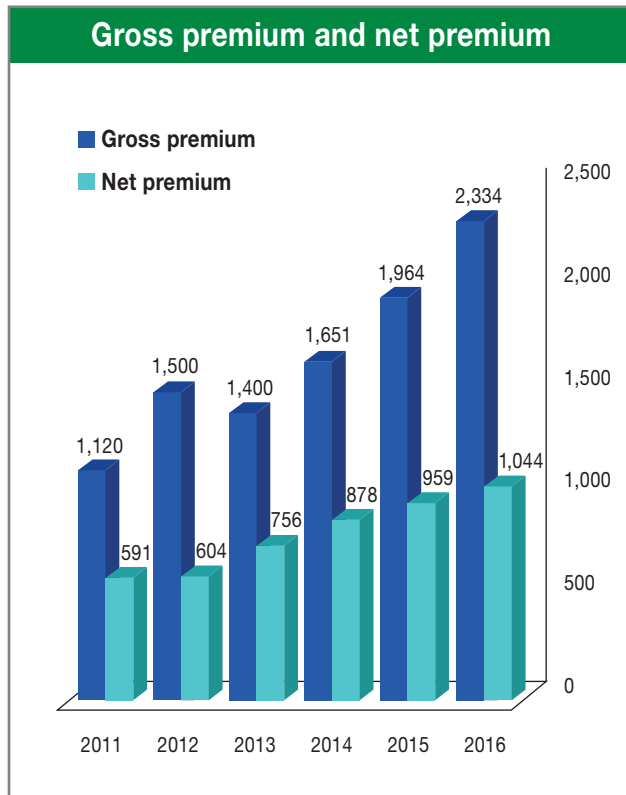
(Rupees in million)

	2016	2015	2014	2013	2012	2011
<b>Financial Data</b>						
<b>Return to Shareholders</b>						
Return on equity - PBT (%)	44.8	43.2	41.4	40.9	39.0	39.6
Return on equity - PAT (%)	30.2	32.6	32.7	31.7	30.6	29.8
Earnings growth (%)	2.8	10.3	19.5	24.5	21.6	24.1
Earnings per share - PBT (Rs.)	13.1	11.4	9.8	9.2	8.8	9.0
Earnings per share - PAT (Rs.)	8.8	8.6	7.8	7.1	6.9	6.8
Return on assets (%)	15.3	16.8	17.1	16.0	15.3	14.6
Investment yield (%)	19.4	17.9	17.2	17.6	15.4	14.4
Earnings assets / total assets (%)	66.8	67.2	68.8	56.8	56.9	55.0
<b>Liquidity / Leverage</b>						
Current ratio (times)	1.5	1.4	1.6	1.8	2.1	1.6
Cash / current liabilities (times)	0.2	0.4	0.5	0.2	0.4	0.1
Total assets turnover (times)	0.6	0.6	0.5	0.5	0.6	0.5
Fixed assets turnover (times)	40.4	36.4	30.6	22.8	26.5	24.7
Total liabilities / equity (times)	1.1	1.1	1.0	1.1	1.3	1.1
Return on capital employed (%)	19.9	22.3	22.3	20.4	17.9	20.1
Paid-up capital / total assets (%)	16.4	18.5	21.0	21.2	19.7	21.3
Equity / total assets (%)	47.8	48.6	49.9	47.7	44.3	48.6
Price to book ratio (Rs.)	2.9	2.9	3.2	2.8	2.0	1.6
<b>Market Data</b>						
Price earning ratio (times)	9.6	8.8	9.8	8.7	6.6	5.3
Face value - per share (Rs.)	10.0	10.0	10.0	10.0	10.0	10.0
Market value per share (Rs.)						
Market value at the end of the year	84.7	75.0	75.8	62.5	45.5	36.1
Highest value during the year	88.7	82.0	87.9	65.1	42.9	42.9
Lowest value during the year	59.1	60.3	55.5	35.1	26.0	26.0
KSE - 100 index (points)	47,807	32,816	32,131	25,261	16,905	11,348
Market capitalization (Rs.)	5,942.7	5,262.1	5,314.7	3,986.4	2,419.5	1,599.0
Net assets per share (times)	29.2	26.3	23.8	22.5	22.5	22.8
<b>Distribution</b>						
Cash dividend (Rs.)	456.0	421.0	421.0	318.9	212.6	177.2
Cash dividend (%)	65%	60%	60%	50%	40%	40%
Bonus shares (Rs.)	-	-	-	63.8	106.3	88.6
Bonus shares (%)	0%	0%	0%	10%	20%	20%
Total distribution (%)	65%	60%	60%	60%	60%	60%
Cash dividend per share (Rs.)	6.5	6.0	6.0	5.0	4.0	4.0
Stock dividend per share (Rs.)	-	-	-	1.0	2.0	2.0
Dividend yield (%)	7.7	8.0	7.9	8.0	8.8	11.1
Dividend pay out (%)	73.8	70.0	77.2	83.9	87.1	88.2
Breakup value per share (Rs.)	29.2	26.3	23.8	22.5	22.5	22.8



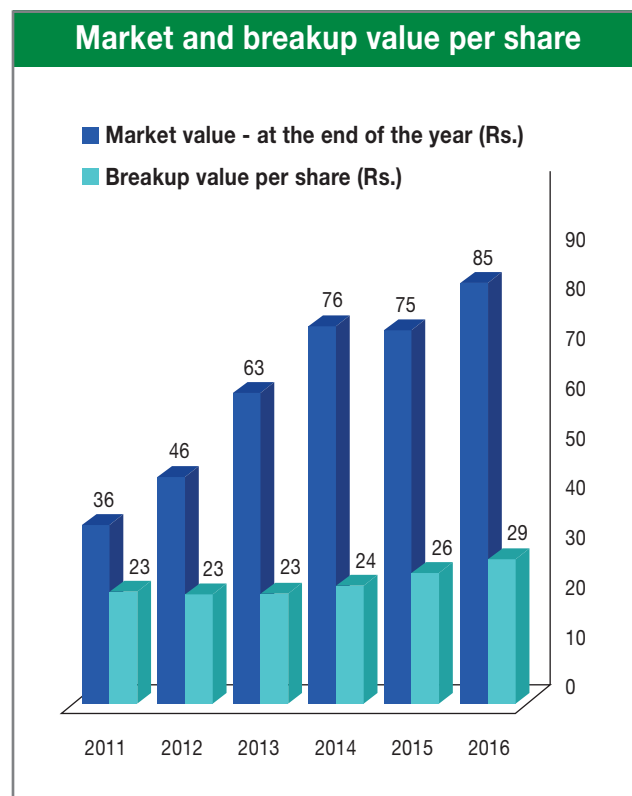
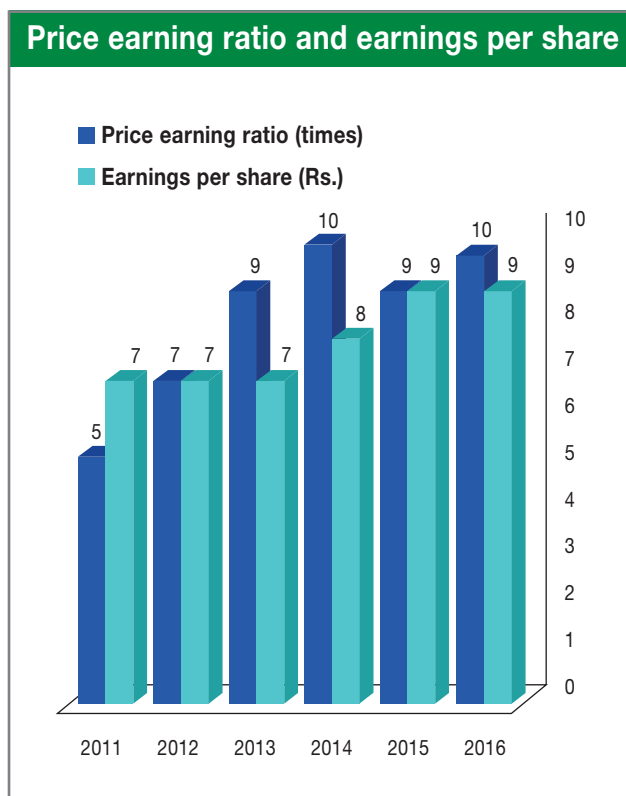
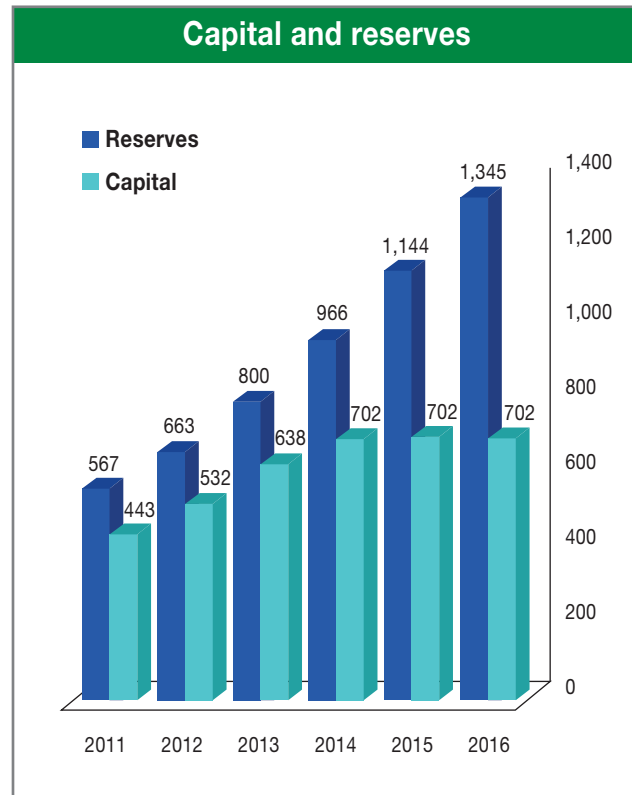
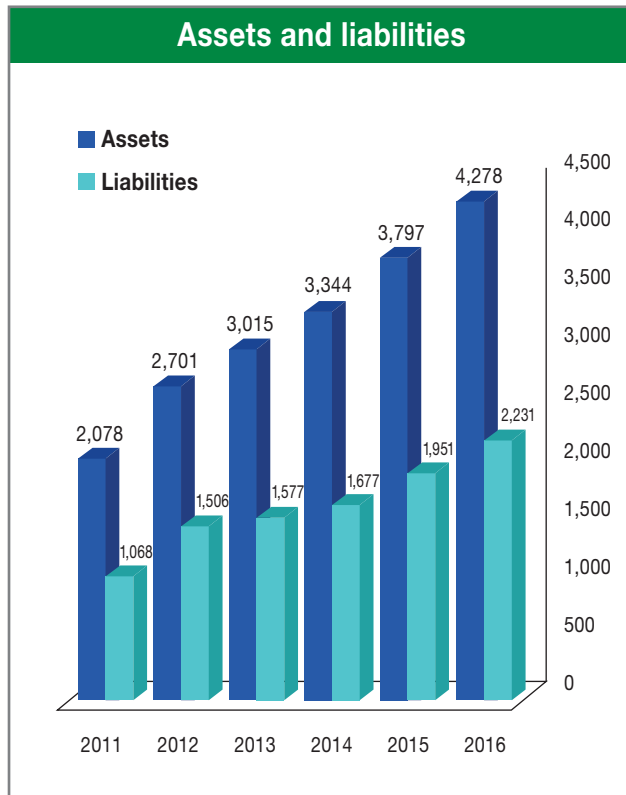
# Performance at a Glance (Graphical Presentation)

(Rupees in thousand)



## Performance at a Glance (Graphical Presentation)

(Rupees in thousand)



# Analysis of Financial Statements

## Balance Sheet

Particulars	Vertical Analysis Composition of Balance Sheet						Horizontal Analysis % Change Year to Year											
	2016	2015	2014	2013	2012	2011	2016 Vs 2015	2015 Vs 2014	2014 Vs 2013	2013 Vs 2012	2012 Vs 2011	2011 Vs 2010						
	(Rupees in thousand)						%	%	%	%	%	%	%					
<b>Current Assets</b>																		
Cash and bank balances	250,436	428,284	433,170	162,163	282,013	54,591	16.6	26.9	30.8	11.7	20.6	5.9	(41.5)	(1.1)	167.1	(42.5)	416.6	(88.9)
Premiums due but unpaid	208,898	148,090	145,497	260,165	229,835	313,944	13.8	9.3	10.3	18.7	16.8	33.7	41.1	1.8	(44.1)	13.2	(26.8)	121.0
Amounts due from other insurers / reinsurers	112,884	107,278	179,594	110,557	98,884	113,388	7.5	6.7	12.8	8.0	7.2	12.2	5.2	(40.3)	62.4	11.8	(12.8)	(4.0)
Salvage recoveries accrued	3,235	4,110	5,685	6,810	8,535	3,370	0.2	0.3	0.4	0.5	0.6	0.4	(21.3)	(27.7)	(16.5)	(20.2)	153.3	(66.2)
Accrued investment income	5,720	4,142	3,807	348	2,783	1,328	0.4	0.3	0.3	0.0	0.2	0.1	38.1	8.8	994.0	(87.5)	109.6	(59.2)
Reinsurance recoveries against outstanding claims	300,469	400,562	179,685	236,457	121,248	153,484	19.9	25.2	12.8	17.0	8.8	16.5	(25.0)	122.9	(24.0)	95.0	(21.0)	(20.4)
Deferred commission expense	74,971	70,325	50,608	63,673	67,320	22,896	5.0	4.4	3.6	4.6	4.9	2.5	6.6	39.0	(20.5)	(5.4)	194.0	40.3
Prepayments	525,404	419,221	381,794	533,695	533,080	253,308	34.8	26.4	27.2	38.5	38.9	27.2	25.3	9.8	(28.5)	0.1	110.4	13.5
Taxation - provision less payments	-	881	-	-	6,387	-	-	0.1	-	-	0.5	-	(100)	100	-	(100)	100	-
Sundry receivables	26,483	7,095	26,126	13,937	21,164	15,256	1.8	0.4	1.9	1.0	1.5	1.6	273.3	(72.8)	87.5	(34.1)	38.7	9.9
<b>Total Current Assets</b>	<b>1,508,500</b>	<b>1,589,988</b>	<b>1,405,966</b>	<b>1,387,805</b>	<b>1,371,249</b>	<b>931,565</b>	<b>35.3</b>	<b>41.9</b>	<b>42.0</b>	<b>46.0</b>	<b>50.7</b>	<b>44.8</b>	<b>(5.1)</b>	<b>13.1</b>	<b>1.3</b>	<b>1.2</b>	<b>47.2</b>	<b>(23.2)</b>
<b>Non Current Assets</b>																		
Fixed assets	59,210	55,237	49,247	53,856	65,576	45,492	2.1	2.5	2.5	3.3	4.9	4.0	7.2	12.2	(8.6)	(17.9)	44.1	3.6
Intangible assets	-	994	2,605	2,284	851	1,417	-	0.0	0.1	0.1	0.1	0.1	(100.0)	(61.8)	14.1	168.4	(39.9)	100
Long term loans	97	150	194	162	170	117	0.0	0.0	0.0	0.0	0.0	0.0	(35.3)	(22.7)	19.8	(4.7)	45.3	(33.9)
Investments	2,608,556	2,124,477	1,868,597	1,550,372	1,255,886	1,089,256	94.2	96.3	96.4	95.3	94.3	95.0	22.8	13.7	20.5	23.4	15.3	41.1
Deferred taxation	32,477	26,168	17,410	20,257	8,941	10,238	1.2	1.2	0.9	1.2	0.7	0.9	24.1	50.3	(14.1)	126.6	(12.7)	60.2
Total assets from Window Takaful Operations - OPF	68,763	-	-	-	-	-	2.5	-	-	-	-	-	100	-	-	-	-	-
<b>Total Non Current Assets</b>	<b>2,769,103</b>	<b>2,207,026</b>	<b>1,938,053</b>	<b>1,626,931</b>	<b>1,331,424</b>	<b>1,146,520</b>	<b>64.73</b>	<b>58.13</b>	<b>57.96</b>	<b>53.97</b>	<b>49.26</b>	<b>55.17</b>	<b>25.5</b>	<b>13.9</b>	<b>19.1</b>	<b>22.2</b>	<b>16.1</b>	<b>39.4</b>
<b>Total Assets</b>	<b>4,277,603</b>	<b>3,797,014</b>	<b>3,344,019</b>	<b>3,014,736</b>	<b>2,702,673</b>	<b>2,078,085</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>12.7</b>	<b>13.5</b>	<b>10.9</b>	<b>11.5</b>	<b>30.1</b>	<b>2.1</b>
<b>Equity &amp; Liabilities</b>																		
<b>Share Capital &amp; Reserves</b>																		
Share capital	701,614	701,614	701,614	637,831	531,526	442,938	34.3	38.0	42.1	44.4	44.4	43.9	-	-	10.0	20.0	20.0	20.0
Reserves	726,064	545,064	421,064	344,064	301,064	265,064	35.5	29.5	25.3	23.9	25.1	26.2	33.2	29.4	22.4	14.3	13.6	8.6
Retained earnings	618,860	599,221	544,824	456,136	365,835	301,917	30.2	32.5	32.7	31.7	30.5	29.9	3.3	10.0	19.4	24.7	(21.2)	(24.1)
<b>Total Share Capital and Reserves</b>	<b>2,046,538</b>	<b>1,845,899</b>	<b>1,667,502</b>	<b>1,438,031</b>	<b>1,198,425</b>	<b>1,009,919</b>	<b>47.8</b>	<b>48.6</b>	<b>49.9</b>	<b>47.7</b>	<b>44.3</b>	<b>48.6</b>	<b>10.9</b>	<b>10.7</b>	<b>16.0</b>	<b>20.0</b>	<b>18.7</b>	<b>17.9</b>
<b>Underwriting Provisions</b>	<b>1,471,658</b>	<b>1,347,868</b>	<b>1,057,228</b>	<b>1,105,302</b>	<b>1,044,520</b>	<b>749,033</b>	<b>34.4</b>	<b>35.5</b>	<b>31.6</b>	<b>36.7</b>	<b>38.6</b>	<b>36.0</b>	<b>9.2</b>	<b>27.5</b>	<b>(4.3)</b>	<b>5.8</b>	<b>39.4</b>	<b>(1.4)</b>
<b>Current and Other Liabilities</b>																		
Premium received in advance	53,009	51,695	56,429	8,052	5,572	2,758	7.0	8.6	9.1	1.7	1.2	0.9	2.5	(8.4)	600.8	44.5	102.0	(94.1)
Amounts due to other insurers / reinsurers	279,308	266,036	315,070	236,671	257,751	169,757	36.8	44.1	50.9	50.2	56.1	53.2	5.0	(15.6)	33.1	(8.2)	51.8	(24.1)
Accrued expenses	133,679	107,672	83,726	77,023	55,042	51,581	17.6	17.8	13.5	16.3	12.0	16.2	24.2	28.6	8.7	39.9	6.7	4.8
Taxation - provision less payments	61,269	-	16,648	30,488	-	11,193	8.1	-	2.7	6.5	-	3.5	100	-	(45.4)	100	(100.0)	7,263.8
Other creditors and accruals	127,284	106,110	92,842	77,869	113,880	61,199	16.8	17.6	15.0	16.5	24.8	19.2	20.0	14.3	19.2	(31.6)	86.1	(23.0)
Other liabilities	83,788	71,734	54,574	41,300	27,483	22,645	11.0	11.9	8.8	8.8	6.0	7.1	16.8	31.4	32.1	50.3	21.4	18.1
Total liabilities from Window Takaful Operations - OPF	21,070	-	-	-	-	-	2.8	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current and Other Liabilities</b>	<b>759,407</b>	<b>603,247</b>	<b>619,289</b>	<b>471,403</b>	<b>459,728</b>	<b>319,133</b>	<b>17.75</b>	<b>15.89</b>	<b>18.52</b>	<b>15.64</b>	<b>17.01</b>	<b>15.36</b>	<b>25.9</b>	<b>(2.6)</b>	<b>31.4</b>	<b>2.5</b>	<b>44.1</b>	<b>(23.8)</b>
<b>Total Liabilities</b>	<b>4,277,603</b>	<b>3,797,014</b>	<b>3,344,019</b>	<b>3,014,736</b>	<b>2,702,673</b>	<b>2,078,085</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>12.7</b>	<b>13.5</b>	<b>10.9</b>	<b>11.5</b>	<b>30.1</b>	<b>1.2</b>

## Analysis of Financial Statements Profit and Loss Account

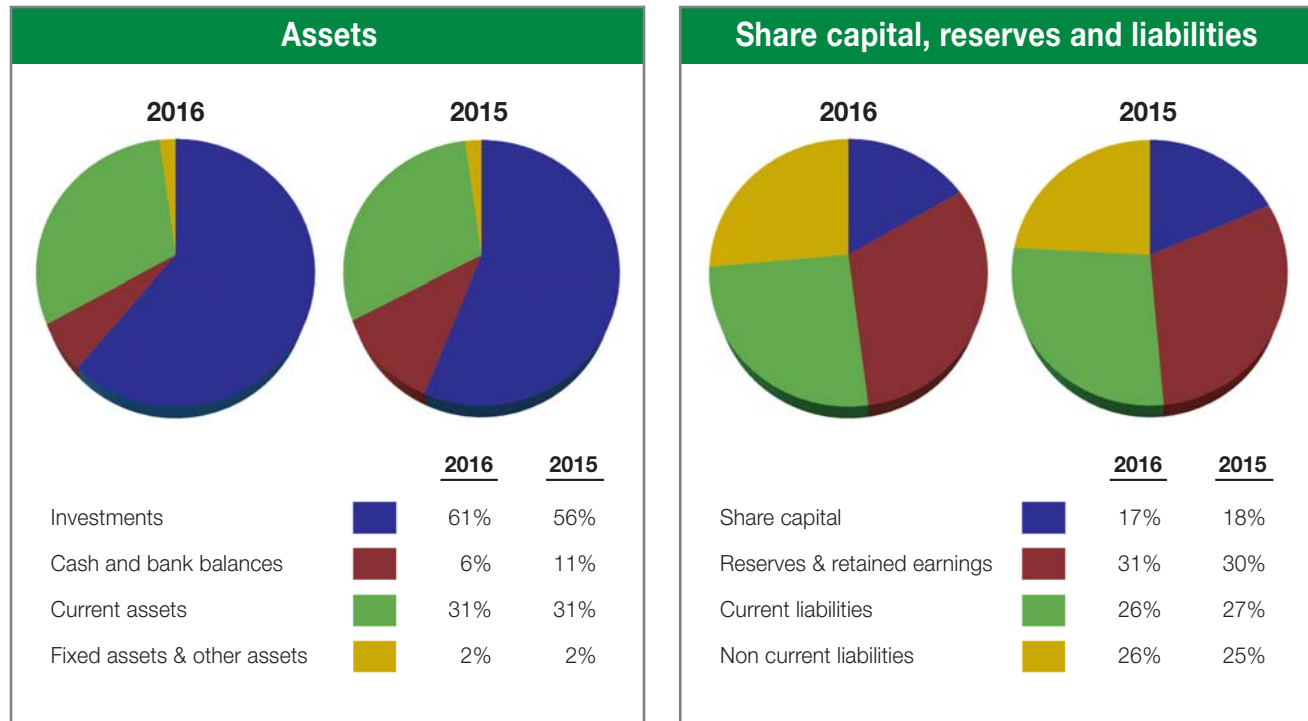
Particulars	2016 2015 2014 2013 2012 2011						Vertical Analysis Composition of Profit & Loss Account						Horizontal Analysis % Change Year to Year					
	(Rupees in thousand)						%						%					
	2016	2015	2014	2013	2012	2011	2016	2015	2014	2013	2012	2011	2016 Vs 2015	2015 Vs 2014	2014 Vs 2013	2013 Vs 2012	2012 Vs 2011	2011 Vs 2010
<b>Gross Premium</b>	2,333,644	1,964,485	1,651,321	1,400,230	1,500,344	1,120,290	100.0	100.0	100.0	100.0	100.0	100.0	18.8	19.0	17.9	(6.7)	33.9	9.3
<b>Revenue Account</b>																		
Net premium revenue	1,044,230	959,230	878,381	755,684	603,616	591,289	44.7	48.8	53.2	54.0	40.2	52.8	8.9	9.2	16.2	25.2	2.1	11.5
Net claims	268,889	203,946	210,525	163,418	133,237	153,294	25.7	21.3	24.0	21.6	22.1	25.9	31.8	(3.1)	28.8	22.7	(13.1)	(13.1)
Management expenses	358,472	356,523	311,040	304,545	229,957	227,494	34.3	37.2	35.4	40.3	38.1	38.5	0.5	14.6	2.1	32.4	1.1	15.0
Net Commission	67,334	63,947	49,897	55,172	54,894	43,084	6.4	6.7	5.7	7.3	9.1	7.3	5.3	28.2	(9.6)	0.5	27.4	(2.1)
<b>Underwriting Results</b>	484,203	462,708	406,713	342,893	295,316	253,585	46.4	48.2	46.3	45.4	48.9	42.9	4.6	13.8	18.6	16.1	16.5	26.8
Investment income	458,140	357,016	294,682	246,399	180,692	133,572	50.0	44.7	42.7	41.9	38.6	33.4	28.3	21.2	19.6	36.4	35.3	30.1
Rental and other income	24,322	19,119	24,622	31,779	17,553	38,306	2.7	2.4	3.6	5.4	3.8	9.6	27.2	(22.3)	(22.5)	81.0	(54.2)	(19.4)
Financial charges	680	559	435	437	467	424	0.1	0.1	0.1	0.1	0.1	0.1	21.6	28.5	(0.5)	(6.4)	10.1	3.2
General and administration expenses	46,832	40,465	34,767	33,062	25,331	24,955	5.1	5.1	5.0	5.6	5.4	6.2	15.7	16.4	5.2	30.5	1.5	10.7
	434,950	335,111	284,102	244,679	172,447	146,499	47.4	42.0	41.1	41.6	36.9	36.6	29.8	18.0	16.1	41.9	17.7	15.2
Loss from window takaful operations	(2,307)	-	-	-	-	-	(0.3)	-	-	-	-	-	100.0	-	-	-	-	-
<b>Profit Before Taxation</b>	916,846	797,819	690,815	587,572	467,763	400,084	39.29	40.61	41.83	41.96	31.18	35.71	14.9	15.5	17.6	25.6	16.9	22.3
Taxation	298,672	196,662	145,847	131,599	101,407	98,916	32.58	24.65	21.11	22.40	21.68	24.72	51.9	34.8	10.8	29.8	2.5	17.1
<b>Profit After Taxation</b>	618,174	601,157	544,968	455,973	366,356	301,168	26.5	30.6	33.0	32.6	24.4	26.9	2.8	10.3	19.5	24.5	21.6	24.1

## Cash Flow Statement

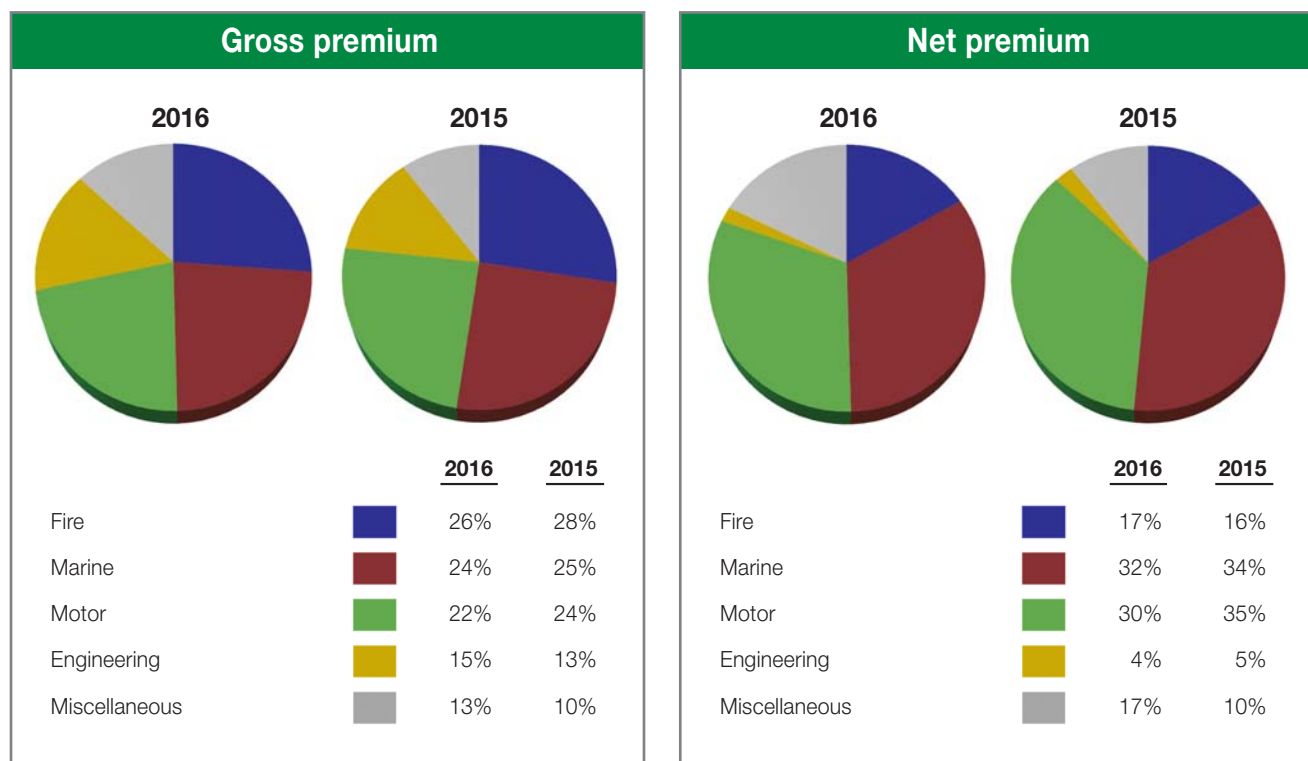
Particulars	2016 2015 2014 2013 2012 2011						Vertical Analysis Composition of Cash Flow						Horizontal Analysis % Change Year to Year					
	(Rupees in thousand)						%						%					
	2016	2015	2014	2013	2012	2011	2016	2015	2014	2013	2012	2011	2016 Vs 2015	2015 Vs 2014	2014 Vs 2013	2013 Vs 2012	2012 Vs 2011	2011 Vs 2010
Cash flow from operating activities	300,395	299,951	592,054	100,698	399,670	(139,230)	(168.9)	(6,139.0)	218.5	(84.0)	175.7	31.8	0.1	(49.3)	488.0	(74.8)	387.1	(561.7)
Cash flow from investing activities	(67,949)	104,847	(11,019)	(14,226)	1,030	(153,766)	38.2	(2,145.9)	(4.1)	11.9	0.5	35.1	(164.8)	1,051.5	22.5	(1,481.2)	(100.7)	(132.2)
Cash flow from financing activities	(410,294)	(409,684)	(310,028)	(206,322)	(173,278)	(144,994)	230.7	8,384.9	(114.4)	172.2	(76.2)	33.1	(0.1)	(32.1)	(50.3)	(19.1)	(19.5)	(10.2)
(Decrease) / increase in cash & cash equivalents	(177,848)	(4,886)	271,007	(119,850)	227,422	(437,990)	100.0	100.0	100.0	100.0	100.0	100.0	(3,540.0)	(101.8)	326.1	(152.7)	151.9	(161.3)

## Analysis of Financial Statements

### Graphical Presentation (Balance Sheet)

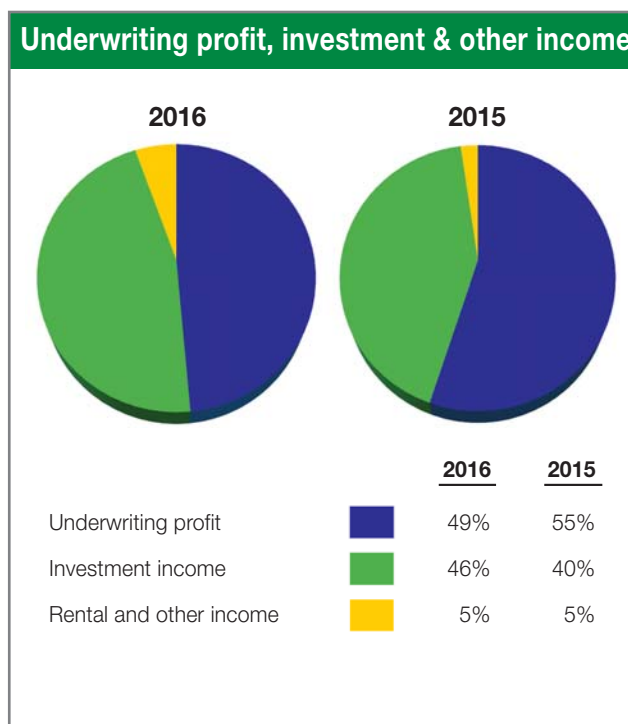
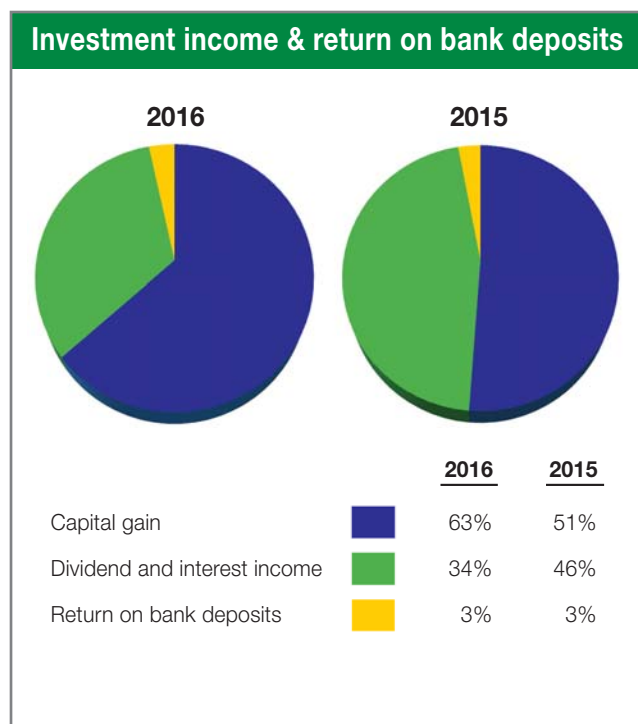


### Graphical Presentation (Profit and Loss Account)

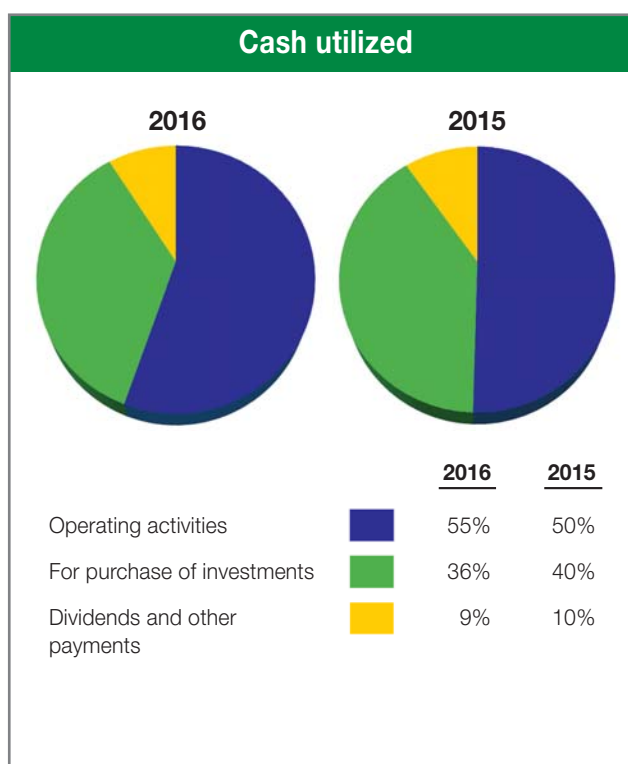
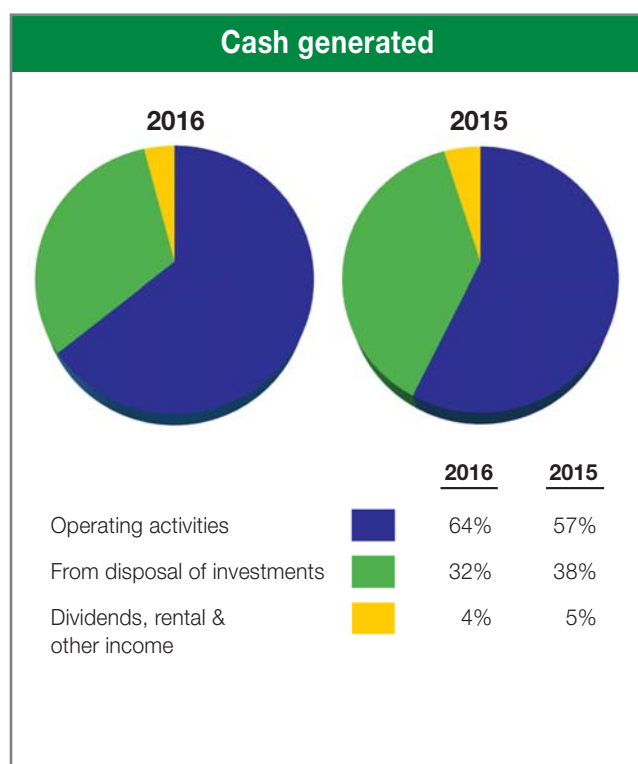


## Analysis of Financial Statements

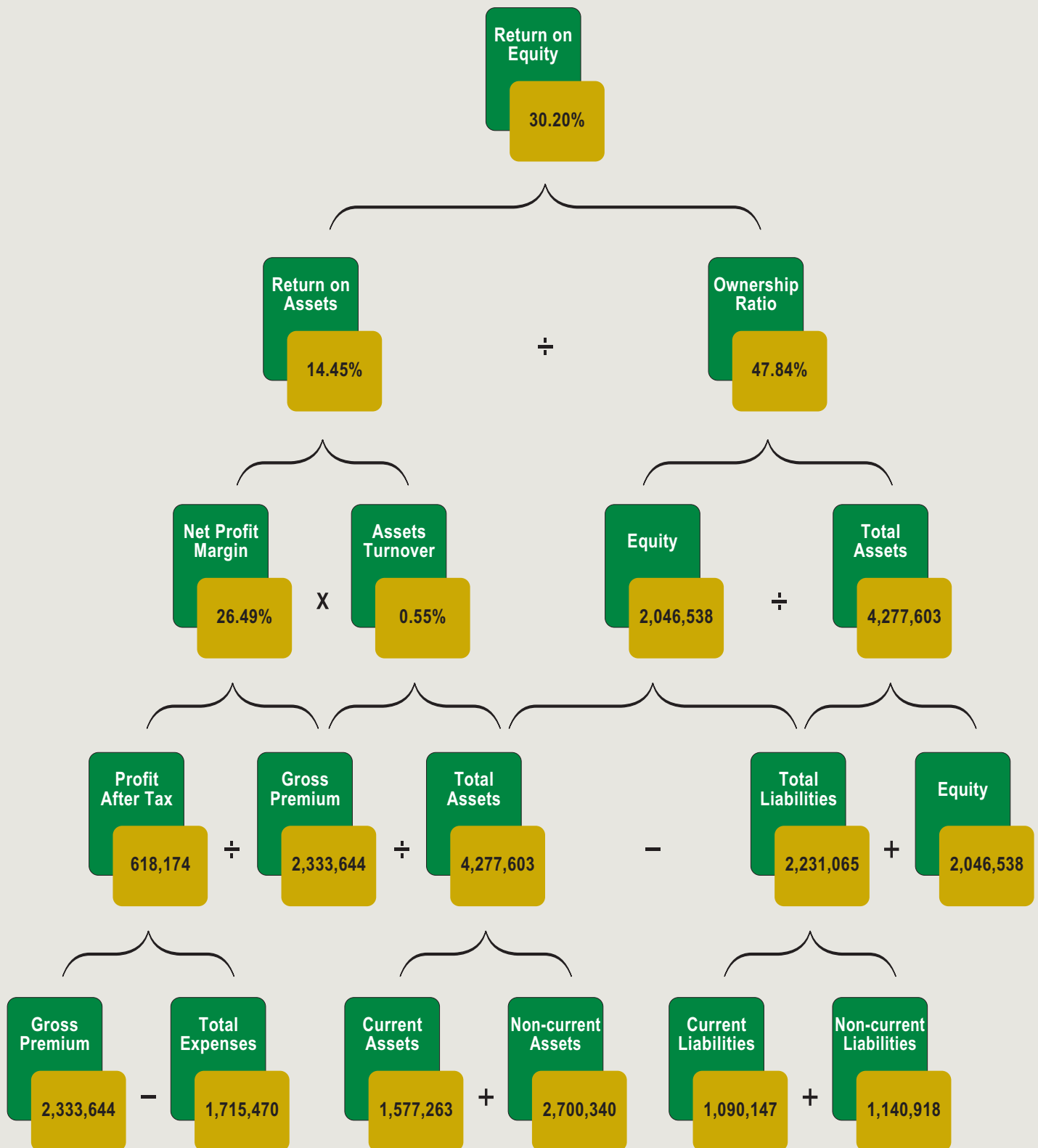
### Graphical Presentation (Profit and Loss Account)



### Graphical Presentation (Cash Flow)

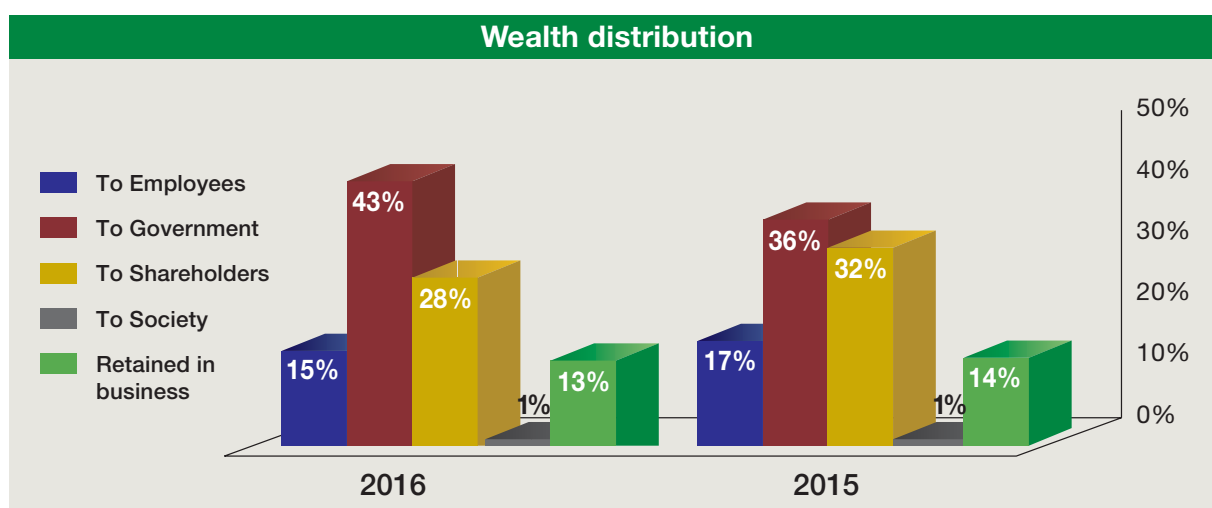


# DuPont Analysis 2016



## Statement of Value Addition

	2016		2015	
	(Rupees in thousand)	%	(Rupees in thousand)	%
<b>Wealth Generated</b>				
Gross premium (including FED and FIF)	2,690,370		2,249,414	
Commission income	67,334		63,947	
Income from investments	458,140		357,016	
Rental and other income	24,322		19,119	
	3,240,166		2,689,496	
Management and other expenses	1,712,294		1,367,755	
	<u>1,527,872</u>	<u>100.00%</u>	<u>1,321,741</u>	<u>100.00%</u>
<b>Wealth Distributed</b>				
<b>To Employees</b>				
Salaries, wages and other benefits	232,251	15.20%	221,388	16.75%
<b>To Government</b>				
Company taxation	298,672	19.55%	196,662	14.88%
Levies (Including FED and FIF)	356,726	23.35%	284,929	21.56%
	655,398	42.90%	481,591	36.44%
<b>To Shareholders</b>				
Cash dividend	420,968	27.55%	420,968	31.85%
<b>Financial Charges</b>				
To providers of finance	-	-	-	-
<b>To Society</b>				
Endowment, donation etc.	9,525	0.62%	7,930	0.60%
<b>Retained in Business</b>				
Depreciation and amortization	11,838	0.77%	11,611	0.88%
General reserves	181,000	11.85%	124,000	9.38%
Retained profit	16,892	1.11%	54,253	4.10%
	209,730	13.73%	189,864	14.36%
	<u>1,527,872</u>	<u>100.00%</u>	<u>1,321,741</u>	<u>100.00%</u>





## Chairman's Review

It is my pleasure to present the 82nd Annual Report and performance review of the Company on behalf of the Board for the year ended December 31, 2016.

### The Economy

The year 2016 ended on an optimistic note as Pakistan's GDP growth reached an eight year high of 4.7% in FY16 compared to 4% recorded in FY15. This was mainly supported by favorable global commodity prices which helped in curbing inflation, keeping interest rates at an all time low and reduction in electricity load-shedding. Pakistan successfully completed its IMF Program by mostly meeting the program targets.

Inflation hit a multiyear low on account of falling energy prices and benign food prices as reflected in the average CPI of 3.76% in CY16. An expansionary monetary policy played a vital role in the country's economic development as it encouraged construction and related activities. Furthermore, the exchange rate remained stable as a result of buildup in foreign exchange reserves, which have increased to USD 23.3 billion at the end of CY16, compared to USD 21.1 billion last year. Pakistan's capital market reached new highs during the year, with KSE-100 index gaining 46% during CY16, ranking it amongst top 5 markets in the world. In spite of substantial net FIPI outflow of USD 339 million during the year robust domestic liquidity was able to fully absorb the foreign selling. Moreover, reclassification of Pakistan market into MSCI Emerging Market index combined with recent purchase of 40% strategic stake of Pakistan Stock Exchange by a Chinese consortium provided further impetus to the market and also helped in reviving investors' confidence.

Overseas Pakistani workers remitted USD 9.459 billion in the first six months (July - December) of FY17, showing a decline of 2.37% compared with USD 9.688 billion received during the same period in the preceding year. The FBR managed tax collection of Rs. 1,460 billion during July-December 2016 against Rs. 1,615 collected during the same period in 2015. The balance of trade deficit was USD 14.50 billion during July-December 2016 compared to USD 11.90 billion during the corresponding period last year. The above factors are a cause of concern. They must be addressed by the government, in particular declining exports and stagnating tax revenue, through structural reforms for sustainable macro-economic stability.

### Industry Analysis

Insurance sector plays an important role in enhancing economic activity by protecting and indemnifying assets. Pakistan insurance sector has potential to uphold the momentum of growth by increasing general awareness and through deeper penetration of insurance companies in the under-served market segments.

The gross premium growth of non-life insurance sector witnessed 4.4% growth during the nine months period ended September 30, 2016. The size of the insurance business in Pakistan, inclusive of public sector insurance companies, is very small, constituting about 0.8% of GDP. This ratio is 3.8% in India, 3% in China and 4% in Malaysia. Mega projects funded under the CPEC will pick pace which is expected to give room for insurance companies to tap engineering business in particular. However, in order to

attract customers, it is important to make the products more transparent, easy to understand and at competitive rates vis a vis Chinese insurance market.

Certain developments in the insurance sector during the year may affect its expansion include the introduction of single basket tax rate and imposition of withholding tax for non-filers. This will increase the insurance cost and may impact the sector adversely. Recent major reforms such as issuance of Code of Corporate Governance for Insurers, 2016, guidelines for estimation of 'Incurred But Not Reported (IBNR)' claims reserve, will strengthen the SECP's role as an effective facilitator for sound development of the insurance and takaful industry. The insurance law itself is being reformed by SECP keeping in view latest trends and technological developments in the insurance sector. With these developments SECP has become very proactive and has morphed itself into a regulator taking the lead in the progress of the insurance sector.

Pakistan has not been a very attractive market for international reinsurance owing to its low penetration compared to peer markets. The insurance sector has shown much better underwriting results than before and needs to share the profits with its reinsurance partners. Low penetration on the other hand can also become an attraction for the international players as room for expansion in the insurance / takaful sector is much greater than offered by those with high insurance density ratio.

### The Company Results

#### Premium

The gross premium for the year reached Rs. 2.33 billion as compared to Rs. 1.96 billion, reflecting 19% growth. The net premium reported at Rs. 1.04 billion against Rs. 959.23 million of last year, up 9%. The underwriting profit was Rs. 484.20 million as compared to Rs. 462.71 million of last year. These results reflect the fundamental strength of the Company's core business and depict the strength, vision and professionalism of the management.

#### Window Takaful Operations

Takaful is another business segment with potential to grow and enhance financial inclusion. The Company was granted Takaful license on March 02, 2016 by the SECP under Takaful Rules, 2012 to carry out Window Takaful Operations in Pakistan. During the period from March 2, 2016 to December 31, 2016, the Company managed to accept contributions aggregating to Rs. 61.50 million. The Company devised its strategies and it is expected business under Window Takaful Operations will grow in the next year. The regulator granting permission to conventional insurers to carry out takaful as window operation will help in both conventional insurance and takaful business.

#### Segments at a Glance

##### Fire and Property Damage

Gross underwriting premium grew by 13% from Rs. 540.59 million in 2015 to Rs. 610.54 million in 2016 and net premium increased by 8% from Rs. 159.01 million to Rs. 170.87 million. Net claims ratio increased to 11% as compared to 6% of last

year. The underwriting profit grew to Rs. 111.73 million, an increase of 6% against last year.

**Marine Aviation & Transport**

This portfolio contributed gross underwriting premium of Rs. 546.86 million in 2016, against Rs. 483.31 million in 2015, up 13%. Net premium increased by 4% from Rs. 323.00 million of last year to Rs. 334.77 million. The net claims were Rs. 20.36 million as against Rs. 16.26 million of previous year. The segment's underwriting profit increased to Rs. 287.50 million from Rs. 268.01 million of last year, up 7%.

**Motor**

Motor segment has generated gross underwriting premium of Rs. 513.41 million as compared to Rs. 478.63 million of 2015, up 7%. Net premium was Rs. 314.29 million against Rs. 332.83 million of last year. The net claims ratio increased to 35% against 31% of last year, but is still one of the lowest in the market, reflecting the prudent underwriting approach of the Company towards motor business. After allocation of expenses, the underwriting profit reached Rs. 62.55 million as compared to Rs. 72.69 million of last year.

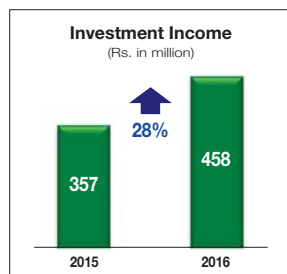
**Miscellaneous**

The gross premium in this segment rose significantly to Rs. 662.83 million from Rs. 461.95 million of 2015, up 43%. Net premium under miscellaneous segment also rose to Rs. 224.30 million from Rs. 144.39 million of last year. Claims ratio of 53% remained same as that of last year which resulted in underwriting profit of Rs. 22.43 million against Rs. 16.99 million of the last year, up 32%.

**Investment Management**

The Investment Committee has been active throughout the year. Emphasis was laid on investing in fundamentally sound stocks with strong growth and earning prospects. The investment was diversified into a blend of growth stocks and mutual fund portfolio yielding a good return in shape of capital gain and dividend.

The investment income stood at Rs. 458.14 million as compared to Rs. 357.02 in the year 2015. Capital gain contributed Rs. 268.45 million and dividend income Rs. 151.32 million as against Rs. 209.07 and Rs. 178.83 million of last year, respectively. The Company also made additional investment of Rs. 452.13 million during the year in different instruments in line with the Company policy.



The book value of investment as at December 31, 2016 stood at Rs. 2.61 billion (market value Rs. 6.44 billion) against Rs. 2.12 billion (market value Rs. 4.41 billion) of last year. This reflects strong financial base of your Company as well as better utilization of Company funds.

**Capital Management**

Your Company is committed to maintain a strong financial profile, which gives financial flexibility to achieve growth and portfolio optimization goals. The Company's capital base is structured keeping in view the future expansion and growth of the Company. The paid up capital of the Company was Rs. 701.61 million with equity at Rs. 2.0 billion as at December 31, 2016.

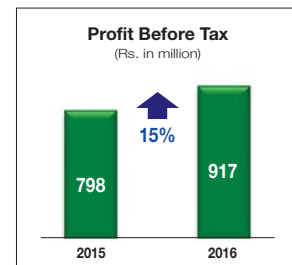
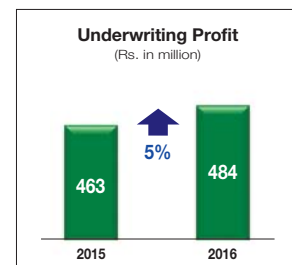
**Treasury Management**

The treasury activities are controlled and carried out in accordance with the policies approved by the Board. It includes management of company's holdings, with the ultimate goal of managing the liquidity and mitigating operational and financial risk. The Company manages its liquidity risk by maintaining healthy cash and cash equivalents and other liquid assets. Paramount importance is given to positive cash flows to manage financing and investment activities accordingly.

The cash and cash equivalents at the end of the year were Rs. 250.44 million as compared to Rs. 428.28 million at the end of the last year.

**Profitability**

The underwriting profit rose to Rs. 484.20 million during the year 2016 from Rs. 462.71 million of last year. Good returns from investments contributed towards increased profit before tax, which was reported at Rs. 916.85 million as compared to Rs. 797.82 million of last year. After providing for taxes to the tune of Rs. 298.67 million, the net profit was Rs. 618.17 million as compared to Rs. 601.16 million of 2015. Revised tax rates for dividend income and capital gain, at corporate tax rate, introduced through Finance Act, 2016-17 for insurance companies along with 3% super tax resulted in increased provision for taxation.



**Reinsurance**

Your Company has reinsurance arrangements with some of the best renowned reinsurers holding strong financial ratings.

This year, once again, the Company has been able to negotiate reinsurance arrangements on improved terms. The Company keeps endeavoring to build capacities for underwriting conventional insurance as well as arranging reinsurance for new products to expand its portfolio in other segments of insurance as well.

**Policyholder and Customer Service**

Customer service is taking care of the customer's needs by providing and delivering professional and high quality service.

Customer service is at the forefront of the strategy of your Company as it believes in serving customers and risk transfer requirements effectively and efficiently. These endeavors will help increase a loyal customer base and enhance the image of the Company as customer focused.

### Solvency

Solvency is essential for staying in business as it asserts Company's ability to continue operations into the foreseeable future. The Company believes in maintaining a strong cash position and asset base to meet any sudden liquidity requirements as well as solvency limits. Your Company, despite the limits set on investments by the SECP, for determining admissible assets, comfortably meets the solvency requirements.

### Information Technology

The management of your Company believes that Information technology (IT), in addition to increasing efficiency also drives innovation and innovation is the path to business success. The Company is continuously upgrading its IT infrastructure, improving secured and speedy communication setup and customer relation. Continuous improvement and developing of software adds to secure and prudent MIS to keep up to date with latest trends with the objective that information is available to business concerns on timely basis.

During the year 2016, in-house development of Business Continuity Plan (BCP) was carried out successfully and many other basic and valuable I.T activities were performed that supported BCP / DRP. A centralized data center was deployed and online ERP is being used for day-to-day business activities. Commencement of Window Takaful Operations was implemented successfully under fully automated system similar to the conventional business.

### Risk Management System

Effective risk management is fundamental to the success of any business particularly in insurance business. Risk is inherent in the insurance business. Though the risk cannot be eliminated altogether yet, it can be minimized by taking timely and appropriate measures. Your Company has companywide framework of methods and processes to manage risks. The improved performance is a result of our focus on sound financial practices, maintaining a disciplined approach to risk management, economizing on costs and eliminating duplication of resources. Insurance being the business of transfer of risks from clients to insurers is viable only if underwriters have the ability to precisely assess the risk. As such, the Company closely monitors risks while prioritizing, analyzing and addressing the concerned issues.

### Human Resource and Associate Development

Human capital in any organization particularly in an insurance company is the most valuable asset. Organizations which place importance and focus on human capital development perform better. Your Company strongly believes in the Atlas Group philosophy of organization development through continuous human resource development which ultimately accelerates productivity, increases employee effectiveness and efficiency, provides job satisfaction and promotes self-respect, dignity and integrity. Company strongly believes in the core value of 3Rs -

Respect, Recognition and Reward and importance is also given on 'right people' at 'right time' and at 'right job'.

Your Company, being a constitute member of Atlas Group, lays emphasis on the "Atlas Culture" in all respects. Focusing on "The Atlas Way", a code of conduct, encourage employees to perform in a disciplined way. It is based on key management principles proven by the long experience of successful entrepreneurs. Implementation of "7S" vision of Strategy, Structure, System, Shared Values, Style, Staff, and Skill, remains in focus of the management. While using BCG model is the base of the Company for strategic direction setting.

Your Company has a framework of human resource development, educating and training of employees, which consists of three steps process. First, assessing employees' competencies, training them for the job and then encouraging development of the employees through self and continued education. To assess the training needs of the employees LNA (Learning Need Assessment) is developed every year, which helps to plan training program for the year and accordingly, employees are sent for nominated trainings. To fulfillment of organization's long term needs, more than two dozen employees are appearing in Associate of Chartered Insurance Institute, London, examinations to complete their ACII qualification which is financed by the Company. Selected employees are sent on training in reputable institutions such as IBA Karachi, PIMS, LUMS and some employees are also doing EMBA from reputable Institutes of Pakistan.

Potential employees are identified and accordingly their Individual Development Profiles (IDPs) are prepared for their career path. Mentorship program for development and retention of young and talented employees has a beneficial impact on young employees. The management of your Company will reap the benefits of this program in times to come.

### Corporate Social Responsibility

In your Company, Corporate Social Responsibility is a form of corporate self-regulation. The Company is committed to responsible business practices and in line with Atlas Group philosophy aims to contribute to the social development of the country and believes in repaying the society. Following this principal the Company contributed 1% of its profit before tax to the Atlas Foundation which in turn carries out different welfare work in the society, particularly in the field of education. Your Company is committed to work across all barriers of race, religion, color and background and the only yardstick is merit.

### Rating by PACRA

The Pakistan Credit Rating Agency (PACRA) has maintained the Insurer Financial Strength (IFS) rating of your Company at "AA-". The rating denotes a very strong capacity to meet policyholders and contract obligations. The rating takes into account robust liquidity profile, providing strong coverage to the Company's obligations. PACRA also acknowledges that Atlas Insurance continues to have a sound panel of reinsurers with favorable treaty terms and prudent risk retention policies.

### Contribution to the National Exchequer

Your Company's contribution to the national exchequer has been increasing. During the year your Company paid Rs. 577.63 million

towards government exchequer as direct and indirect taxes. Significant returns were also paid to the valued shareholders of the Company. This is a reflection of management's belief in the development of the economy through discharging the obligations by timely and accurate payment of all government dues. Your Company is a constitute member Atlas Group and in totality the contribution to the national exchequer is over Rs. 38 billion which is 1% of the total exchequer revenue for the year 2015 -16, a significant share.

### Accolades

#### ICAP-ICMAP Best Corporate Report Award

The two prestigious accounting bodies, the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP) annually hold this competition with the aim to encourage and give recognition to excellence in annual corporate reporting. The Company's Annual Report 2015 was adjudged to receive "Best Corporate Report Award 2015" by the joint committee of ICAP and ICMAP. Your Company was selected among the top five companies in the NBFi sector.



Chief Executive Officer of the Company, Mr. Arshad P. Rana, receiving the "Best Corporate Report Award 2015"

The award seeks to promote corporate accountability and transparency through the publication of timely, informative, factual and reader friendly annual reports. The Company has previously received 7 times Best Corporate Report Award and 6 times South Asian Federation Association (SAFA) awards.

#### Insurance Journal Performance Award

This is the second time when the Insurance Journal instituted the "Insurance Journal Performance Awards" for the insurance companies of Pakistan. On the basis of results for the year 2015, your Company was awarded for the "Highest Underwriting Profit as Percentage of Written Premium Award - 2015" This award

reflects the fundamental strength of the Company and its prudent underwriting policies.

This is a coveted award that reflects the high degree of professionalism existing in your company and is a testimony to Atlas Insurance commitment to strict adherence to the code of corporate governance and transparency in all its policies and business practices. It is worth mentioning here that, the Company is also recipient of one of the prestigious awards of the Corporate sector - "KSE Top 25 Companies Award 2005".

### Future Outlook

Unlike many other countries, Pakistan's economic outlook is quite bright mainly due to easing of energy supply situation, accelerating progress on CPEC related projects, improving business confidence, tangible improvement in security and low global commodity prices. GDP growth is expected to touch the 5% mark in FY17, driven by strong consumption and rising investment expenditures under CPEC related projects, higher PSDP spending and private sector capacity expansion. Pakistan economy, being mainly domestic demand driven with limited international financial and trade linkages, is among the few economies placed to withstand probable global economic ramifications. In this backdrop, foreign investment assumes greater significance and this needs continuing improvement in the economic and security environment. Pakistan needs to focus on value-added exports to generate jobs and higher export earnings. Local industry needs to step up cost efficiencies and quality standards in order to survive in this new competitive world. Given the country's huge market base and rapidly growing middle class consumer goods sector is expected to do well in 2017. However, the challenge of fiscal consolidation and tapping the undocumented economy needs to be tackled more aggressively by the government for continued and steady economic progress.

سے خودی کو کر بلند اتنا کہ ہر تقدیر سے پہلے  
خدا بندے سے خود پوچھے بتا تیری رضا کیا ہے

### Acknowledgement

I wish to express my sincere appreciation to our valued shareholders, clients, reinsurers, SECP and financial institutions whose cooperation and support over the years strengthened our relationship which plays a vital role in improving our products and services and contribution to the society and national economy.

I also appreciate the valuable contribution and active role of the Board of directors in supporting and guiding the management. I would also like to express my gratitude to the Chief Executive Officer Mr. Arshad P. Rana and his team for their efforts, dedication and sincerity of purpose.

Yusuf H. Shirazi  
Chairman

## Directors' Report

The directors of your Company take pleasure in presenting their report together with the audited financial statements and Auditors' Report thereon for the year ended December 31, 2016. The director's report prepared under Section 236 of the Companies Ordinance, 1984, Clause (xvi) of the Code of Corporate Governance and Clause (xxiv) of the Code of Corporate Governance for Insurers, 2016 will be put forward to the members at the eighty second Annual General Meeting of the Company to be held on April 26, 2017.

### Financial Results

Following is the overall performance of the Company for the year ended December 31, 2016:

	<u>2016</u>	<u>2015</u>
	<u>(Rupees in thousand)</u>	
Gross premium	2,333,644	1,964,485
Profit for the year before tax	916,846	797,819
Taxation:		
Current	281,220	184,000
Deferred	(7,851)	(7,915)
Prior years - current / deferred	25,303	20,577
	298,672	196,662
Profit for the year after tax	618,174	601,157
Un-appropriated profit brought forward	58	869
Profit available for appropriation	618,232	602,026
<b>*Appropriations:</b>		
Transferred to general reserve	(162,000)	(181,000)
Proposed cash dividend @ 65% (2015: @ 60%)	(456,049)	(420,968)
	(618,049)	(601,968)
Unappropriated balance carried forward	183	58

\* The Board of directors has recommended cash dividend of Rs. 6.50 per share i.e. 65% for the year ended December 31, 2016. The financial statements do not reflect these appropriations in compliance with the Fourth Schedule of the Companies Ordinance, 1984.

### Earnings Per Share

The earnings per share after tax is Rs. 8.81 as against Rs. 8.57 in 2015.

### Chairman's Review

The Chairman's Review included in the Annual Report deals inter alia with the performance of the Company for the year ended December 31, 2016 and future prospects. The directors endorse the contents of the review.

### Board of Directors

The Board of directors consists of seven individuals having the knowledge, skill and experience required to provide oversight and strategic guidelines to the Company. All the directors, except the Chief Executive Officer, are non-executive directors, including one who is also independent director. None of the directors on the Board is a director of more than 7 listed companies including this Company. All the directors represent diverse fields / professions and possess all the necessary skills and understanding to deal with various business issues and have the ability to review management performance.

The Board would like to place on record its appreciation for the valuable contribution made by the outgoing director, Mr. Tariq Amin towards progress of the Company. The Board also welcomes Mr. Khaleeq-ur-Rahman Khan who joined the Board in place of the outgoing director and hope that the Company will benefit from his varied experience. The casual vacancy when occurred during

the year was filled within 90 days in accordance with the Code of Corporate Governance and Listing Regulations. The director appointed to fill the casual vacancy shall continue to act until the next election of the Board of directors. The incoming director has been provided information on the powers, duties and liabilities of the directors under the Companies Ordinance, 1984, the Code of Corporate Governance, Memorandum and Articles of Association and Listing Regulations.

The Board had five (5) and Audit Committee had four (4) meetings during the year. Attendance by each director / member was as follows:

S. No.	Directors	Directorships in listed companies including Atlas Insurance	Attendance in the meetings of	
			Board of Directors	Audit Committee
1	Mr. Yusuf H. Shirazi	4	4/5	N/A
2	Mr. Feroz Rizvi	2	4/5	4/4
3	Mr. Isphanyar M. Bhandara	2	2/5	N/A
4	Mr. Tariq Amin (Resigned w.e.f. July 11, 2016)	N/A	2/2	N/A
5	Mr. Ali H. Shirazi	2	5/5	4/4
6	Mr. Jawaid Iqbal Ahmed	2	3/5	3/4
7	Mr. Khaleeq-ur-Rahman Khan (Appointed w.e.f. August 31, 2016)	1	2/2	N/A
8	Mr. Arshad P. Rana	1	5/5	N/A

In addition to the above one meeting of the Human Resource & Remuneration Committee was also held during the year which was attended by all the members.

Before each meeting of the Board of directors a closed period is determined by the Company during which directors, CEO, executives of the Company and their spouses are not allowed to trade in shares of the Company in any manner, whether directly or indirectly. The Board has reviewed the status of executives in terms of Clause (xvi) & (xxiii) of the Code of Corporate Governance and has set a threshold defining categories of employees as executives consequent to which they are subject to additional regulatory requirements for trading and disclosing their transactions in the Company shares.

No transaction in the Company's shares has been reported by the directors, CEO, CFO, Company Secretary and their spouse and minor children during the year except as disclosed in the pattern of shareholding.

One of the major shareholders of the Company, M/s. Shirazi Investments (Pvt.) Limited (SIL), an associated company, has notified to the Company that the Honorable High Court of Sindh has sanctioned the merger of Shirazi Capital (Pvt.) Limited (SCL) and Shirazi (Private) Limited (SPL) with and into SIL.

SIL's shareholding in Atlas Insurance Limited after merger of SCL and SPL (both associated companies) is as under:

Particulars	Number of Shares
Shares held by SIL (before merger)	23,860,942
Transfer of shares held by SCL into SIL (as per court order)	22,068,013
Transfer of shares held by SPL into SIL (as per court order)	6,923,144
<b>Shares held by SIL after merger</b>	<b>52,852,099</b>

### External Auditors

The present Auditors, M/s. A.F. Ferguson, Chartered Accountants have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP). The external auditors have confirmed that their firm is in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP. The external auditors have not been appointed to provide other services except in accordance with the listing regulations and they have confirmed that they have observed IFAC guidelines in this respect.

The external auditors attended those Audit Committee meetings in which audited / reviewed financial statements of the Company were considered by the Audit Committee. The auditors have confirmed that they have no issue of independence and they have already reported all their concerns in the Board letters.

### Employees' Retirement Benefits

The Company operates defined contribution plan for its permanent employees through either one of the following ways:

- a recognized provident fund; or
- voluntary pension schemes managed by Atlas Asset Management Limited, an associated entity, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.
- The newly appointed employees are offered voluntary pension schemes only. However, employees who are members of provident fund trust have the option to opt either of the two above mentioned defined contribution plans.

The Company also operates non-contributory gratuity fund scheme for its management employees.

The value of investment, based on their respective accounts is as follows:

<b>Provident Fund</b>	Rs. 163.87 million (as at December 31, 2016)
<b>Gratuity Fund</b>	
Management staff	Rs. 33.16 million (as at June 30, 2016)
Non-management staff	Rs. 17.83 million (as at December 31, 2016)

### Compliance with the Code of Corporate Governance

The directors confirm the compliance of the requirements of the Code of Corporate Governance, relevant to the year ended December 31, 2016. Separate statements to these effects are annexed.

### Statement of Directors' Responsibilities

The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed by the Board in light of the Company's overall objectives. The Board is committed to maintain high standards of good corporate governance. The Company has been in compliance with the provisions set out by the SECP and the listing rules of the Stock Exchange.

#### Financial Statements

The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

#### Books of Account

The Company has maintained proper books of account.

#### Accounting Policies

Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

#### International Accounting Standards

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.

#### Internal Control System

The system of internal control is sound in design and has been effectively implemented and monitored.

#### Going Concern

There is no doubt about the Company's ability to continue as a going concern.

### **Operating and Financial Data**

Operating and financial data and key ratios of the Company for last six years are annexed.

### **Best Practices of Corporate Governance**

There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

### **Taxes and Levies**

Information about taxes and levies is given in notes to the financial statements.

### **Related Party Transactions**

In order to comply with the requirements of Listing Regulations, the Company presented all the related party transactions before the Audit Committee for their review / recommendations. These transactions were reviewed / recommended by the Audit Committee and approved by the Board of Directors in their respective meetings. Detail of related party transactions is disclosed in note 28 of the financial statements and note 17 of the financial statements - Window Takaful Operations.

### **Pattern of Shareholding**

The pattern of shareholding of the Company is annexed.

### **Code of Conduct**

The Company has prepared a 'Code of Conduct', which has been approved by the Board of directors. This Code has been disseminated throughout the Company.

The basic philosophy underlying this Code is to conduct business operations with honesty, integrity and openness, and with respect for human rights and interest of the employees. The Company respects the legitimate interest of all those with whom it has relationship - government, employees, clients, shareholders and society. The Code has been placed on Company's website.

Compliance with this Code is essential element in business savvies. The Board of directors is responsible for ensuring that the Code is communicated to and understood and observed by all the employees. Day-to-day responsibility is delegated to the senior management for implementing this Code.

### **Compliance with Secretarial Practices**

The Company Secretary furnished a Secretarial Compliance Certificate, in the prescribed form, as required under the Listing Regulations of the Pakistan Stock Exchange, as part of the annual return filed with the Registrar of Companies to certify that the secretarial and corporate requirements of the Companies Ordinance, 1984 and Listing Regulations have been complied with.

### **Liquidity Management**

During the year an amount of Rs. 300.395 million (2015: Rs. 299.951 million) was generated from operating activities which was utilized in investment activities and payment of dividend to the shareholders. The Company prudently manages liquidity to ensure its ability to meet its contractual obligations more efficiently.

### **Material Changes**

There have been no material changes since December 31, 2016 to the date of the report and the Company has not entered into any commitment during this period, which would have any adverse impact on financial position of the Company.

### **Safeguarding of Records**

The Company emphasize for storage and safe custody of its financial records. The Company is using oracle based GIS system for recording its financial information. Access to electronic documentation has been ensured through implementation of comprehensive password protected authorization matrix.



### Market Share Information

As per statistics compiled by the Insurance Association of Pakistan (IAP) for non-life insurance companies for the year ended December 31, 2015, the market share of the Company has increased to 3.20% from 3% of the year 2014. Status for the year 2016 will be known once statistics of all the companies are compiled by the IAP.

### Directors Training Program

Three directors have successfully completed Directors Training Program (DTP). Three directors meet the criteria of exemption under Clause (xi) of the Code of Corporate Governance and are accordingly exempted from DTP. Remaining director will complete the training program within the period specified in the Code of Corporate Governance.

### Communication

Communication with the shareholders is given a high priority. Annual reports are distributed to the members and half yearly and quarterly reports are placed on Company's website within the time specified by the Companies Ordinance, 1984 and the Code of Corporate Governance. The Company also has a web site, [www.atlasinsurance.com.pk](http://www.atlasinsurance.com.pk), which contains up-to-date information on Company's activities and financial reports.

### Outstanding Statutory Payments

All outstanding payments are of normal and routine nature.

### Safety and Environment

The Company follows the safety and environment rules and regulations.

For and on behalf of the  
Board of Directors



**Arshad P. Rana**  
Chief Executive

Lahore: February 28, 2017

## ضابطہ اخلاق

کمپنی نے بورڈ آف ڈائریکٹرز سے منظور شدہ ایک ضابطہ اخلاق مرتب کیا ہے۔ اس ضابطے کا اطلاق کمپنی بھر میں ہے۔

اس ضابطے کا بنیادی مقصد کاروباری معمولات کو ایمانداری، دیانت داری اور کثادگی سے چلانا ہے تاکہ ملازمین کے مفادات اور انسانی حقوق کا تحفظ کیا جاسکے۔ کمپنی ان لوگوں کے تمام جائز مفادات کا احترام کرتی ہے جن کا تعلق کمپنی کے ساتھ ہے۔ مثلاً حکومت، ملازمین، گاہک، حصص داران اور معاشرہ۔ کمپنی کی ویب سائٹ پر یہ ضابطہ شائع کیا گیا ہے۔

کاروبار کو چلانے کے لئے یہ ضابطہ بہت اہمیت کا حامل ہے۔ بورڈ آف ڈائریکٹرز یہ یقین دلاتا ہے کہ اس ضابطے کو مناسب طریقے سے ملازمین کو مطلع اور سمجھایا گیا ہے اور اس پر عمل درآمد کیا جا رہا ہے۔ اس ضابطے پر عمل درآمد کے لئے اعلیٰ انتظامیہ روزانہ کی بنیاد پر اپنی ذمہ داریاں نبھاتی ہے۔

## سیکرٹری عمل داری سے متعلق

پاکستان سٹاک ایکسچینج کی لسٹنگ ریگولیشنز کی ضروریات کے مطابق کمپنی سیکرٹری نے مجوزہ شکل میں ایک سکرٹریٹل کمپلائنس سرٹیفکیٹ جاری کیا ہے۔ یہ کمپنی کے سالانہ گوشوارے کا حصہ ہے جو کہ رجسٹرار کو ارسال کیا گیا ہے۔ یہ تصدیق کرنے کے لئے سیکرٹریٹل اور کارپوریٹ ضروریات کی تکمیل کے لیے کمپنی آرڈیننس 1984 اور لسٹنگ ریگولیشنز کو مد نظر رکھا گیا ہے۔

## لیوڈیٹی انتظامات

سال کے دوران آپریشنز کی کارروائیوں سے 300.395 ملین روپے (2015ء میں 299.951 ملین روپے) حاصل کئے گئے جو کہ سرمایہ کاری کی کارروائیوں اور حصص داران کو منافع دینے کے لئے استعمال کئے گئے۔ کمپنی لیکویڈٹی انتظامات کو احتیاط سے اپنی معاہدی ذمہ داریوں کو نبھانے کے لئے استعمال کرتی ہے۔

## مادی تبدیلیاں

31 دسمبر 2016ء سے لے کر آج تک کسی قسم کی مادی تبدیلی نہیں لائی گئی ہے اور اس عرصے کے دوران کمپنی نے کسی قسم کا معاہدہ نہیں کیا ہے جس سے کمپنی کی مالی حالت میں کوئی بڑی تبدیلی واقع ہوئی ہو۔

## مندرجات کی حفاظت

کمپنی اپنے ریکارڈز/مندرجات کی حفاظت تھیل پر یقین رکھتی ہے۔ کمپنی اپنی مالی معلومات کو Oracle پروگرام کے ذریعے GIS نظام مرتب کرتی ہے۔ اور الیکٹرانک دستاویز تک رسائی کے لئے جامع پاس ورڈ سے محفوظ کردہ میٹریکس استعمال کرتی ہے۔

## منڈی کے حصے کی معلومات

31 دسمبر 2015ء کو اختتام پذیر سال کے لئے انٹرنیشنل ایسوسی ایشن آف پاکستان (IAP) کے اعداد و شمار کے مطابق زندگی کے بیمہ سے مستثنیٰ کمپنیوں کے لئے، سال 2014ء کے مقابلے میں کمپنی کا منڈی میں حصہ 3 فیصد سے بڑھ کر 3.20 فی صد ہو گیا ہے۔

## ڈائریکٹرز بینک پروگرام

تین ڈائریکٹرز نے کامیابی سے ڈائریکٹرز بینک پروگرام (DTP) مکمل کر لیا ہے۔ کارپوریٹ گورننس کے ضابطے کی شق (xi) کے تحت تین ڈائریکٹرز مستثنیٰ قرار پائے اور انہیں DTP سے مستثنیٰ قرار دیا گیا۔ کارپوریٹ گورننس کے ضابطے میں درج عرصے کے دوران بقیہ ایک ڈائریکٹر ڈائریکٹرز بینک پروگرام مکمل کر لیں گے۔

## مطلع کرنا

حصص داران کو مطلع کرنا کمپنی کی اولین ترجیح ہے۔ سالانہ رپورٹس ارکان کو بذریعہ ڈاک ارسال کی جاتی ہیں اور کمپنی آرڈیننس 1984ء اور کارپوریٹ گورننس کے ضابطے کے متعینہ عرصہ کے دوران ششماہی اور سہ ماہی رپورٹس کمپنی کی ویب سائٹ پر دستیاب کی جاتی ہیں۔ کمپنی کی اپنی ویب سائٹ [www.atlasinsurance.com.pk](http://www.atlasinsurance.com.pk) ہے جس میں کمپنی کے کام اور اس کی مالیاتی رپورٹس کی تازہ ترین معلومات موجود ہیں۔

## واجب الادا قانونی ادائیگیاں

تمام واجب الادا داروں معمول کے مطابق ہیں۔

## تحفظ اور ماحول

کمپنی حفاظتی اور ماحولیاتی اصول و ضوابط پر عمل درآمد کر رہی ہے۔

منجانب بورڈ آف ڈائریکٹرز



ارشاد رانا  
چیف ایگزیکٹو آفیسر

لاہور: 28 فروری، 2017

• صرف نو منتخب ملازمین کو رضا کارانہ پیش کش کی جاتی ہے۔ تاہم جو ملازمین پراویڈنٹ فنڈ ٹرسٹ کا حصہ ہیں انہیں مندرجہ بالا دو تقسیمی منصوبوں میں سے کسی ایک کو اختیار کرنے کا حق ہے۔

کمپنی نے اپنے انتظامی ملازمین کے لئے غیر تقسیمی گریجویٹ فنڈ سکیم متعارف کرائی ہے۔

سرمایہ کاری کی مالیت، ان کے متعلقہ کھاتہ داری کے مطابق مندرجہ ذیل ہیں۔

پراویڈنٹ فنڈ	163.87 ملین روپے (31 دسمبر 2016ء کو)
گریجویٹ فنڈ	
برائے پیمنٹ اسٹاف	33.16 ملین روپے (30 جون 2016ء کو)
برائے نان پیمنٹ اسٹاف	17.83 ملین روپے (31 دسمبر 2016ء کو)

#### کوڈ آف کارپوریٹ گورننس کی تعمیل

31 دسمبر 2016ء کو اختتام پذیر سال سے متعلقہ ڈائریکٹرز نے تصدیق کی ہے کہ کوڈ آف کارپوریٹ گورننس کے ضروریات کے تحت تعمیل کی گئی ہے۔ ان اسٹیٹمنٹس کو علیحدہ طور پر منسلک کیا گیا ہے۔

#### ڈائریکٹرز کی ذمہ داریوں کی تفصیلات

بورڈ باقاعدگی سے کمپنی کی حکمت عملی کا جائزہ لیتا ہے۔ چیف ایگزیکٹو سٹاف کو منصوبے اور کاروبار کی کارکردگی کے اہداف کو مرتب کرتا ہے۔ اور کمپنی کے مجموعی مقاصد کی روشنی میں بورڈ اس کا جائزہ لیتا ہے۔ بورڈ کمپنی کی اعلیٰ کارپوریٹ گورننس کے معیار کو برقرار رکھنے کے لئے پرعزم ہے۔ SECP اور سٹاک ایکسچینج سے لسٹنگ ریگولیشن کے مرتب کردہ قوانین کے تحت کمپنی کاربند رہتی ہے۔ اعلیٰ کارپوریٹ گورننس میں کسی قسم کی کمی نہیں ہے جیسا کہ لسٹنگ ریگولیشنز میں بتایا گیا ہے۔

#### مالی تفصیلات

کمپنی کی انتظامیہ سے مرتب کردہ مالی تفصیلات اپنے معاملات، کام کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو غیر جانبدارانہ طور پر پیش کرتی ہے۔

#### اکاؤنٹس کی کتب

کمپنی نے ایکاؤنٹس کی درست کتب مرتب کی ہیں۔

#### حساب داری پالیسیاں

مالی تفصیلات اور ہی تجزیوں کو مرتب کرنے کے لئے مناسب حساب داری پالیسیوں کا تسلسل سے اطلاق کیا جاتا ہے جو کہ مناسب اور محتاط فیصلوں پر منحصر ہیں۔

#### بین الاقوامی حساب داری معیار

مالی تفصیلات کو مرتب کرنے کے لئے بین الاقوامی حساب داری معیار، جو کہ پاکستان میں لاگو ہیں، کو مد نظر رکھا جاتا ہے۔

#### اندرونی کنٹرول کا نظام

اندرونی کنٹرول کا نظام بہترین ہے اور اس کو موثر طریقے سے لاگو کیا جاتا ہے اور نگرانی کی جاتی ہے۔

#### جاری کاروبار

کاروبار جاری رکھنے کے لئے کمپنی کی صلاحیتوں میں کوئی شک نہیں۔

#### آپریٹنگ اور مالی اعداد و شمار

کمپنی کے گزشتہ چھ سالوں کے کلیدی تناسب، آپریٹنگ اور مالی اعداد و شمار منسلک ہیں۔

#### کارپوریٹ گورننس پر اعلیٰ عمل درآمد

اعلیٰ کارپوریٹ گورننس میں کسی بھی قسم کا شک نہیں ہے جیسا کہ لسٹنگ ریگولیشنز میں بتایا گیا ہے۔

#### ٹیکس اور محصول

مالی تفصیلات کے نوٹس میں ٹیکس اور محصول کی معلومات درج ہیں۔

#### متعلقہ پارٹی سے لین دین

لسٹنگ ریگولیشنز کی ضروریات کے مطابق عمل کرنے کے لئے کمپنی نے جائزے اور سفارشات کے لئے متعلقہ پارٹی لین دین کی تفصیلات آڈٹ کمیٹی کو پیش کیں۔ آڈٹ کمیٹی نے ان تفصیلات کا جائزہ لیا اور سفارشات پیش کیں۔ ان کے متعلقہ اجلاس میں بورڈ آف ڈائریکٹرز نے اسے منظور کیا۔ متعلقہ پارٹی کے لین دین کی تفصیلات مالی تفصیلات کے نوٹس میں 28 نمبر پر درج ہیں جبکہ ونڈ وٹیکال آپریشنز کے تحت متعلقہ پارٹی کی لین دین کی تفصیلات، ونڈ وٹیکال آپریشنز کے نوٹ نمبر 17 پر درج ہیں۔

#### پیٹرن آف شیئر ہولڈنگ

پیٹرن آف شیئر ہولڈنگ منسلک ہے۔

سال کے دوران بورڈ کے 5 اور آڈٹ کمیٹی کے 4 اجلاس منعقد ہوئے۔ ہر ڈائریکٹر/رکن کی حاضری مندرجہ ذیل ہے۔

سیریل نمبر	ڈائریکٹرز	لسٹڈ کمپنی میں ڈائریکٹر شپ بشمول اٹلس انشورنس	اجلاس میں حاضری	
			بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی
1	جناب یوسف ایچ شیرازی	4	4/5	N/A
2	جناب فیروز رضوی	2	4/5	4/4
3	جناب اسفین یار ایم بھنڈارا	2	2/5	N/A
4	جناب طارق امین (11 جولائی 2016 کو مستعفی ہوئے)	N/A	2/2	N/A
5	جناب علی ایچ شیرازی	2	5/5	4/4
6	جناب جاوید اقبال احمد	2	3/5	3/4
7	جناب خلیق الرحمن خان (31 اگست 2016 کو تفری ہوئی)	1	2/2	N/A
8	جناب ارشد پی رانا	1	5/5	N/A

مندرجہ بالا کے ساتھ، اس سال انسانی وسائل اور مشاہرے کی کمیٹی کا ایک اجلاس بھی منعقد کیا گیا جس میں تمام اراکین نے شرکت کی۔

بورڈ آف ڈائریکٹرز کے ہر اجلاس سے پہلے کمیٹی کی جانب سے ایک بندہ عرصہ متعین کیا جاتا ہے جس کے دوران ڈائریکٹرز، CEO، کمیٹی کے ایگزیکٹو اور ان کی ازدواج کے لیے کمیٹی کے حصص کی لین دین بل واسطہ یا الودا واسطہ طور پر ممنوع قرار دی جاتی ہے۔ کوڈ آف کارپوریٹ گورننس کی شق نمبر (xvi) اور (xxii) کے تحت بورڈ نے ایگزیکٹو کی حیثیت کا تعین کیا ہے، جس کی بناء پر ان پر کمیٹی کے حصص کی لین دین کو افشا کرنے کی اضافی انضباطی ضروریات کے مطابق عمل کرنا ضروری ہے۔

سال کے دوران ڈائریکٹرز، CFO، CEO، کمیٹی کے سیکرٹری اور ان کی ازدواج اور نالغ بچوں کی طرف سے کمیٹی کے حصص کا کوئی لین دین سامنے نہیں آیا سوائے اس کے جو کہ حصص داری کے نمونہ میں ظاہر کیا گیا ہے۔

کمیٹی کے کلیدی حصص داران میں سے ایک نے یعنی میسرز شیرازی انویسٹمنٹس (پرائیویٹ) لمیٹڈ (SIL) (ایک منسلک کمیٹی) نے کمیٹی کو باور کرایا کہ سندھ ہائی کورٹ نے شیرازی کمپنیل (پرائیویٹ) لمیٹڈ (SCL) اور شیرازی (پرائیویٹ) لمیٹڈ (SPL) کو SIL میں ضم کرنے کا حکم صادر کیا ہے۔

SCL اور SCP (دونوں منسلک کمپنیاں ہیں) کے ضم ہونے کے بعد SIL کے اٹلس انشورنس لمیٹڈ میں حصص داری مندرجہ ذیل ہے۔

تفصیلات	حصص کی تعداد
SIL کے پاس حصص (ضم ہونے سے پہلے)	23,860,942
SCL کے پاس موجود حصص کی SIL کو فراہمی (عدالتی حکم کے مطابق)	22,068,013
SPL کے پاس موجود حصص کی SIL کو فراہمی (عدالتی حکم کے مطابق)	6,923,144
ضم ہونے کے بعد SIL کے پاس حصص کی کل تعداد	52,852,099

### بیرونی پڑتال کنندہ

موجودہ پڑتال کنندہ میسرز اے۔ ایف فرگوسن، چارٹرڈ اکاؤنٹنٹس کونسل ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول پروگرام کے تحت تسلیم شدہ درجہ بندی دی گئی ہے۔ بیرونی آڈیٹرز نے واضح کیا کہ ان کا ادارہ/فرم انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی ہدایات اور ICAP کے موجودہ اقدار کے مطابق کام کر رہی ہے۔ بیرونی آڈیٹرز کو لسٹنگ ریگولیشنز میں موجود خدمات کے علاوہ دوسری خدمات فراہم کرنے کے لئے مقرر نہیں کیا گیا ہے۔ اور اس ضمن میں انہوں نے تصدیق کی کہ ان کا ادارہ IFAC کے ہدایات پر عمل درآمد کر رہا ہے۔

بیرونی پڑتال کنندگان نے ان آڈٹ کمیٹی کے اجلاس میں شرکت کی جن میں آڈٹ کمیٹی کی جانب سے پڑتال شدہ/نظر ثانی شدہ مالی تفصیلات کو غور میں لایا گیا تھا۔ آڈیٹرز نے تصدیق کی کہ انہیں آزادی کا کوئی مسئلہ نہیں ہے اور انہوں نے اپنے تمام تر خدمات کو بورڈ خطوط میں واضح کر دیا ہے۔

### ملازمین کی ریٹائرمنٹ کے فوائد

کمیٹی اپنے مستقل ملازمین کے لئے ایک منظم سبھی منصوبہ پر مندرجہ ذیل میں سے کسی ایک طریقے سے عمل کر رہی ہے۔

- ایک تسلیم شدہ پراویڈنٹ فنڈ۔
- اٹلس ایٹ منجمنٹ لمیٹڈ (ایک منسلک کمیٹی) کی جانب سے رضا کارانہ پنشن سسٹم قوانین 2005ء کے تحت رضا کارانہ پنشن سکیم متعارف کرائی گئی ہے۔ یعنی اٹلس پنشن فنڈ اور اٹلس پنشن اسلامی فنڈ۔

## ڈائریکٹرز کی رپورٹ

ہماری کمپنی کے ڈائریکٹرز 31 دسمبر 2016 کو اختتام پذیر سال کے لئے پڑتال شدہ مالی تفصیلات، پڑتال کنندگان کی رپورٹ سمیت پیش کرتے ہیں۔ ڈائریکٹرز رپورٹ کمپنیز آرڈیننس 1984 کی شق 236، کوڈ آف کارپوریٹ گورننس کی شق XVI اور کوڈ آف کارپوریٹ گورننس برائے انشوررز 2016 کے مطابق تیار کی گئی ہے جو کہ 26 اپریل 2017 کو منعقدہ کمپنی کے 82 ویں سالانہ اجلاس عام میں ارکان کو پیش کی جائے گی۔

### مالی نتائج

31 دسمبر، 2016 کو اختتام پذیر سال کو کمپنی کی مجموعی کارکردگی درج ذیل ہے۔

2015	2016	
(روپے ہزاروں میں)		
1,964,485	2,333,644	گروس پربیم
797,819	916,846	سال میں منافع ماسوائے ٹیکس
		محصول
184,000	281,220	حالیہ
(7,915)	(7,851)	تاخیر شدہ
20,577	25,303	سابقہ سالوں میں۔ حالیہ/تایخیر شدہ
196,662	298,672	
601,157	618,174	سال میں منافع (ٹیکس کے بعد)
869	58	آگے لایا گیا ناقف شدہ منافع
602,026	618,232	
(181,000)	(162,000)	عمومی ذخائر کو منتقل کردہ
(420,986)	(456,049)	نقد ڈیویڈنڈ 65% (2015: 60%)
(601,968)	(618,049)	
58	183	آگے بھیجا گیا ناقف شدہ بقایا

\* 31 دسمبر 2016 کو اختتام پذیر سال میں بورڈ کے ڈائریکٹرز نے نقد ڈیویڈنڈ 6.50 روپے فی حصص یعنی کہ 65 فی صد تجویز کیا ہے۔ مالی تفصیلات ان وقف شدہ رقم کو کمپنیز آرڈیننس 1984ء کے چوتھے شیڈول کی تعمیل کے مطابق ظاہر نہیں کرتی ہیں۔

### فی حصص آمدنی

2015ء میں 8.57 روپے کے مقابلے میں ٹیکس کے بعد فی حصص آمدنی 8.81 روپے ہے۔

### چیئرمین کا تجزیہ

31 دسمبر 2016ء کو اختتام پذیر سال کے لئے اور مستقبل کے امکانات کے لئے کمپنی کی کارکردگی کو سالانہ رپورٹ میں چیئرمین کا تجزیہ شامل کیا گیا ہے۔ ڈائریکٹرز تجزیے کے مندرجات سے متفق ہیں۔

### بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز 7 افراد پر مشتمل ہے، جن کے پاس کمپنی کو نگرانی اور حکمت عملی کی رہنمائی دینے کا علم، مہارت اور تجربہ ہے۔ تمام ڈائریکٹرز، ماسوائے چیف ایگزیکٹو آفیسر کے نان ایگزیکٹو ڈائریکٹرز ہیں بشمول ایک ڈائریکٹر کے جو کہ آزاد ڈائریکٹر بھی ہیں۔ بورڈ کا کوئی بھی ڈائریکٹر 7 سے زیادہ لٹھ کمپنیوں بشمول اس کمپنی کے ڈائریکٹر نہیں ہے۔ تمام ڈائریکٹرز متعدد شعبہ جات/پیشوں کی نمائندگی کرتے ہیں اور متعدد کاروباری معمولات سے نمٹنے کے لئے تمام ضروری مہارتوں اور مہارتوں سے واقف ہیں اور انتظامی کارکردگی کے جائزہ کی صلاحیت رکھتے ہیں۔

بورڈ کمپنی کے مستعفی ہونے والے ڈائریکٹر جناب طارق امین کی خاطر خواہ خدمات کو قدر کی نگاہ سے دیکھتا ہے۔ بورڈ جناب خلیق الرحمن خان کو خوش آمدید کہتا ہے جنہوں نے مستعفی ہونے والے ڈائریکٹر کی جگہ بورڈ میں شمولیت اختیار کی ہے اور بورڈ امید کرتا ہے کہ کمپنی ان کے وسیع تجربے سے فائدہ اٹھائے گی۔ سال کے دوران جیسے ہی اتفاقی جگہ خالی ہوئی وہ کوڈ آف کارپوریٹ گورننس اور لسٹنگ ریگولیشن کے تحت 90 دن کے اندر اندر پُر کی گئی۔ اتفاقی جگہ کو پُر کرنے کے لئے جس ڈائریکٹر کا تقرر کیا گیا وہ بورڈ آف ڈائریکٹرز کے اگلے الیکشن تک برقرار رہیں گے۔ نئے شامل ہونے والے ڈائریکٹر کو کمپنیز آرڈیننس 1984ء، کوڈ آف کارپوریٹ گورننس، میمورنڈم آف ایسوسی ایشن اور لسٹنگ ریگولیشنز کے تحت ڈائریکٹر کے فرائض اور ذمہ داریوں سے آگاہ کیا گیا ہے۔

دینے کی ضرورت ہے۔ اس تقابلی دنیا سے بہتر آزما ہونے کے لیے مقامی صنعت کو لگاتی خرچہ پر قابو پانے اور اچھا معیار برقرار رکھنے کی ضرورت ہے۔ 2017ء میں ملک کی بہت بڑی مارکیٹ کی بنیاد اور درمیانے طبقے کے صارفین کی اشیا میں اضافہ کی توقع ہے۔ تاہم حکومت کو مسلسل اور مستحکم معاشی ترقی کے لئے مالیاتی چیلنگی اور غیر دستاویزی معیشت کو دستاویزی بنانے کے چیلنج سے پرزور انداز میں نمٹنا ہوگا۔

سے خودی کو کر بلند اتنا کہ ہر تقدیر سے پہلے  
خدا بندے سے خود پوچھے بتا تیری رضا کیا ہے

#### اعتراف

میں اپنے قابل قدر حصص داران، کلائنٹس، ری انشوررز، SECP اور مالیاتی اداروں کی دلی قدر کرتا ہوں جن کے سالوں پر محیط تعاون اور حمایت سے ہمارا تعلق مضبوط ہوا۔ جس نے ہماری مصنوعات اور خدمات اور معاشرے میں ہمارا کردار اور قومی معیشت میں بہتری میں اہم کردار ادا کیا۔

میں انتظامیہ کی راہنمائی میں بورڈ آف ڈائریکٹرز کی قابل قدر شراکت اور فعال کردار کی بھی تعریف کرتا ہوں۔ میں چیف ایگزیکٹو آفیسر جناب ارشد بی رانا اور ان کی ٹیم کی کوششوں، عزم اور مقصد کے حصول میں مخلصی پر تہ دل سے اپنا شکریہ ادا کرتا ہوں۔



یوسف ایچ شیرازی  
چیئرمین

کے ایوارڈ کے لئے منتخب کیا گیا۔ یہ ایوارڈ کمپنی کی بنیادی چیلنگی اور اس کی باصلاحیت انشورنس پالیسیوں کی عکاسی کرتا ہے۔ یہ ایک ایسا ایوارڈ ہے جس کے لیے ہر کمپنی خواہشمند ہوتی ہے۔ یہ کمپنی کی پیشہ ورانہ مہارت کے اعلیٰ درجے کی عکاسی کرتا ہے اور یہ کہ ٹلس انشورنس کی کارپوریٹ گورننس کے ضابطہ اور اس کی تمام پالیسیوں اور کاروباری عمل داری کی شفافیت پر چیلنگی سے عمل درآمد کے لئے پر عزم ہے۔ یہ بات بھی قابل ذکر ہے کہ کمپنی کارپوریٹ شعبہ کے ایک بہت قیمتی ایوارڈ ”KSE ٹاپ 25 کمپنیز ایوارڈ 2005“ کی بھی حامل ہے۔

#### مستقبل کا نقطہ نظر

دوسرے ممالک کے برعکس پاکستان کے معاشی آثار بہتر نظر آ رہے ہیں، جس کی وجوہات میں توانائی کی آسان ترین فراہمی کا معاملہ، CPEC سے متعلق منصوبوں میں تیز رفتاری سے پیش رفت، کاروباری اعتماد میں اضافہ، لاء اینڈ آرڈر میں بہتری اور کم ترین عالمی اشیا کی قیمتیں شامل ہیں۔ مالیاتی سال 2017ء میں مضبوط کھپت اور CPEC سے متعلق منصوبوں میں سرمایہ کاری میں اضافہ، بلند IPSDP اخراجات اور نجی شعبہ کی صلاحیت میں اضافہ کی وجہ سے GDP نمو کی شرح 5 فی صد کی سطح تک پہنچنے کی توقع ہے۔ پاکستان کی معیشت کا شمار بنیادی طور پر مقامی طلب بمعہ محدود بین الاقوامی مالیاتی اور تجارتی آنکھار ہونے کی وجہ سے ان چند معیشتوں میں ہوتا ہے جو عالمی معیشت کے نتائج پر زیادہ منحصر نہیں ہے۔ اس پس منظر میں غیر ملکی سرمایہ کاری بہت زیادہ اہمیت رکھتی ہے اور اس کے لئے معاشی اور سیکورٹی کی صورت حال میں مسلسل بہتری ضروری ہے۔ ملازمت کے مواقع اور بہتر برآمدی آمدنی کے لئے پاکستان کو قابل قدر برآمدات پر توجہ

## انفارمیشن ٹیکنالوجی

اداروں جیسا کہ IBA کراچی، PIMS، LUMS میں بھیجا جاتا ہے۔ کچھ ملازمین پاکستان کے معروف اداروں سے EMBA کی تعلیم حاصل کر رہے ہیں۔

ماہر ملازمین کی شناخت اور ان کی انفرادی ترقی کے پروفائل ان کے مستقبل کے لئے راستہ مرتب کرتے ہیں۔ نوجوان اور باصلاحیت ملازمین کی ترقی اور انہیں قائم رکھنے کے لئے رہنمائی پروگرام نے نوجوان ملازمین پر فائدہ مند اور اہم اثرات ڈالے ہیں۔ آپ کی کمپنی کی انتظامیہ مستقبل میں اس پروگرام سے استفادہ حاصل کرے گی۔

## کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی میں کارپوریٹ سماجی ذمہ داری کارپوریٹ خود ساختہ بل کی ایک قسم ہے۔ کمپنی ذمہ دار کاروباری معاملات کے لئے کوشاں ہے اور اہل گروپ کی فلاحی کو مد نظر رکھ کر ملک کی معاشرتی ترقی میں حصہ ڈالنے کی خواہش مند ہے۔ اس اصول پر عمل کرتے ہوئے کمپنی نے قبل از ٹیکس منافع کا 1 فی صد اہل فائڈیشن کو دیا ہے جو تینتہا معاشرے میں فلاحی کاموں خاص طور پر تعلیم کے میدان میں خرچ ہو رہا ہے۔

آپ کی کمپنی نسل، مذہب، رنگ اور پس منظر کو بالائے طاق رکھتے ہوئے اپنا کردار ادا کرنے کی خواہاں ہے اور صرف میرٹ ہی اس کی ترجیح ہے۔

## PACRA کی جانب سے درجہ بندی

پاکستان کریڈٹ ریٹنگ کمپنی (PACRA) نے انشورنٹس انٹرنیشنل اسٹریٹیج (IFS) درجہ بندی کے تحت آپ کی کمپنی کا "AA" درجہ مقرر کیا ہے۔ یہ درجہ بندی پالیسی ہولڈرز اور معاہدہ فراہم کنندگان کو یقین دہانے کی صلاحیت کو ظاہر کرتی ہے۔ درجہ بندی کے لئے مضبوط اسالیب پروفائل کو مد نظر رکھا جاتا ہے جو کمپنی کے فراہم کنندگان کو یقین دہانہ کرتی ہے۔ PACRA یہ بھی تسلیم کرتا ہے کہ اہل انشورنس کے پاس ری انشورنس کا مناسب پینل موجود ہے جس میں سازگار معاہدہ شرائط اور خدشہ کو کم کرنے کے لئے متاثر کن پالیسی شامل ہیں۔

## قومی بیت المال میں حصہ

آپ کی کمپنی کا قومی بیت المال میں حصہ بڑھ رہا ہے۔ سال کے دوران کمپنی نے 577.63 ملین روپے بالواسطہ بلاواسطہ ٹیکس کی مدد میں حکومتی بیت المال میں جمع کروائے۔ کمپنی کے قابل قدر حصص داران کو خفیہ رقم ادا کی گئی۔ معیشت کی ترقی میں انتظامیہ کے یقین کی وجہ سے کمپنی گورنمنٹ کی ادائیگیوں کے فراہم کنندہ دُست اور بروقت کرتی ہے۔ آپ کی کمپنی ٹیکس گروپ کی رکن ہے اور مجموعی طور پر قومی بیت المال میں اس گروپ کا حصہ 38 ملین روپے ہے جو سال 2015-16 میں بیت المال کی کل آمدنی کا 1 فی صد ہے جو ایک معقول حصہ ہے۔

## اعزازات

اکاؤنٹنگ کے دو معروف ادارے، انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس پاکستان (ICAP) اور انسٹی ٹیوٹ آف کاسٹ اینڈ مینجمنٹ اکاؤنٹنٹس پاکستان (ICMAP) ہر سال، بہترین سالانہ کارپوریٹ رپورٹنگ کی حوصلہ افزائی کرتے ہیں۔ کمپنی کی سالانہ رپورٹ 2015 کو ICMAP اور ICAP کی مشترکہ کمیٹی نے بہترین کارپوریٹ رپورٹ ایوارڈ 2015 سے نوازا۔ آپ کی کمپنی کا NBFی شعبہ میں 5 سرفہرست کمپنیوں میں ایوارڈ کا انتخاب ہوا۔ ایوارڈ کا مقصد بروقت، معلوماتی، حقیقی اور آسانی سے پڑھی جانے والی سالانہ رپورٹ کے ذریعے کارپوریٹ احتساب اور شفافیت ہے۔ کمپنی نے 7 بار بہترین کارپوریٹ ایوارڈ اور 6 بار ساؤتھ ایشین فیڈریشن ایسوسی ایشن (SAFA) ایوارڈ حاصل کر رکھا ہے۔

## انشورنس جرنل کارکردگی ایوارڈ

ایسا دوسری بار ہوا ہے کہ پاکستان کی انشورنس کمپنیوں کے لئے انشورنس جرنل نے انشورنس جرنل کارکردگی ایوارڈ پیش کیا۔ سال 2015ء کے نتائج کی بنیاد پر کمپنی کو "اعلیٰ ترین تحریری منافع برطانیہ پریم 2015"

آپ کی کمپنی کی انتظامیہ انفارمیشن ٹیکنالوجی (IT) پر بھرپور توجہ دیتی ہے۔ کارکردگی کو بہتر بنانے کے لئے جدت پر یقین رکھتی ہے کیونکہ جدت کاروبار کی کامیابی کی کنجی ہے۔ کمپنی مسلسل اپنے IT کے بنیادی ڈھانچے، محفوظ اور تیز رفتار مواصلات کے طریقہ کار اور صارف کے ساتھ تعلقات کو بہتر بنا رہی ہے۔ سافٹ ویئر کی مسلسل بہتری اور ترقی قابل اور محفوظ MIS بناتی ہے جو تازہ ترین رجحانات کے عین مطابق ہے۔ تاکہ وقتاً فوقتاً کاروباری حلقوں کو معلومات فراہم کر سکیں۔

سال 2016ء میں بزنس تسلسل کا منصوبہ کامیابی سے پایہ تکمیل تک پہنچا۔ اور بہت سی بنیادی اور وقتی IT سرگرمیوں پر، BCP/DRP سے متعلق تھیں، عمل کیا گیا۔ ونڈو کائل آپریٹرز کا بھی روایتی کاروبار کی طرح مکمل خود کار نظام کے ذریعے کامیابی سے آغاز کیا گیا۔

## خدشات کو قابو میں رکھنے کا نظام

کسی بھی کاروبار خصوصاً انشورنس کے کاروبار کی کامیابی کا دارومدار خدشات کو قابو میں رکھنے کے موثر نظام میں ہے۔ خدشہ انشورنس کے کاروبار میں وراثت میں ملتا ہے۔ چونکہ خدشہ کو ایک دم ختم نہیں کیا جاسکتا اس لئے بروقت اور مناسب اقدامات کر کے اسے کم کیا جاسکتا ہے۔ ہماری کمپنی کے پاس خدشات سے نمٹنے کے لئے لائحہ عمل کا وسیع فریم ورک موجود ہے۔ بہتر کارکردگی مناسب مالی طرز عمل، خدشہ کو نمٹنے کے لئے منظم رسائی، اخراجات اور وسائل پر کنٹرول اور ہماری توجہ کا نتیجہ ہے۔

انشورنس چونکہ گاہک سے انشورنس کمپنی کو منتقل شدہ نام ہے اور یہ اسی صورت میں قابل عمل ہوگا جب انشورنس کمپنی خدشہ کو صحیح طور پر جانچنے کی صلاحیت رکھتی ہوگی۔ پس کمپنی باریک بینی سے ترجیحی، تجزیاتی اور متعلقہ معاملات پر غور کر کے خدشہ کو دیکھتی ہے۔

## انسانی وسائل اور مشلک ترقی

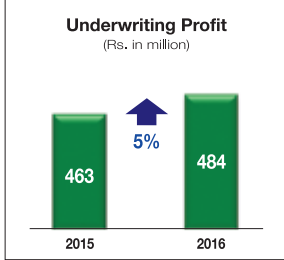
انسانی قوت کسی بھی ادارے خاص طور پر ایک انشورنس کمپنی کے لئے قیمتی اثاثہ ہے۔ جو ادارے انسانی قوت کی ترقی کو اپنی توجہ دیتے ہیں وہ بہتر کارکردگی دکھاتے ہیں۔ ہماری کمپنی ٹیکس گروپ کی اداریاتی ترقی کی فلاحی پر پختہ یقین رکھتی ہے۔ جس کی وجہ افراد کی مسلسل ترقی ہے جو بالآخر پیداوار، ملازمین کی اثر اندازی اور صلاحیت میں اضافہ، نوکری میں اطمینان مہیا کرنے اور ملازمین کی خودداری، وقار اور سلیمت کو فروغ دینے میں مددگار ثابت ہوتی ہے۔ کمپنی 3R عزت، پیمانہ اور انعام کی بنیادی قدر پر پختہ یقین رکھتی ہے۔ اور مناسب وقت پر صحیح لوگوں کو متعلقہ ملازمت کو بھی اہمیت دیتی ہے۔

آپ کی کمپنی ٹیکس گروپ کارکن ہونے کی وجہ سے اہل ثقافت پر بھرپور توجہ دیتی ہے۔ "The Atlas Way" کے ضابطہ اخلاق، پرتوجہ مرکوز کرتے ہوئے ملازمین کو منظم طریقے سے کردار ادا کرنے کے لئے حوصلہ افزائی کرتا ہے۔ یہ کامیاب کاروباری افراد کے وسیع تجربہ سے ثابت شدہ بنیادی انتظامی اصولوں پر مشتمل ہے۔ '7S' لائحہ عمل کی بصیرت جیسا کہ خاکہ، مشورہ، اقدار، انداز، عملہ اور مہارت انتظامیہ کی توجہ کا مرکز ہیں۔ جب کہ BCG ماڈل کا استعمال کرتے ہوئے کمپنی حکمت عملی کی سمت وضع کرتی ہے۔

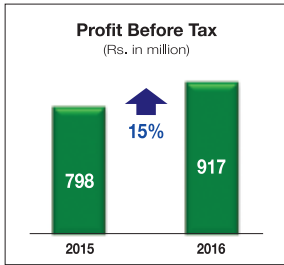
آپ کی کمپنی انسانی وسائل کی ترقی، ملازمین کی تعلیم اور تربیت، کافریم ورک رکھتی ہے جو تین مراحل پر مشتمل ہے: اول ملازمین کی صلاحیت کو جانچنا، انہیں کام کی تربیت دینا اور پھر خود کار اور مسلسل تعلیم کے ذریعے ملازمین کی ترقی کی حوصلہ افزائی کرنا۔ ملازمین کی تربیتی ضروریات کو جانچنے کے لئے LNA (لرننگ نیڈ ایسیمنٹ) کا ہر سال انعقاد کیا جاتا ہے۔ جو سال کے دوران تربیتی پروگرام کو مرتب کرنے میں مددگار ہوتا ہے اور آخر کار ملازمین کو متعلقہ تربیت کے لئے بھیج دیا جاتا ہے۔ ادارے کی طویل المدت ضروریات کو پورا کرنے کے لئے دو درجن سے زیادہ ملازمین ACII مکمل کرنے کے لئے ایسوسی ایشن آف چارٹرڈ انشورنس انٹینیٹیو لندن کے امتحانات میں حصہ لے رہے ہیں جس کے اخراجات کی کمپنی ذمہ دار ہوتی ہے۔ منتخب ملازمین کو معروف

خاطر خواہ نقدی، نقدی کے مساوی اثاثوں اور دوسرے سیال اثاثوں کو برقرار رکھ کر اپنے سیالیت کو مستحکم رکھتی ہے۔ مالی اور سرمایہ کاری سرگرمیوں کو قابل انتظام بنانے کے لئے مثبت کیش فلوکو خاص اہمیت دی جاتی ہے۔ نقدی یا نقدی کے مساوی اثاثہ جات کی قدر گذشتہ سال کے اختتام پر 428.28 ملین روپے کے مقابلے میں 250.44 ملین روپے ہے۔

### منافع



تحریری منافع گذشتہ سال کے 462.71 ملین روپے کے مقابلے میں 2016ء میں 484.20 ملین روپے رہا۔ سرمایہ کاری کے اچھے نتائج نے قبل از ٹیکس منافع میں اہم کردار ادا کیا۔ جو کہ پچھلے سال کے 797.82 ملین روپے کے مقابلے میں 916.85 ملین روپے رپورٹ کیا گیا۔ ٹیکس کی مد میں 298.67 ملین روپے منہا کرنے کے بعد خالص منافع 2015ء کے 601.16 ملین روپے کے مقابلے میں 618.17 ملین روپے رہا۔ انشورنس کمپنیوں کے لئے ڈیویڈنڈ کی آمدنی اور کمپنیل گین کے لئے نظر ثانی شدہ ٹیکس کی شرح کارپوریٹ ٹیکس کی شرح کے مطابق اور مالیاتی ایکٹ 2016-17ء کے ذریعے متعارف کرائے گئے 3 فیصد super ٹیکس کی وجہ سے ٹیکس کے اخراجات میں اضافہ ہوا۔



### ری انشورنس

آپ کے کمپنی کے مضبوط مالی درجہ کی حامل ری انشورنس کرنے والی بہترین کمپنیوں کے ساتھ کاروباری تعلقات ہیں۔

رواں سال کمپنی نے بہتر شرائط پر ری انشورنس کے انتظامات کیے ہیں۔ کمپنی روایتی انشورنس کی استعداد بڑھانے کے لئے کوشاں ہے۔ اور انشورنس کے دوسرے سیکمنٹ میں پورٹ فولیو کو بڑھانے کے لئے نئی مصنوعات کے ری انشورنس کے انتظامات کر رہی ہے۔

### پالیسی ہولڈر اور صارفین کی خدمت

پیشہ ورانہ اور اعلیٰ معیار کی خدمات مہیا کرنے کے لیے صارفین کی خدمت کا شعبہ صارف کی ضروریات کو نظر میں رکھے ہوئے ہے۔ صارفین کی خدمت ہماری کمپنی کی اولین حکمت عملی کے لیے ہے۔ کیونکہ کمپنی صارفین کی خدمت اور خدمت کو موثر طریقے سے منتقل کرنے پر یقین رکھتی ہے۔ یہ کوششیں وفادار صارف کی تعداد بڑھانے کے علاوہ کمپنی کے بارے میں پوزیٹو تصویر پیدا کریں گی کہ کمپنی صارف کو کس قدر اہمیت دیتی ہے۔

### قرض ادا کرنے کی صلاحیت

کاروبار میں قائم رہنے کے لئے مال داری بہت ضروری ہے کیونکہ یہ کمپنی کے قابل قیاس مستقبل کے لئے اپنی سرگرمیاں جاری رکھنے کی اہمیت ظاہر کرتی ہے۔ کمپنی فوری سیالیت کی ضروریات کو پورا کرنے اور مال داری کی حدود کے لئے مضبوط کیش صورتحال اور بنیادی سرمایہ پر یقین رکھتی ہے۔ SECP کی جانب سے سرمایہ کاری پر قائم حدود کے باوجود آپ کی کمپنی قابل قبول اثاثہ جات کو متعین کرنے کے لئے مطمئن مال داری کی ضروریات کو پورا کرتی ہے۔

میں 334.77 ملین روپے خالص پریمیم 4 فی صد بڑھا۔ خالص کلیمز گذشتہ سال میں 16.26 ملین روپے کے مقابلے میں 20.36 ملین روپے رہے۔ تحریری منافع گذشتہ سال کے 268.01 ملین روپے کے مقابلے میں 287.50 ملین روپے یعنی 7 فی صد بڑھا۔

### موٹر

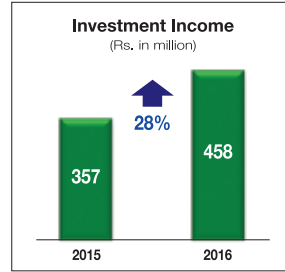
موٹر کے شعبے میں مجموعی انشورنس پریمیم 2015ء میں 478.63 ملین روپے کے مقابلے میں 2016ء میں 513.41 ملین روپے تھا جو 7 فیصد زیادہ ہے۔ خالص پریمیم گذشتہ سال میں 332.83 ملین روپے کے مقابلے میں 314.29 ملین روپے رہا۔ خالص کلیمز کی شرح گذشتہ سال 31 فی صد کے مقابلے میں 35 فیصد رہی لیکن مارکیٹ کے مقابلے میں یہ اب بھی کم ہے جو کہ موٹر کاروبار میں کمپنی کی انشورنس میں بہتر سوجھ بوجھ کی صلاحیت ظاہر کرتی ہے۔ اخراجات منہا کرنے کے بعد تحریری منافع پچھلے سال کے 72.69 ملین روپے کے مقابلے میں 62.55 ملین روپے رہا۔

### متفرق

اس شعبے میں مجموعی پریمیم 2015ء کے 461.95 ملین روپے کے مقابلے میں 662.83 ملین روپے رہا یعنی 43 فی صد زیادہ۔ خالص پریمیم گذشتہ سال کے 144.39 ملین روپے کے مقابلے میں 224.30 ملین روپے رہا۔ کلیمز کی شرح گذشتہ سال کی طرح 53 فی صد رہی۔ جس کے نتیجے میں تحریری منافع پچھلے سال کے 16.99 ملین روپے کے مقابلے میں 22.43 ملین یعنی 32 فی صد بڑھا۔

### سرمایہ کاری کا انتظام

سرمایہ کاری کی کمپنی پورے سال کے دوران متحرک رہی ہے۔ بنیادی طور پر مضبوط اور مستقبل میں بہتر آمدنی کے حامل نمایاں حصص میں سرمایہ کاری پر زور دیا گیا۔ نمو کے حصص اور میچل فنڈ پورٹ فولیو کے مرکب سے سرمایہ کاری کو متنوع کیا گیا جس کے نتیجے میں کمپنیل گین اور منافع حاصل ہوا۔



سرمایہ کاری کی مد میں آمدنی 2015ء کے 357.02 ملین روپے کے مقابلے میں 458.14 ملین روپے رہی۔ کمپنیل گین کی مد میں 268.45 ملین روپے اور ڈیویڈنڈ کی مد میں 151.32 ملین روپے کی آمدنی ہوئی جو بالترتیب گذشتہ سال کے 209.07 ملین روپے اور 178.83 ملین روپے تھی۔ کمپنی نے سال کے دوران کمپنی پالیسی کے مطابق مختلف اجزا میں مزید 452.13 ملین روپے کی سرمایہ کاری کی۔

گذشتہ سال کے 2.12 ملین روپے (مارکیٹ قدر 4.41 ملین روپے) کے مقابلے میں 31 دسمبر 2016ء کو 2.61 ملین روپے (مارکیٹ قدر 6.44 ملین روپے) کی سرمایہ کاری کی کتابی قدر رہی۔ یہ آپ کی کمپنی کی مضبوط مالیاتی بنیاد اور کمپنی کے فنڈز کے بہتر استعمال کو ظاہر کرتی ہے۔

### سرمائے کا انتظام

آپ کی کمپنی مضبوط مالیاتی خاکہ برقرار رکھنے کے لئے کوشاں ہے جو نمو اور پورٹ فولیو میں اضافے کے ہدف کے لئے مالیاتی چیک فراہم کرتا ہے۔ مستقبل میں پھیلاؤ اور کمپنی کی نمو کو مد نظر رکھتے ہوئے کمپنی کے بنیادی سرمایہ کی تشکیل کی گئی ہے۔ 31 دسمبر 2016ء تک کمپنی کا ادا شدہ سرمایہ 701.61 ملین روپے جبکہ کل ایکویٹی کی مالیت 2 ارب روپے ہے۔

### خزانے کا انتظام

خزانہ کی کارروائیوں پر بورڈ کی جانب سے منظور شدہ پالیسیوں کے تحت عمل درآمد کیا جاتا ہے۔ اس میں کمپنی کے اثاثوں کا انتظام بمع سیالیت کے انتظام کا حتمی ہدف اور آپریٹنگ اور مالیاتی خدمت کو کم کرنا شامل ہیں۔ کمپنی



## چیرمین کا جائزہ

مجھے بورڈ کی جانب سے 31 دسمبر 2016 کو اختتام پذیر سال کے لئے کمپنی کی 82 ویں سالانہ رپورٹ اور تجزیہ پیش کر کے خوشی ہو رہی ہے۔

### معیشت

سال 2016 امید افزاء انداز میں ختم ہوا کیونکہ پاکستان کی GDP کی شرح نمو آٹھ سال کی بلند ترین سطح پر سال 2015ء میں 4 فی صد کے مقابلے میں سال 2016ء میں 4.7 فی صد رہی۔ جو بنیادی طور پر سازگار عالمی اجناس کی قیمتوں کی وجہ سے افراط زر کو روکنے، سود کی شرح کو ہمہ وقت کم کرنے اور کھلی کلوڈ شیڈنگ کو کم کرنے میں مددگار ثابت ہوا۔ پروگرام کے زیادہ تر اہداف کو عبور کر کے پاکستان نے IMF پراگرام کامیابی سے مکمل کیا۔

سال 2016ء میں توانائی کی قیمتوں میں کمی اور خوراک کی سازگار قیمتوں کی وجہ سے افراط زر کی شرح میں کمی واقع ہوئی ہے جس کی جھلک CPI کی اوسط شرح 3.76 فی صد ہے۔ وسیع مائٹری پالیسی نے ملک کی معاشی ترقی میں ایک اہم کردار ادا کیا ہے جس کی وجہ تھمیراتی اور متعلقہ سرگرمیوں کی حوصلہ افزائی ہے۔ مزید برآں غیر ملکی زرمبادلہ کے ذخائر میں اضافہ کی وجہ سے زرمبادلہ کی شرح مستحکم رہی۔ یہ ذخائر گزشتہ سال 21.1 بلین ڈالر کے مقابلے میں مالی سال 2016 کے اختتام پر 23.3 بلین ڈالر رہے۔ مالی سال 2016ء کے دوران KSE-100 انڈیکس میں 46 فی صد اضافہ کی وجہ سے پاکستان کی سرمایہ مارکیٹ بلند ترین سطح پر پہنچی اور دنیا کی سرفہرست 5 منڈیوں میں درجہ پایا۔ سال کے دوران 339 بلین ڈالر کے قابل ذکر FIPI اخراج کے باوجود مضبوط ملکی سیالیت غیر ملکی فروخت کو مکمل طور پر جذب کرنے کے قابل ہوئی۔ مزید یہ کہ، پاکستان مارکیٹ کی IMSCI بھرتی ہوئی مارکیٹ انڈیکس میں از سر نو درجہ بندی بہ حال ہی میں چینی گروہ کی جانب سے پاکستان سٹاک ایکسچینج کے 40 فی صد حصص خریدنے نے منڈی کو متحرک کیا اور سرمایہ کاروں کا اعتماد بحال کیا۔

مالی سال 2017ء کی پہلی ششماہی میں بیرون ملک مقیم پاکستانیوں نے (جولائی تا دسمبر) 9.459 بلین ڈالر بھیجے۔ جو اسی عرصہ کے لیے گزشتہ سال میں 9.688 بلین ڈالر کے مقابلے میں 2.37 فی صد کم تھے۔ 2015ء میں اسی عرصہ کے دوران 1,615 بلین روپے کے مقابلے میں جولائی تا دسمبر 2016ء کے دوران 1,460 بلین روپے کی ٹیکس وصولی کو FBR نے ممکن بنایا۔ گزشتہ سال کے اسی عرصہ کے دوران 11.90 بلین ڈالر کے مقابلے میں سال 2016ء کے جولائی تا دسمبر کے عرصہ کے دوران 14.50 بلین ڈالر تجارتی خسارہ ریکارڈ کیا گیا۔ درج بالا عوامل پر توجہ کی ضرورت ہے۔ پائیدار مجموعی معیشت کے استحکام کے لئے حکومت کو خاص طور پر برآمدات میں کمی اور جامد ٹیکس آمدنی پر تعمیراتی اصلاحات کے ذریعے توجہ دینے کی ضرورت ہے۔

### صنعتی تجزیہ

انشورنس کا شعبہ اثاثہ جات کو تحفظ دے کر معاشی سرگرمیوں کو بڑھانے میں اہم کردار ادا کرتا ہے۔ پاکستان کا انشورنس کا شعبہ عمومی آگاہی اور انشورنس کمپنیوں کی کم رسائی والی منڈیوں میں گہری رسائی کے ذریعے نمو کی رفتار میں اضافہ کرنے کی صلاحیت رکھتا ہے۔

30 ستمبر 2016ء کو اختتام پذیر عرصے یعنی 9 ماہ کے دوران non-life انشورنس کے شعبہ میں مجموعی پریمیوم کی مد میں 4.4 فی صد اضافہ دیکھا گیا۔ پاکستان میں بیمہ کے کاروبار بشمول عوامی شعبہ جاتی کمپنیوں کا سائز بہت چھوٹا ہے جو کہ GDP کا 0.8 فی صد ہے۔ یہ شرح بھارت میں 3.8 فی صد، چین میں 3 فی صد اور ملائیشیا میں 4 فی صد ہے۔ CPEC کے تحت بڑے منصوبوں پر اخراجات کی وجہ سے رفتار میں اضافہ ہوگا۔ جس کی وجہ سے انشورنس کمپنیوں کا انجینئرنگ کا کاروبار خصوصی طور پر وسیع ہوگا۔ تاہم گاہکوں کو متوجہ کرنے کے لئے مصنوعات کو مزید شفاف کرنے، آسانی سے سمجھنے اور چینی انشورنس کے شعبہ کے مطابق تقابلی شرح کی ضرورت ہے۔

سال کے دوران انشورنس کے شعبہ میں پیش رفت ٹیکس کی شرح اور غیر رجسٹرڈ افراد کے لئے ود ہولڈنگ ٹیکس کے نفاذ سے متاثر ہوگی۔ اس کی وجہ سے انشورنس کی لاگت میں اضافہ ہوگا جو شعبہ کو بری طرح متاثر کرے گی۔ حالیہ بڑی اصلاحات جیسا کہ بیمہ داران کے لئے کارپوریٹ گورننس 2016 کے ضابطے کے اجرا، واقعہ شدہ لیکن رپورٹ نہیں کئے گئے (IBNR) کلیمز ذخائر کے تخمینہ کی ہدایات، انشورنس اور تکافل انڈسٹری کی ٹھوس پیش رفت کے لئے متاثر کن سہولت کار کے طور پر SECP کے کردار کو مضبوط کرے گا۔ انشورنس انڈسٹری میں تازہ ترین رجحانات اور ٹیکنالوجی پیش رفت کو مد نظر رکھ کر SECP انشورنس کے قوانین کو بہتر بنا رہا ہے۔ اس پیش رفت کے ذریعے SECP بہت فعال ہو چکا ہے اور اپنے آپ کو انشورنس کے شعبہ کی ترقی میں رہنما کی حیثیت سے ایک منتظم کی طرح ظاہر کیا ہے۔

پاکستان بڑی منڈیوں کے مقابلے میں رسائی کی کم شرح کی وجہ سے بین الاقوامی بیمہ داران کے لئے بہت پرکشش مارکیٹ نہیں ہے۔ انشورنس کے شعبہ نے پہلے سے بہت بہتر نتائج دیئے ہیں اور بیمہ داران ساتھیوں کے مابین منافع کو بانٹنے کی ضرورت ہے۔ اس کے برعکس کم رسائی بین الاقوامی گاہکوں کے لئے کشش کا باعث ہے کیونکہ انشورنس/تکافل شعبہ میں پھیلاؤ کا موقع دوسری بلند کثافت کی شرح کی طرف سے پیش کرنے والی انشورنس سے زیادہ ہے۔

### کمپنی نتائج

#### پریمیوم

1.96 بلین روپے کے مقابلے میں سال میں مجموعی پریمیوم 2.33 بلین روپے تک پہنچا جس سے 19 فی صد نمو ظاہر ہوتی ہے۔ گزشتہ سال میں 959.23 ملین روپے کے مقابلے میں خالص پریمیوم 1.04 بلین روپے کیا گیا جو کہ 9 فی صد زیادہ ہے۔ گزشتہ سال 462.71 بلین روپے کے مقابلے میں تحریری منافع 484.20 بلین روپے رہا۔ ان نتائج سے کمپنی کے بنیادی کاروبار کے استحکام اور انتظامیہ کی طاقت، بصیرت اور پیش رو اور نہ مہارت کا اظہار ہوتا ہے۔

#### وڈنگ و تکافل عوامل

تکافل ایک اور کاروباری شعبہ ہے جس میں مالیاتی شمولیت کو بڑھانے کی صلاحیت ہے۔ SECP نے تکافل قوانین 2012ء کے مطابق پاکستان میں وڈنگ و تکافل آپریشنز شروع کرنے کے لئے کمپنی کو 2 مارچ 2016ء کو تکافل لائسنس جاری کیا۔ 2 مارچ 2016ء سے 31 دسمبر 2016ء تک کے عرصہ کے دوران کمپنی نے مجموعی طور پر 61.50 بلین روپے کی تحریری کسٹری بیوشن قبول کی۔ کمپنی نے اپنا لائحہ عمل ترتیب دیا اور وڈنگ و تکافل آپریشنز کے تحت کاروبار میں ترقی اگلے سال متوقع ہے۔ منتظم نے تکافل کو وڈنگ آپریشن کے طور پر کام کرنے کے لئے روایتی بیمہ داران کو اجازت دی جس سے روایتی انشورنس اور تکافل کاروبار میں مدد ملے گی۔

#### شعبہ ایک نظر میں

#### آگ اور املاک کا نقصان

2015ء میں 540.59 بلین روپے کے مقابلے میں 2016ء کے دوران 610.54 بلین روپے مجموعی انشورنس پریمیوم 13 فی صد بڑھا۔ اور خالص پریمیوم 159.01 بلین روپے سے 170.87 بلین روپے 8 فی صد بڑھا۔ خالص کلیمز کی شرح گزشتہ سال 6 فی صد کے مقابلے میں 11 فی صد بڑھی۔ تحریری منافع پچھلے سال کے مقابلے میں 6 فی صد اضافے کے ساتھ 111.73 بلین روپے رہا۔

#### آبی، فضائی اور نقل و حمل

اس پورٹ فولیو میں مجموعی انشورنس پریمیوم 2015ء کے 483.31 بلین روپے کے مقابلے میں 2016ء میں 546.86 بلین روپے رہا۔ پچھلے سال میں 323 بلین روپے کے مقابلے



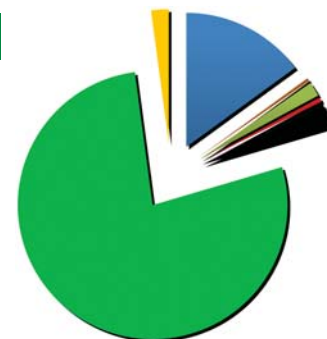
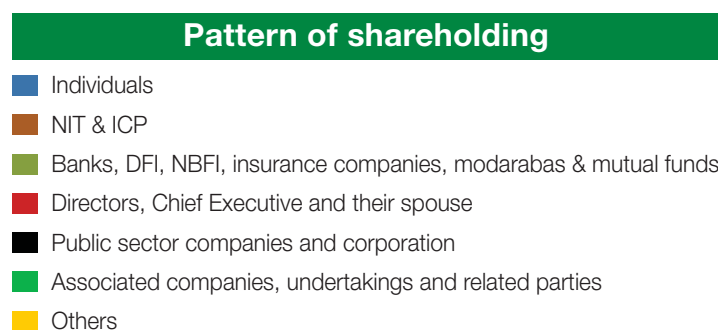
## Pattern of Shareholding as at December 31, 2016

### Information required under the Code of Corporate Governance

Categories of shareholders	Number of shareholders	Shares held	Percentage
<b>Associated Companies, Undertakings and Related Parties (Name Wise Detail)</b>			
Shirazi Investments (Pvt.) Limited	1	52,852,099	75.33%
Atlas Foundation	1	1,929,336	2.75%
Iftikhar Shirazi Family Trust	1	1	0.00%
<b>NIT and ICP</b>			
IDBP - (ICP Unit)	2	753	0.00%
<b>Director, Chief Executive and their spouse and minor children</b>			
Mr. Yusuf H. Shirazi & Khawar S. Shirazi	1	501	0.00%
Mr. Feroz Rizvi	1	660	0.00%
Mr. Isphanyar M. Bhandara	1	501	0.00%
Mr. Ali H. Shirazi	1	501	0.00%
Mr. Jawaid Iqbal Ahmed	1	680	0.00%
Mr. Khaleeq-ur-Rahman Khan	1	1	0.00%
Mr. Arshad P. Rana	1	92,666	0.13%
* <b>Executives</b>	2	93,346	0.13%
<b>Public Sector Companies &amp; Corporation</b>			
State Life Insurance Corporation of Pakistan	1	1,978,915	2.82%
<b>Banks, Development Finance Institutions Non-Banking Financial Institutions Insurance Companies, Modarabas and Mutual Funds</b>			
Deutsche Bank Suisse S.A	1	529,000	0.75%
Habib Insurance Company	2	166,500	0.24%
National Bank of Pakistan	1	394,000	0.56%
Pak Libya Holding Company (Pvt.) Limited	1	150,000	0.21%
** <b>Shareholder holding 5% or more voting interest</b>	1	52,852,099	75.33%
<b>General Public</b>	1,102	10,571,214	15.07%
<b>Others</b>	18	1,494,275	2.13%
	<u>1,138</u>	<u>70,161,603</u>	<u>100.00%</u>

\* Both the executives, as per threshold determined by the Board of directors, exist in disclosure related to directors, therefore not included in the total.

\*\* Shareholder having 5% or more voting interest in the Company exist in associated companies, therefore not included in the total.



Details of trading in the shares by the directors during the year

Name	Shares Purchased	Shares Sold	Date of Transaction	Price Per Share
Mr. Khaleeq-ur-Rahman Khan	1	-	August 1, 2016	70.00

## Statement of Compliance with the Code of Corporate Governance for Insurers, 2016

For the year ended December 31, 2016

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.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors. At present the Board includes;

Category	Names
Independent Director	Mr. Feroz Rizvi
Non-Executive Directors	Mr. Yusuf H. Shirazi
	Mr. Isphanyar M. Bhandara
	Mr. Ali H. Shirazi
	Mr. Jawaid Iqbal Ahmed
	Mr. Khaleeq-ur-Rahman Khan
Executive Director	Mr. Arshad P. Rana

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company. A DFI or an NBFIs, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
4. A casual vacancy occurring the Board on July 11, 2016 was filled up by the directors within 90 days thereof.
5. The Company has prepared Code of Conduct, which has been disseminated among all the directors and employees of the Company.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and the key officers, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of meeting were appropriately recorded and circulated.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
10. The Board arranged orientation for its directors during the year to apprise them of their duties and responsibilities.
11. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed the following Management Committees:

**Underwriting, Reinsurance & Co-insurance Committee:**

Name of the Members	Category
Mr. Arshad P. Rana	Chairman
Mr. Muhammad Saeed	Member
Syed Nasir Hussain	Member
Syed Irtiza Kazmi	Secretary

**Claims Settlement Committee:**

Name of the Members	Category
Mr. Ali H. Shirazi	Chairman
Mr. Arshad P. Rana	Member
Syed Irtiza Kazmi	Member
Mr. Muhammad Saeed	Secretary

**Risk Management & Compliance Committee:**

Name of the Members	Category
Mr. Arshad P. Rana	Chairman
Mr. Rashid Amin	Member
Syed Irtiza Kazmi	Member
Syed Nasir Hussain	Secretary

17. The Board has formed the following Board Committees:

**Ethics, Human Resource & Remuneration Committee with responsibilities of Nomination Committee:**

Name of the Members	Category
Mr. Isphanyar M. Bhandara	Chairman
Mr. Ali H. Shirazi	Member
Mr. Arshad P. Rana	Member
Ms. Qudsia Naheed	Secretary

**Investment Committee:**

Name of the Members	Category
Mr. Ali H. Shirazi	Chairman
Mr. Khaleeq-ur-Rahman Khan	Member
Mr. Arshad P. Rana	Member
Mr. Rashid Amin	Member
Mr. Muhammad Afzal	Secretary

18. 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:

Name of the Members	Category
Mr. Feroz Rizvi	Chairman
Mr. Ali H. Shirazi	Member
Mr. Jawaid Iqbal Ahmed	Member
Mr. Muhammad Afzal	Secretary
Mr. Saleem Mahmood Akhtar	Chief Internal Auditor


19. The meetings of the Committees, except Ethics, Human Resource and Remuneration Committee, were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code. The terms of references of the Committees have been formed and advised to the Committees for compliance.
20. The Board has set up an effective internal audit function, which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and the internal auditors are involved in the internal audit function on a regular basis.
21. The CEO, CFO, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. The appointed Actuary of the Company also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claims, reinsurance, risk management and grievance functions 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 Members	Designation
Mr. Arshad P. Rana	Chief Executive Officer
Mr. Rashid Amin	Chief Financial Officer
Mr. Muhammad Aasim Gul	Compliance Officer
Nauman Associates	Actuary
Mr. Muhammad Afzal	Company Secretary
Mr. Saleem Mahmood Akhtar	Head of Internal Audit
Syed Irtiza Kazmi	Vice President Underwriting and Risk Management
Mr. Muhammad Saeed	Head of Claims and Grievance
Syed Nasir Hussain	Assistant Vice President Reinsurance

22. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of Section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the institute of Chartered Accountants of Pakistan.
23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. The appointed Actuary of the Company has confirmed that he or his spouse and minor children do not hold shares of the Company.
25. The Board ensures that the appointed Actuary, complies with the requirements set out for him in the Code.
26. The Company has an Investment Policy, however the Company will align the Policy with the requirements of the new Code within the prescribed timeline.

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 PACRA which is being used by its risk management function and the respective Committee as a risk monitoring tool. The rating assigned by PACRA on December 30, 2016 is 'AA-' with stable outlook.
30. The Board has set up a grievance function, which fully complies with the requirements of the Code.

For and on behalf of the  
Board of Directors



**Arshad P. Rana**  
Chief Executive

Lahore: February 28, 2017

## Auditors' Review Report to the Members on Statement of Compliance with Best Practices of the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors of Atlas Insurance Limited ('the Company') for the year ended December 31, 2016, to comply with the requirements of the Listing Regulations of Pakistan Stock Exchange, where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of directors for their review and approval its related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2016.



**A. F. Ferguson & Co.**  
Chartered Accountants

Engagement partner: Hammad Ali Ahmad

Lahore

Date: February 28, 2017



# Auditors' Report to the Members

## Introduction

We have audited the annexed financial statements comprising of:

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

of Atlas Insurance Limited ("the Company") as at December 31, 2016 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2016 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended, in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- (d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of the Ordinance.

Other Matter

The financial statements of the Company for the year ended December 31, 2015 were audited by another firm of chartered accountants who expressed an unqualified opinion vide their report dated February 25, 2016.



**A. F. Ferguson & Co.**  
Chartered Accountants

Engagement partner: Hammad Ali Ahmad

Lahore

Date: February 28, 2017

## Balance Sheet

	<u>Note</u>	<u>2016</u> (Rupees in thousand)	<u>2015</u> (Rupees in thousand)
<b>Share capital and reserves</b>			
Authorised share capital 80,000,000 (2015: 80,000,000) ordinary shares of Rs. 10 each		800,000	800,000
Issued, subscribed and paid up share capital 70,161,381 (2015: 70,161,381) ordinary shares of Rs. 10 each	5	701,614	701,614
General reserve	6	726,064	545,064
Retained earnings		618,860	599,221
		2,046,538	1,845,899
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		414,528	503,360
Provision for unearned premium		963,485	762,255
Commission income unearned		93,645	82,253
Total underwriting provisions		1,471,658	1,347,868
<b>Creditors and accruals</b>			
Premium received in advance		53,009	51,695
Amounts due to other insurers / reinsurers	7	279,308	266,036
Accrued expenses	8	133,679	107,672
Taxation - provision less payments		61,269	-
Other creditors and accruals	9	127,284	106,110
		654,549	531,513
<b>Other liabilities</b>			
Deposit against performance bonds		19,421	18,721
Unclaimed dividends		64,367	53,013
		83,788	71,734
<b>TOTAL LIABILITIES</b>		2,209,995	1,951,115
<b>TOTAL LIABILITIES FROM WINDOW TAKAFUL OPERATIONS - OPF</b>		21,070	-
<b>TOTAL EQUITY AND LIABILITIES</b>		4,277,603	3,797,014
<b>CONTINGENCIES AND COMMITMENTS</b>	10		

The annexed notes 1 to 37 form an integral part of these financial statements.

## As at December 31, 2016

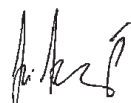
	Note	2016 (Rupees in thousand)	2015
<b>Cash and bank deposits</b>	11		
Cash and other equivalents		199	90
Current and other accounts		250,237	428,194
		250,436	428,284
<b>Loan to employees - secured considered good</b>	12	97	150
<b>Investments</b>	13	2,608,556	2,124,477
<b>Deferred taxation</b>	14	32,477	26,168
<b>Current assets - others</b>			
Premiums due but unpaid	15	208,898	148,090
Amounts due from other insurers / reinsurers	16	112,884	107,278
Salvage recoveries accrued		3,235	4,110
Accrued investment income	17	5,720	4,142
Reinsurance recoveries against outstanding claims		300,469	400,562
Deferred commission expense		74,971	70,325
Prepayments	18	525,404	419,221
Taxation - provision less payments		-	881
Sundry receivables	19	26,483	7,095
		1,258,064	1,161,704
<b>Fixed assets</b>	20		
<b>Tangible</b>			
Freehold land		1,168	1,168
Building		10,125	10,658
Computer equipments - owned		8,643	7,897
Furniture and fixtures		2,334	2,513
Motor vehicles - owned		28,513	23,501
Office equipments		8,427	9,500
		59,210	55,237
<b>Intangible</b>			
Computer software		-	994
<b>TOTAL ASSETS FROM WINDOW TAKAFUL OPERATIONS - OPF</b>		68,763	-
<b>TOTAL ASSETS</b>		4,277,603	3,797,014



**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

## Profit and Loss Account

### For the financial year ended December 31, 2016

	Note	Fire & property damage	Marine, aviation & transport	Motor	Engineering	Miscellaneous	Total 2016	Total 2015
<b>( Rupees in thousand )</b>								
<b>Revenue account</b>								
Net premium revenue		170,874	334,771	314,286	43,141	181,158	1,044,230	959,230
Net claims		(19,104)	(20,360)	(110,481)	(1,499)	(117,445)	(268,889)	(203,946)
Expenses	21	(81,762)	(73,728)	(113,900)	(47,794)	(41,288)	(358,472)	(356,523)
Net commission		41,719	46,815	(27,354)	(220)	6,374	67,334	63,947
<b>Underwriting result</b>		<u>111,727</u>	<u>287,498</u>	<u>62,551</u>	<u>(6,372)</u>	<u>28,799</u>	<u>484,203</u>	<u>462,708</u>
Investment income							458,140	357,016
Rental income							8,327	6,864
Other Income	22						15,995	12,255
Financial charges							(680)	(559)
General and administration expenses	23						(46,832)	(40,465)
							<u>434,950</u>	<u>335,111</u>
							919,153	797,819
Loss before tax from window takaful operations (OPF) for the period from March 12, 2016 to December 31, 2016	24						(2,307)	-
<b>Profit before tax</b>							916,846	797,819
Provision for taxation	25						(298,672)	(196,662)
<b>Profit after taxation</b>							<u>618,174</u>	<u>601,157</u>
<b>Profit and loss appropriation account</b>								
<b>Balance at commencement of the year</b>							599,221	544,824
Profit after taxation for the year							618,174	601,157
Other comprehensive income / (loss)							3,433	(1,792)
Final dividend for 2015 @ Rs. 6 per share (2014: Rs. 6 per share)							(420,968)	(420,968)
Transfer to general reserve							(181,000)	(124,000)
<b>Balance unappropriated profit at the end of the year</b>							<u>618,860</u>	<u>599,221</u>
Basic and diluted earnings per share - Rupees	26						8.81	8.57

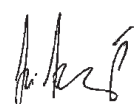
The annexed notes 1 to 37 form an integral part of these financial statements.



**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

## Statement of Comprehensive Income

### For the financial year ended December 31, 2016

	<u>2016</u>	<u>2015</u>
	(Rupees in thousand)	
Profit after tax for the year	618,174	601,157
<b>Other comprehensive income / (loss) for the year</b>		
Items that may be reclassified subsequently to profit or loss	-	-
<b>Items that will not be subsequently reclassified to profit or loss:</b>		
Re-measurement gain / (loss) on defined benefit obligation - net of tax	3,433	(1,792)
<b>Total comprehensive income for the year</b>	<u>621,607</u>	<u>599,365</u>

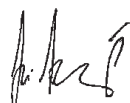
The annexed notes 1 to 37 form an integral part of these financial statements.



**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

# Statement of Cash Flows

## For the financial year ended December 31, 2016

	<u>Note</u>	<u>2016</u> (Rupees in thousand)	<u>2015</u>
<b>Operating cash flows</b>			
<b>Underwriting activities</b>			
Premiums received		2,274,724	1,950,454
Reinsurance premiums paid		(1,186,096)	(1,042,021)
Claims paid		(683,507)	(492,264)
Reinsurance and other recoveries received		412,274	352,144
Commissions paid		(154,070)	(143,534)
Commissions received		244,942	207,792
Other underwriting payments		(482)	(1,177)
Other underwriting receipts		18,456	17,304
<b>Net cash generated from underwriting activities</b>		926,241	848,698
<b>Other operating activities</b>			
Income tax paid		(242,831)	(222,949)
General and management expenses paid		(383,768)	(331,159)
Loan repayments received		53	44
Other deposits		700	5,317
<b>Net cash used in other operating activities</b>		(625,846)	(548,747)
<b>Total cash generated from all operating activities</b>		300,395	299,951
<b>Investment activities</b>			
Profit / return received		23,904	20,941
Dividends received		147,513	178,497
Rental income received		8,432	6,864
Payments for purchase of investments		(1,712,023)	(1,769,051)
Proceeds from disposal of investments		1,478,343	1,683,385
Fixed capital expenditure		(20,145)	(24,075)
Proceeds from disposal of fixed assets		6,027	8,286
<b>Total cash (used in) / generated from investing activities</b>		(67,949)	104,847
<b>Financing activities</b>			
Dividends paid		(409,614)	(409,125)
Financial charges paid		(680)	(559)
<b>Total cash used in financing activities</b>		(410,294)	(409,684)
<b>Net cash outflow from all activities</b>		(177,848)	(4,886)
<b>Cash at the beginning of the year</b>		428,284	433,170
<b>Cash at the end of the year</b>	11	250,436	428,284

## Statement of Changes in Equity

### Financial year ended December 31, 2016

	Issued, subscribed and paid-up capital	Capital Reserve		Revenue Reserve			Total	
		Capital reserve	Reserve for exceptional losses	Reserve for issue of bonus shares	General reserve	Investment fluctuation reserve		Retained earnings
( Rupees in thousand )								
Balance as at January 1, 2015	701,614	2,251	2,164	-	413,649	3,000	544,824	1,667,502
Profit after taxation for the year	-	-	-	-	-	-	601,157	601,157
Other comprehensive income for the year	-	-	-	-	-	-	(1,792)	(1,792)
Total comprehensive income for the year	-	-	-	-	-	-	599,365	599,365
<b>Transactions with owners, recorded directly in equity</b>								
Final dividend for the year ended December 31, 2014 @ 60% (Rs. 6 per share)	-	-	-	-	-	-	(420,968)	(420,968)
Transferred to general reserve	-	-	-	-	124,000	-	(124,000)	-
<b>Balance as at December 31, 2015</b>	<b>701,614</b>	<b>2,251</b>	<b>2,164</b>	<b>-</b>	<b>537,649</b>	<b>3,000</b>	<b>599,221</b>	<b>1,845,899</b>
Profit after taxation for the year	-	-	-	-	-	-	618,174	618,174
Other comprehensive income for the year	-	-	-	-	-	-	3,433	3,433
Total comprehensive income for the year	-	-	-	-	-	-	621,607	621,607
<b>Transactions with owners, recorded directly in equity</b>								
Final dividend for the year ended December 31, 2015 @ 60% (Rs. 6 per share)	-	-	-	-	-	-	(420,968)	(420,968)
Transferred to general reserve	-	-	-	-	181,000	-	(181,000)	-
<b>Balance as at December 31, 2016</b>	<b>701,614</b>	<b>2,251</b>	<b>2,164</b>	<b>-</b>	<b>718,649</b>	<b>3,000</b>	<b>618,860</b>	<b>2,046,538</b>

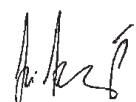
The annexed notes 1 to 37 form an integral part of these financial statements.



**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

**Reconciliation to profit and loss account**

	<u>Note</u>	<u>2016</u> <u>(Rupees in thousand)</u>	<u>2015</u> <u>(Rupees in thousand)</u>
Operating cash flows		300,395	299,951
Depreciation		(10,844)	(10,000)
Amortization of intangible assets		(994)	(1,611)
Financial charges		(680)	(559)
Gain on disposal of fixed assets		863	201
Provision for doubtful debts		(2,423)	-
(Decrease) / increase in assets other than cash		(61,061)	141,431
Decrease / (increase) in liabilities other than borrowings		22,132	(195,973)
<b>Others adjustments</b>			
- Increase in provision for unearned premium		(102,623)	(7,314)
- Increase in commission income unearned		(11,392)	(20,821)
- Income on investments and current and other deposits		458,140	357,016
- Rental income		8,327	6,864
- Other income		15,995	12,255
- Increase in provision for commission expense deferred		4,646	19,717
<b>Profit after tax from conventional insurance operations</b>		620,481	601,157
Loss from window takaful operations - OPF for period from March 12, 2016 to December 31, 2016		(2,307)	-
<b>Profit after taxation</b>		<u>618,174</u>	<u>601,157</u>
<b>Definition of cash</b>			
Cash comprises of cash in hand, bank balances and policy stamps.			
<b>Cash for the purpose of cash flow statement consists of:</b>	11		
Cash and other equivalents		199	90
Current and other accounts		250,237	428,194
		<u>250,436</u>	<u>428,284</u>


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# Statement of Premiums

## For the financial year ended December 31, 2016

### Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2016	2015
( R u p e e s i n t h o u s a n d )										
<b>Direct and facultative</b>										
Fire and property damage	610,541	318,426	337,936	591,031	443,169	215,371	238,383	420,157	170,874	159,011
Marine, aviation and transport	546,858	37,662	47,580	536,940	204,576	15,302	17,709	202,169	334,771	323,002
Motor	513,411	232,167	247,700	497,878	164,893	90,063	71,364	183,592	314,286	332,827
Engineering	357,887	90,592	199,729	248,750	293,518	74,596	162,505	205,609	43,141	45,221
Miscellaneous	304,947	83,408	130,540	257,815	80,634	20,206	24,183	76,657	181,158	99,169
<b>Total</b>	<b>2,333,644</b>	<b>762,255</b>	<b>963,485</b>	<b>2,132,414</b>	<b>1,186,790</b>	<b>415,538</b>	<b>514,144</b>	<b>1,088,184</b>	<b>1,044,230</b>	<b>959,230</b>
<b>Treaty</b>	-	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>2,333,644</b>	<b>762,255</b>	<b>963,485</b>	<b>2,132,414</b>	<b>1,186,790</b>	<b>415,538</b>	<b>514,144</b>	<b>1,088,184</b>	<b>1,044,230</b>	<b>959,230</b>

#### Note:

Premiums written include administration surcharge amounting to Rs. 18,456 thousand (2015: Rs. 17,304 thousand)

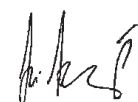
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## Statement of Claims

### For the financial year ended December 31, 2016

#### Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		2016	2015
( R u p e e s i n t h o u s a n d )										
<b>Direct and facultative</b>										
Fire and property damage	167,112	104,109	87,662	150,665	154,567	99,830	76,824	131,561	19,104	8,760
Marine, aviation and transport	44,407	32,030	46,814	59,191	28,627	24,118	34,322	38,831	20,360	16,256
Motor	184,326	92,343	77,647	169,630	66,661	23,519	16,007	59,149	110,481	101,688
Engineering	171,480	252,471	169,056	88,065	169,264	249,359	166,661	86,566	1,499	1,178
Miscellaneous	117,057	18,627	29,569	127,999	7,635	3,736	6,655	10,554	117,445	76,064
<b>Total</b>	<b>684,382</b>	<b>499,580</b>	<b>410,748</b>	<b>595,550</b>	<b>426,754</b>	<b>400,562</b>	<b>300,469</b>	<b>326,661</b>	<b>268,889</b>	<b>203,946</b>
<b>Treaty</b>										
Fire and property damage	-	1,755	1,755	-	-	-	-	-	-	-
Marine, aviation and transport	-	1,939	1,939	-	-	-	-	-	-	-
Miscellaneous	-	86	86	-	-	-	-	-	-	-
<b>Grand total</b>	<b>684,382</b>	<b>503,360</b>	<b>414,528</b>	<b>595,550</b>	<b>426,754</b>	<b>400,562</b>	<b>300,469</b>	<b>326,661</b>	<b>268,889</b>	<b>203,946</b>

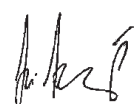
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Chairman

# Statement of Expenses

## For the financial year ended December 31, 2016

### Business underwritten inside Pakistan

Class	Commissions paid or payable	Deferred commission		Net commission expenses	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense	
		Opening	Closing					2016	2015
( R u p e e s i n t h o u s a n d )									
<b>Direct and facultative</b>									
Fire and property damage	49,746	22,295	21,801	50,240	81,762	132,002	91,959	40,043	45,239
Marine, aviation and transport	17,315	1,469	1,332	17,452	73,728	91,180	64,267	26,913	38,731
Motor	49,000	34,488	22,605	60,883	113,900	174,783	33,529	141,254	158,446
Engineering	44,021	9,579	24,600	29,000	47,794	76,794	28,780	48,014	28,538
Miscellaneous	10,780	2,494	4,633	8,641	41,288	49,929	15,015	34,914	21,622
<b>Total</b>	<u>170,862</u>	<u>70,325</u>	<u>74,971</u>	<u>166,216</u>	<u>358,472</u>	<u>524,688</u>	<u>233,550</u>	<u>291,138</u>	<u>292,576</u>
<b>Treaty</b>	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<u>170,862</u>	<u>70,325</u>	<u>74,971</u>	<u>166,216</u>	<u>358,472</u>	<u>524,688</u>	<u>233,550</u>	<u>291,138</u>	<u>292,576</u>

#### Note:

Commission from reinsurers is arrived at after taking in to account impact of opening and closing unearned commission.


The annexed notes from 1 to 37 form an integral part of these financial statements.



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## Statement of Investment Income

### For the financial year ended December 31, 2016

	<u>2016</u>	<u>2015</u>
	(Rupees in thousand)	
<b>Income from non-trading investments</b>		
<b>Held to maturity</b>		
Return on government securities	6,542	8,686
<b>Available for sale</b>		
Return on National Investment (Unit) Trust	152	136
Dividend income		
- from related parties	56,717	100,445
- from others	94,452	78,251
	151,169	178,696
Gain on sale of available for sale investments	269,200	209,601
Less: Reversal of / (provision for) impairment in available for sale investments	31,826	(39,571)
Less: Investment related expenses	(749)	(532)
<b>Net investment income</b>	<u>458,140</u>	<u>357,016</u>


The annexed notes from 1 to 37 form an integral part of these financial statements.



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Director



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**Yusuf H. Shirazi**  
Chairman

# Notes to the Financial Statements

## For the financial year ended December 31, 2016

### 1. The Company and its operations

Atlas Insurance Limited (the Company) was incorporated as a public limited Company on September 6, 1934 and is listed on Pakistan Stock Exchange. The Company is engaged in general insurance business. The registered office of the Company is situated at 3-Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.

During the period, the Company has been granted license to work as Window Takaful Operator (WTO) dated March 02, 2016 by the Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on Window Takaful Operations in Pakistan.

### 2. Basis of presentation and statement of compliance

#### 2.1 Basis of presentation

These financial statements have been presented on the format of financial statements issued by the SECP through Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002], vide S.R.O. 938 dated December 12, 2002.

Total assets, total liabilities and loss of the Window Takaful Operations of the Company referred to as the Operator's Fund have been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated July 9, 2015.

#### 2.2 Presentation currency

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures in these financial statements have been rounded off to the nearest thousands of rupees unless otherwise stated.

#### 2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for recognition of certain employee retirement benefits at present value.

#### 2.4 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the provisions of the Companies Ordinance, 1984 and Takaful Rules, 2012. Wherever, the requirements of the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 or directives issued by the SECP differ with the requirements of these standards, the requirements of the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002, Takaful Rules, 2012, the Companies Ordinance, 1984 or the said directives take precedence.

The SECP has allowed insurance companies to defer the application of International Accounting Standard - 39 (IAS-39) 'Financial Instruments: Recognition and Measurement' in respect of valuation of 'available-for-sale investments'. Accordingly, the requirements of IAS-39, to the extent allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements.

#### 2.5 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting period beginning on or after January 1, 2016 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

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

The following other standards, amendments and interpretations of approved accounting standards are effective for accounting period beginning on or after January 1, 2017:

	<b>Effective date (accounting periods beginning on or after)</b>
- IAS 7 Statement of cash flow (amendments)	January 1, 2017
- IAS 12 Income taxes (amendments)	January 1, 2017
- IFRS 2 Share based payments (amendments)	January 1, 2018
- IFRS 9 Financial Instruments: Classification and Measurement	January 1, 2018
- IFRS 15 Revenue from contracts	January 1, 2018
- IFRS 16 Leases	January 1, 2019

There are other new and amended standards and interpretations that are mandatory for the Company's accounting period beginning on or after January 1, 2017 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on these financial statements other than in presentation / disclosures.

### 3. Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both periods. The major areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) classification of insurance contracts (note 4.1);
- b) provision for outstanding claims (including IBNR) (note 4.2.1);
- c) provision for unearned premium (note 4.2.2.1);
- d) premium deficiency reserve (note 4.2.2.2);
- e) accounting for employee benefit plans (note 4.3);
- f) recognition of taxation and deferred tax (note 4.4);
- g) classification of investments (note 4.7);
- h) impairment (note 4.10);
- i) deferred commission expense (note 4.12);
- j) determining the residual values and useful lives of fixed assets (note 4.13);
- k) allocation of management expenses (note 4.20); and
- l) segment reporting (note 4.23).

### 4. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 4.1 Insurance contracts

Insurance contracts are those contracts where the Company has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders on the occurrence of a specified uncertain future event (the insured event) that adversely affects the policyholders under the terms and conditions of the contract. Insurance contracts issued by the Company are generally classified in five basic categories i.e. fire and property damage, marine, aviation and transport, motor, engineering and miscellaneous. Contracts 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 varies accordingly.

- Fire and property damage insurance contracts generally cover the assets of the policyholders against damages by fire, earthquake, riot and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact and burglary etc. and loss of profit followed by the incident of fire.
- Marine, aviation and transport insurance contracts generally provide cover for loss of or damage to cargo while in transit to and from foreign lands and inland transit due to various insured perils including loss of or damage to carrying vessel etc.
- Motor insurance contracts provide indemnity for accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage.
- Engineering insurance contracts provide wide coverage of contractors all risk, erection all risk, machinery breakdown (MBD), boiler damage, loss of profit due to MBD, computer all risk and bond etc.
- Miscellaneous insurance contracts provide wide variety of coverage including cover against burglary, loss of cash in safe, cash in transit and cash on counter, health, travel and crop etc.

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances 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 accounting policy for revenue recognition of insurance contracts is given in note 4.18.1. Accounting policies for recording of amounts due to / from other insurers / reinsurers / agents and for recognition of claims incurred (both reported and not reported) are stated in note 4.9 and 4.2.1, respectively.

## **4.2 Underwriting provisions**

### **4.2.1 Provision for outstanding claims including Incurred But Not Reported (IBNR)**

The Company recognizes liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims includes amounts in relation to unpaid reported claims, IBNR and expected claim settlement costs.

Outstanding claims comprise the estimated cost of claims incurred but not settled at the balance sheet date, whether reported or not. The Company engaged an actuary to estimate the IBNR as per SECP Circular No. 9 of 2016, "SEC guidelines for estimation of Incurred but not Reported claim reserve, 2016".

Reinsurance recoveries against outstanding claims are recognized on occurrence of the related claim liability. These are recorded as an asset and measured at the amount expected to be received.

### **4.2.2 Unexpired risk**

The Company determines its liability for unexpired risk, according to the requirements of Insurance Ordinance, 2000, at a value not less than the sum of provision for unearned premium and premium deficiency reserve.

#### **4.2.2.1 Provision for unearned premium**

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage at the reporting date. The Company maintains its provision for unearned premium net of reinsurances by applying the 1/24th method on fire and property damage, motor, engineering and miscellaneous as stipulated in Accounting Regulation 8(4)(b) of the SEC (Insurance) Rules, 2002 for non-life insurance companies. However, in case of marine, aviation and transport, premium written net of reinsurances during last month is taken to the provision for unearned premium.

#### **4.2.2.2 Premium deficiency reserve**

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a premium deficiency reserve is maintained for each class of business, where the unearned premium liability for any class of business is not adequate to meet the expected future liability, after re-insurance, for claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the policies in force at the balance sheet date, in that class of business. The movement in the premium deficiency reserve is recorded as an expense / income as part of the underwriting results for the year.

An analysis of loss ratios for the expired period is carried out, at each class of business level, keeping in view historical claim development. Where ratios are adverse an assessment is made if this is due to one off claim and if not, a deficiency in premium is recognized in the current period. The loss ratios for the current and prior year are as follows:

	<u>2016</u>	<u>2015</u>
Fire and property damage	11%	6 %
Marine, aviation and transport	6%	5 %
Motor	35%	31 %
Engineering	3%	3 %
Miscellaneous	65%	77 %

Keeping in view the adequacy of the reserves on December 31, 2016, in line with the provisions of the Insurance Ordinance, 2000 and SEC (Insurance Rules) 2002, a premium deficiency reserve is not required and accordingly no provision for the same has been made in financial statements of the current year.

#### 4.2.3 Commission

##### 4.2.3.1 Commission income

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

##### 4.2.3.2 Commission income unearned

Unearned commission income from the reinsurers represents the portion of income relating to the unexpired period of coverage and is recognized as a liability.

#### 4.3 Staff retirement benefits

##### 4.3.1 Defined contribution plan

The Company operates a funded contributory provident fund (defined contribution plan) for all employees. Equal monthly contributions are made, both by the Company and the employees, to the fund, under the terms of the scheme.

##### 4.3.2 Defined benefit plan

The Company operates two separate funded gratuity schemes (defined benefit plans) in respect of the all permanent employees (management and non - management) to which the Company makes contribution on the basis of recommendations made by the actuary. The latest actuarial valuation was carried out as at December 31, 2016, using the 'Projected Unit Credit Method'.

Actuarial gains or losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense).

##### 4.3.3 Compensated absences

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

#### 4.4 Taxation

##### 4.4.1 Current

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

##### 4.4.2 Deferred

Deferred tax is accounted for using the balance sheet 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 the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized 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 utilized.



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 balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

#### 4.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost.

#### 4.6 Loans to employees

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

#### 4.7 Investments

##### 4.7.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs. These are classified into the following categories:

- Held to maturity
- Available for sale

##### 4.7.2 Measurement

###### 4.7.2.1 Held to maturity

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held-to-maturity and are initially measured at the cost being the fair value of consideration paid.

Subsequently these are measured at amortized cost using the effective yield method. Any premium paid or discount availed on acquisition of held to maturity investments is deferred and included in the income for the period on a straight line basis over the term of investment.

###### 4.7.2.2 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 or changes in interest rates are classified as available for sale and are stated at cost being the fair value of consideration paid.

Subsequent to initial recognition at cost, these are stated at the lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by SECP in December 12, 2002. The Company uses latest stock exchange quotations in an active market to determine the market value of its listed investments whereas, impairment of investments in unlisted companies is computed to net assets of the investee on the basis of the latest available audited / unaudited financial statements.

If these investments had been measured at fair value as required by IAS 39, the Company's net investments would have been higher by Rs. 3,830,537 thousand (2015: Rs. 2,282,040 thousand). All 'regular way' purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment.

###### 4.7.2.3 Sale and repurchase agreements

Securities purchased under an agreement to resell (reverse repo) are not recognized in the financial statements as investment and the amount extended to the counter party is shown as short term placement. The difference between the sale and repurchase price is recognized as mark-up earned and included in the other income.

#### 4.8 Reinsurance contracts

The Company enters into reinsurance contracts with reinsurance companies by arranging treaty reinsurance, whereby certain agreed proportion of risks are shared with the participating companies, hence higher underwriting capacity with larger spread becomes available. Depending upon the nature and / or size of the risk at times reinsurance of excess of capacity is also placed on case to case basis under facultative reinsurance arrangement. The Company also accepts facultative reinsurance from other local insurance companies provided the risk meets the underwriting requirements of the Company.

The risks undertaken by the Company under these contracts for each class of business are stated in note 4.1.

The benefits to which the Company is entitled under reinsurance contracts held are recognized as reinsurance assets. These assets include amount due from reinsurers as well as receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Reinsurance liabilities primarily include premium payable and commission payable (in case of facultative acceptance). Reinsurance assets and liabilities are measured consistently with the terms of the underlying reinsurance contracts.

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

The movement in reinsurance assets for the year ending December 31, 2016 is given in statement of premium and statement of claims. Reinsurance assets are not offset against related insurance liabilities.

Recognition criteria of reinsurance assets and liabilities is stated in note 4.9 and recognition criteria for reinsurance income and expenses is stated in note 4.2.3.1 and note 4.21, respectively.

An analysis of reinsurance assets based on credit rating of the entity, from whom it is due is as follows:

Ratings	Amounts due from reinsurers		Reinsurance recoveries against outstanding claims		Other reinsurance assets	
	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)					
A or above (Including PRCL)	62,202	49,057	295,029	372,017	514,144	415,091
BBB	-	-	456	26,723	-	-
Others	2,804	1,469	4,984	1,822	-	447
	<u>65,006</u>	<u>50,526</u>	<u>300,469</u>	<u>400,562</u>	<u>514,144</u>	<u>415,538</u>

#### 4.9 Amounts due to / from other insurers / reinsurers / agents

Amounts due to / from other insurers / reinsurers are recognized when due and carried at cost less provision for impairment. Cost is the fair value of the consideration to be received / paid in the future for services rendered / received.

#### 4.10 Impairment of assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized, in the profit and loss account, for the difference between the recoverable amount and the carrying amount. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

#### 4.11 Prepaid reinsurance premium ceded

Prepaid reinsurance premium ceded is recognized as liability as follows:

- for reinsurance contracts operating on a proportional basis, on attachment of the underlying policies reinsured; and
- for reinsurance contracts operating on a non-proportional basis, on inception of the reinsurance contract.

#### 4.12 Deferred commission expense

Deferred commission expense represents the portion of commission expense relating to the unexpired period of coverage. The Company maintains its provision for deferred commission by applying the 1/24th method on fire and property damage, motor, engineering and miscellaneous as stipulated in Accounting Regulation 8(4)(b) of the SEC (Insurance) Rules, 2002 for non life insurance companies. In case of marine, aviation and transport commission expense relating to last month is taken as deferred commission expense.

**4.13 Fixed assets****4.13.1 Tangible - owned**

Fixed assets except freehold land are stated at cost less accumulated depreciation and impairment, if any. Cost of tangible fixed assets consists of historical cost and directly attributable cost of bringing the assets to their present location and condition. Depreciation is charged to income applying the reducing balance method at the rates given in fixed assets schedule to write off the cost of operating fixed assets over their expected useful life. Depreciation on addition to fixed assets is charged from the month in which an asset is acquired or capitalized, whereas no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred whereas major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gain and loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

The assets' residual value and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its fixed assets as at December 31, 2016 has not required any adjustment as its impact is considered insignificant.

**4.13.2 Tangible - leased**

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less financial charges allocated to future periods are shown as a liability.

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

Depreciation on leased assets is charged by applying the reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease term.

**4.13.3 Intangible**

The intangible asset is stated at cost less accumulated amortization and impairment, if any. Amortization is calculated on a straight-line basis over the estimated useful life of the asset.

**4.13.4 Capital work-in-progress**

Capital work-in-progress is stated at cost less any identified impairment loss.

**4.14 Creditors, accruals and provisions**

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

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

**4.15 Foreign currency translation**

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

**4.16 Financial instruments**

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on de-recognition of the financial assets and financial liabilities are included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include cash and bank deposits, loans to employees, investments, premiums due but unpaid, amounts due from other insurers / reinsurers, salvage recoveries accrued, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amounts due to other insurers / reinsurers, accrued expenses, other creditors and accruals, deposits against performance bonds and unclaimed dividend. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### 4.17 Offsetting of financial assets and financial liabilities

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

#### 4.18 Revenue recognition

##### 4.18.1 Premium income earned

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

- a) for direct business, evenly over the period of the policy; and
- b) for proportional reinsurance business, evenly over the period of underlying insurance policies.

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

Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy.

##### 4.18.2 Dividend income and bonus shares

Dividend income and entitlement of bonus shares are recognized when the right to receive such dividends and bonus shares is established.

Gain / loss on sale of investments is taken to the profit and loss account in the year of sale as per settlement date.

##### 4.18.3 Income on held to maturity investments

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

##### 4.18.4 Administration surcharge

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

##### 4.18.5 Rent and other income

Rental and other income is recognized on accrual basis.

#### 4.19 Zakat

Zakat deductible compulsorily under the Zakat and Ushr Ordinance, 1980 is accounted for in the year of deduction.

#### 4.20 Expenses

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

#### 4.21 Reinsurance expenses

Premium ceded to reinsurers is recognized as expense as follows:

- a) for reinsurance contracts operating on a proportional basis, on attachment of the underlying policies reinsured.
- b) for reinsurance contracts operating on a non-proportional basis, on inception of the reinsurance contract.

**4.22 Pakistan Reinsurance Company Limited (PRCL) - Retrocession**

PRCL retrocession business is accounted for on the basis of the statements received relating to the first three quarters of the current year and last one quarter of the previous year.

**4.23 Segment reporting - primary segments**

The Company accounts for segment reporting using the classes of business as specified under the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 as the primary reporting format based on the Company's practice of internal reporting to the management on the same basis. The Company has determined its primary segments based on insurance risks covered under five types of insurance contracts as stated in note 4.1.

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

**4.24 Provision for doubtful receivables**

Receivables under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any, provision for impairment of premium receivables is established when the chances of recovery are less. Receivables are also analyzed as per their ageing and accordingly provision is maintained on a systematic basis. The provision is made while taking into consideration of expected recoveries, if any.

**5. Issued, subscribed and paid up capital**

<u>2016</u> (Number of shares)	<u>2015</u>		<u>2016</u> (Rupees in thousand)	<u>2015</u>
250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	2,500	2,500
69,911,381	69,911,381	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	699,114	699,114
<u>70,161,381</u>	<u>70,161,381</u>		<u>701,614</u>	<u>701,614</u>

52,852,099 (2015: 52,852,099) ordinary shares of the Company are held by Shirazi Investments (Private) Limited, associated undertaking, as at December 31, 2016.

**Movement in paid up capital**

	<u>Number of shares</u>	<u>Rupees in thousand</u>
As at January 1, 2015	70,161,381	701,614
Issued as fully paid bonus shares	-	-
As at December 31, 2015	70,161,381	701,614
Issued as fully paid bonus shares	-	-
As at December 31, 2016	<u>70,161,381</u>	<u>701,614</u>

**6. Reserves****Capital reserves**

	<u>Note</u>	<u>2016</u> (Rupees in thousand)	<u>2015</u>
Capital reserve		2,251	2,251
Reserve for exceptional losses	6.1	2,164	2,164
		<u>4,415</u>	<u>4,415</u>

**Revenue reserves**

General reserve			
- At the beginning of the year		537,649	413,649
- Transfer from retained earnings		181,000	124,000
		<u>718,649</u>	<u>537,649</u>
Investment fluctuation reserve	6.2	3,000	3,000
		<u>721,649</u>	<u>540,649</u>
		<u>726,064</u>	<u>545,064</u>

6.1 This represents a specific purpose reserve for possible losses on exceptional insurance claims. The reserve was created to avail the deduction in computing taxable income, as allowed previously under the Income Tax Act of 1922. After the introduction of Income Tax Ordinance, 2001, under which the said deductions are not permitted, the Company discontinued the setting aside of amounts thereafter as reserve for exceptional losses.

6.2 This has been set aside in prior years for utilization against diminution in the value of investments.

	<u>Note</u>	<u>2016</u> <u>(Rupees in thousand)</u>	<u>2015</u>
<b>7. Amounts due to other insurers / reinsurers</b>			
Amounts due to co-insurers		53,275	40,698
Amounts due to reinsurers		226,033	225,338
		<u>279,308</u>	<u>266,036</u>
<b>8. Accrued expenses</b>			
Commission payable		43,818	27,027
Bonus to staff payable		34,466	31,840
Profit commission payable		4,584	7,632
Leave encashment payable		23,623	16,031
Other accrued expenses		27,188	25,142
		<u>133,679</u>	<u>107,672</u>
<b>9. Other creditors and accruals</b>			
Federal insurance fee		2,221	2,079
Federal excise duty		28,227	25,587
Donation payable	23.1	9,436	7,889
Staff retirement benefits	9.1	-	2,653
Workers' Welfare Fund		84,000	65,289
Others		3,400	2,613
		<u>127,284</u>	<u>106,110</u>
<b>9.1 Staff retirement benefits</b>			
<b>Gratuity</b>			
- Management staff	9.1.1	(1,561)	2,795
- Non-management staff	9.1.1	(2,271)	(142)
		<u>(3,832)</u>	<u>2,653</u>

9.1.1 The latest valuation of scheme was carried out as at December 31, 2016 using the Projected Unit Credit Method. Provision has been made in the financial statements to cover the related obligation in accordance with the actuarial recommendations.

	<u>2016</u>	<u>2015</u>
Following significant assumptions were used for the actuarial valuation:		
- Discount rate	8% per annum	9% per annum
- Expected rate of increase in salaries	7% per annum	8% per annum
- Expected return on plan assets	8% per annum	9% per annum

The amounts recognized in balance sheet are as follows:

	<u>Management staff</u>		<u>Non-management staff</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<u>(Rupees in thousand)</u>			
Present value of defined benefit obligation	37,513	33,516	15,432	13,278
Fair value of plan assets	(39,622)	(52,373)	(17,803)	(13,520)
	<u>(2,109)</u>	<u>(18,857)</u>	<u>(2,371)</u>	<u>(242)</u>
Payable in respect of inter group transfers / outgoing employees	548	21,652	100	100
Liability / (asset) as at December 31	<u>(1,561)</u>	<u>2,795</u>	<u>(2,271)</u>	<u>(142)</u>
Net liability / (asset) as at January 1	2,795	(904)	(142)	188
Charge to profit and loss account	833	1,815	856	806
Contribution made by the Company	(2,795)	-	(404)	(1,887)
Liability recognized in respect of promotions	-	307	-	(307)
Remeasurements recognised in other comprehensive income	(2,394)	1,577	(2,581)	1,058
Benefits paid by the Company	-	-	-	-
Liability / (asset) as at December 31	<u>(1,561)</u>	<u>2,795</u>	<u>(2,271)</u>	<u>(142)</u>

	<b>Management staff</b>		<b>Non-management staff</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>(Rupees in thousand)</b>			
<b>9.1.1.1 The movement in the present value of defined benefit obligation is as follows:</b>				
Present value of defined benefit obligation	33,516	50,399	13,278	12,939
Current service cost	1,545	1,905	876	797
Interest cost	2,257	4,565	1,221	1,321
Benefits paid	(747)	(1,547)	(403)	(1,698)
Liabilities in respect of promotees	-	307	-	(307)
Liabilities in respect of transfers	(547)	(21,816)	-	-
Re-measurements: Actuarial (gain) / loss on defined benefit obligation	1,489	(297)	460	226
Present value of defined benefit obligation	<u>37,513</u>	<u>33,516</u>	<u>15,432</u>	<u>13,278</u>
<b>9.1.1.2 The movement in fair value of plan assets is as follows:</b>				
Fair value as at January 1	52,373	51,303	13,520	12,851
Expected return on plan assets	2,969	4,655	1,242	1,312
Company contributions	2,795	-	404	1,887
Benefits paid	(747)	(1,547)	(404)	(1,698)
Net return on plan assets over interest income	3,883	(1,874)	3,041	(832)
Received from other group companies in respect of transfers	(21,651)	(164)	-	-
Fair value as at December 31	<u>39,622</u>	<u>52,373</u>	<u>17,803</u>	<u>13,520</u>
<b>9.1.1.3 Defined benefit cost for the year</b>				
<b>Cost recognized in profit and loss account for the year</b>				
<b>Service cost - current</b>	1,545	1,905	876	797
<b>Past service cost</b>	-	-	-	-
	1,545	1,905	876	797
<b>Net interest cost</b>				
Interest cost on defined benefit obligation	2,257	4,565	1,222	1,321
Interest income on plan assets	(2,969)	(4,655)	(1,242)	(1,312)
	(712)	(90)	(20)	9
	833	1,815	856	806
<b>Re-measurement recognized in other comprehensive income during the year</b>				
Actuarial (gain) / loss on obligation	1,489	(297)	460	226
Net return on plan assets over interest income	(3,883)	1,874	(3,041)	832
	(2,394)	1,577	(2,581)	1,058
	<u>(1,561)</u>	<u>3,392</u>	<u>(1,725)</u>	<u>1,864</u>
<b>9.1.1.4 Plan assets are comprised as follows:</b>				
	<b>Management staff</b>			
	<b>Fair value</b>			
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>(Rupees in thousand)</b>		<b>%</b>	
Debt	18,790	23,752	47%	45%
Mutual funds	20,810	26,582	53%	51%
Cash and bank balances	22	2,039	0%	4%
	<u>39,622</u>	<u>52,373</u>		
	<b>Non-management staff</b>			
	<b>Fair value</b>			
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>(Rupees in thousand)</b>		<b>%</b>	
Debt	4,973	3,539	28%	26%
Mutual funds	12,755	9,908	72%	73%
Cash and bank balances	75	73	0%	1%
	<u>17,803</u>	<u>13,520</u>		

## 9.1.1.5 Historical data

	2016	2015	2014	2013	2012
	<b>(Rupees in thousand)</b>				
<b>Management staff as at December 31</b>					
Present value of defined benefit obligation	37,513	33,516	50,399	45,253	36,482
Fair value of plan assets	(39,622)	(52,373)	(51,303)	(37,443)	(33,869)
	(2,109)	(18,857)	(904)	7,810	2,613
Experience adjustment on obligation	4%	(1%)	(3%)	(8%)	5%
Experience adjustment on plan assets	10%	(4%)	3%	(1%)	(6%)
<b>Non-Management staff as at December 31</b>					
Present value of defined benefit obligation	15,432	13,278	12,939	11,124	2,397
Fair value of plan assets	(17,803)	(13,520)	(12,851)	(8,560)	(7,140)
	(2,371)	(242)	88	2,564	(4,743)
Experience adjustment on obligation	2.98%	1.7%	(0.16%)	9%	3%
Experience adjustment on plan assets	17%	(6%)	5%	(7%)	(3%)

## 9.1.1.6 Sensitivity analysis on significant actuarial assumption: actuarial liability

	2016		2015	
	Management staff	Non-management staff	Management staff	Non-management staff
	<b>(Rupees in thousand)</b>			
Discount rate +1%	35,524	14,388	31,869	12,308
Discount rate -1%	39,763	16,625	35,403	14,383
Long term salary increases +1%	39,949	16,702	35,566	14,450
Long term salary increases -1%	35,322	14,302	31,693	12,234

## 10. Contingencies and commitments

## 10.1 Contingencies

**10.1.1** The tax authorities have raised demand amounting to Rs. 117,817 (thousand) against the Company for the tax years 2009 to 2014, that primarily pertains to the rate of tax on dividend, rental income and charged WWF. Commissioner Inland Revenue (Appeals) [CIR (A)] upheld the decision in respect of dividend income and reduced the demand to Rs. 58,895 (thousand). The Company filed appeals against the CIR(A) decision before the Appellate Tribunal Inland Revenue (ATIR) wherein the decision of CIR(A) was upheld. The Company has now filed a reference application against the decision of ATIR before the Honourable Lahore High Court which is pending adjudication. No provision has been incorporated in the financial statements since the Company believes that there are meritorious grounds that the case will be decided in favour of the Company.

**10.1.2** For tax year 2005, the tax authorities disputed the Company's treatment on certain issues disallowing expenses, creating a demand of Rs. 70,698 (thousand). The Company filed appeal before CIR(A) which was decided in favour of the Company. Department filed appeal against CIR(A) before ATIR which is pending adjudication.

**10.1.3** For tax year 2006, the tax authorities disputed the Company's treatment on certain issues disallowing expenses. The Company filed appeal before CIR(A) which was decided in favour of the Company except for the provision of bonus amounting to Rs. 5,599 (thousand) against which the Company has filed appeal before ATIR, which is pending adjudication.

	2016	2015
	<b>(Rupees in thousand)</b>	
<b>10.1.4 Other contingencies</b>		
Claims against the Company not acknowledged as debt	67,902	69,531

## 10.2 Commitments

The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	2016	2015
	<b>(Rupees in thousand)</b>	
Not later than one year	42,216	41,812
Later than one year and not later than five years	29,961	22,265
Later than five years	183	458
	72,360	64,535



	<u>Note</u>	<u>2016</u> <u>(Rupees in thousand)</u>	<u>2015</u> <u>(Rupees in thousand)</u>
<b>11. Cash and bank deposits</b>			
<b>Cash and other equivalents</b>			
Cash in hand		199	90
<b>Current and other accounts</b>			
Current accounts		21,885	109,360
Saving accounts	11.1	228,352	318,834
		250,237	428,194
		<u>250,436</u>	<u>428,284</u>

11.1 The balance in savings accounts bears mark-up which ranges from 3.5% to 8% (2015: 4% to 6.5%) per annum.

## 12. Loans to employees - secured considered good

These represent interest free loans to employees for purchase of motor vehicles in accordance with the policy of the Company. These loans are secured against the registration of the vehicles and are repayable in monthly instalments over a period of five years.

No loan was given to the Chief Executive, directors and executive of the Company (2015: Rs. Nil). The effect of valuation at amortized cost is immaterial.

	<u>Note</u>	<u>2016</u> <u>(Rupees in thousand)</u>	<u>2015</u> <u>(Rupees in thousand)</u>
<b>13. Investments</b>			
The investments comprise:			
Held to maturity	13.1	74,998	75,374
Available for sale	13.2	2,533,558	2,049,103
		<u>2,608,556</u>	<u>2,124,477</u>
Aggregate market value as at December 31		<u>6,439,096</u>	<u>4,408,580</u>

### 13.1 Held to maturity

Statutory deposits	13.1.1	74,998	75,374
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#### 13.1.1 Statutory deposits

<u>Name of investee</u>	<u>Maturity</u>	<u>Effective yield %</u>		
Pakistan Investment Bonds (PIBs)	July, 2016	11.80%	-	6,979
Pakistan Investment Bonds (PIBs)	July, 2016	11.45%	-	54,935
Pakistan Investment Bonds (PIBs)	July, 2016	11.80%	-	6,481
Pakistan Investment Bonds (PIBs)	July, 2016	11.80%	-	6,979
Market Treasury Bills (T-Bills)	July, 2017	5.48%	74,998	-
			<u>74,998</u>	<u>75,374</u>

This represents carrying amount of government securities placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Section 29(2)(a) of the Insurance Ordinance, 2000. Market value as at December 31, 2016 amounts to Rs. 76,334 thousand (2015: Rs. 77,437 thousand).

	<u>Note</u>	<u>2016</u> <u>(Rupees in thousand)</u>	<u>2015</u> <u>(Rupees in thousand)</u>
<b>13.2 Available for sale</b>			
<b>Related parties</b>			
Mutual funds - Quoted	13.2.4	927,697	838,669
Ordinary shares - Quoted	13.2.5	236,467	236,467
Ordinary shares - Unquoted	13.2.6	-	-
		1,164,164	1,075,136
<b>Others</b>			
Mutual funds - Quoted	13.2.7	95,413	91,084
Ordinary shares - Quoted	13.2.8	1,273,981	882,883
		1,369,394	973,967
		<u>2,533,558</u>	<u>2,049,103</u>

13.2.7	Number of units		Face value Rupees	Fund's name	Note	2016		2015	
	2016	2015				(Rupees in thousand)		(Rupees in thousand)	
<b>Mutual funds - Quoted</b>									
	35,627	33,682	10	National Investment (Unit) Trust Market value Rs. 3,112 thousand (2015: Rs. 2,130 thousand)	13.2.7.1	1,141		1,017	
	225,942	214,393	100	Lakson Money Market Fund Market value Rs. 23,227 thousand (2015: Rs. 22,068 thousand )		22,600		21,465	
	3,127,502	2,963,253	10	NIT Income Fund Market value Rs. 32,901 thousand (2015: Rs. 31,879 thousand)		33,809		32,120	
	229,390	212,063	100	Lakson Income Fund Market value Rs. 22,387 thousand (2015: Rs. 23,831 thousand)		23,200		21,400	
	246,000	246,000	10	PICIC Growth Fund Market value Rs. 7,493 thousand (2015: Rs. 5,542 thousand)		4,444		4,444	
	455,000	455,000	10	Dolmen City REIT Market value Rs. 4,946 thousand (2015: Rs. 4,882 thousand)		5,005		5,005	
	517,368	500,000	10	NIT Islamic Equity Fund Market value Rs. 6,638 thousand (2015: Rs. 4,930 thousand)		5,184		5,000	
	154,500	154,500	10	PICIC Investment Fund Market value Rs. 2,148 thousand (2015: Rs. 1,766 thousand)		997		997	
						96,380		91,448	
				Impairment in value of available for sale investments		(967)		(364)	
						95,413		91,084	

**13.2.7.1** This includes 28,000 (2015: 28,000) units held as statutory deposit with the State Bank of Pakistan under section 29(2)(a) of the Insurance Ordinance, 2000.

13.2.8	Number of shares		Face value Rupees	Company's name	2016		2015		
	2016	2015			(Rupees in thousand)		(Rupees in thousand)		
<b>Ordinary shares - Quoted</b>									
	818,187	1,001,187	10	<b>Banks</b> Bank Alfalah Limited Market value Rs. 31,059 thousand (2015: Rs. 28,854 thousand)		19,067		21,634	
	907,350	850,350	10	Bank Al-Habib Limited Market value Rs. 53,525 thousand (2015: Rs. 35,375 thousand)		37,090		34,164	
	373,963	267,163	10	United Bank Limited Market value Rs. 88,260 thousand (2015: Rs. 41,397 thousand)		66,279		39,133	
				<b>Carried forward</b>		122,436		94,931	

- 13.2.1** Listed securities include an amount of Rs. 1,101,968 thousand (2015: 374,129 thousand) being the cost under an arrangement permissible under Shariah.
- 13.2.2** Mutual funds include an amount of Rs. 5,184 thousand (2015: 5,000 thousand) being the cost under an arrangement permissible under Shariah.
- 13.2.3** Mutual funds in associated undertakings include an amount of Rs. 202,122 thousand (2015: 276,839 thousand) being the cost under an arrangement permissible under Shariah.

	<u>Number of units /shares</u>	<u>Face value</u>					
	<u>2016</u>	<u>2015</u>	<u>Rupees</u>	<u>Fund's / Company's name</u>	<u>Note</u>	<u>2016</u>	<u>2015</u>
						<u>(Rupees in thousand)</u>	
<b>13.2.4 Mutual funds - Quoted</b>							
	809,491	658,980	500	Atlas Islamic Stock Fund Market value Rs. 490,924 thousand (2015: Rs. 279,921 thousand)		404,917	276,839
	790,438	656,309	500	Atlas Stock Market Fund Market value Rs. 526,290 thousand (2015: Rs. 296,245 thousand)		422,557	297,642
	-	283,200	500	Atlas Income Fund Market value - Not applicable (2015: Rs. 150,269 thousand)		-	144,500
	174,975	215,058	500	Atlas Money Market Fund Market value Rs. 90,000 thousand (2015: Rs. 111,718 thousand)		90,000	110,051
	108,132	104,430	500	Atlas Gold Fund Market value Rs. 10,224 thousand (2015: Rs. 9,637 thousand)		10,677	10,286
						<u>928,151</u>	<u>839,318</u>
						(454)	(649)
						<u>927,697</u>	<u>838,669</u>
<b>13.2.5 Ordinary shares - Quoted</b>							
	2,931,728	2,931,728	10	Atlas Honda Limited Equity held: 2.84% (2015: 2.84%) Market value Rs. 1,712,481 thousand (2015: Rs. 1,136,191 thousand)		215,296	215,296
	303,420	303,420	10	Atlas Battery Limited Equity held: 1.74% (2015: 1.74%) Market value Rs. 253,353 thousand (2015: Rs. 231,509 thousand)		11,376	11,376
	850,000	850,000	10	Honda Atlas Cars (Pakistan) Limited Equity held: 0.60% (2015: 0.60%) Market value Rs. 568,344 thousand (2015: Rs. 203,099 thousand)		9,795	9,795
						<u>236,467</u>	<u>236,467</u>
<b>13.2.6 Ordinary shares - Unquoted</b>							
	50,000	50,000	10	Arabian Sea Country Club (Private) Limited		500	500
						(500)	(500)
					13.2.6.1	-	-

- 13.2.6.1** The name of the Chief Executive is Mr. Arif Ali Khan Abbasi. The break-up value is Rs. (0.19) per share based on audited accounts for the year ended June 30, 2015.

Number of shares		Face value Rupees	Company's name	2016		2015	
2016	2015			(Rupees in thousand)		(Rupees in thousand)	
			<b>Brought forward</b>	122,436		94,931	
-	98,588	10	Allied Bank Limited Market value - Not applicable (2015: Rs. 9,293 thousand)	-		6,829	
284,975	298,475	10	Meezan Bank Limited Market value Rs. 19,410 thousand (2015: Rs. 13,655 thousand)	11,611		10,358	
509,000	204,000	10	Habib Metropolitan Bank Limited Market value Rs. 18,833 thousand (2015: Rs. 6,216 thousand)	16,013		6,085	
193,095	109,095	10	Habib Bank Limited Market value Rs. 52,764 thousand (2015: Rs. 21,832 thousand)	35,875		19,598	
675,747	250,247	10	<b>Non Life Insurance</b> Adamjee Insurance Company Limited Market value Rs. 50,100 thousand (2015: Rs. 14,141 thousand)	36,065		9,044	
50,000	50,000	10	Pakistan Reinsurance Company Limited Market value Rs. 2,080 thousand (2015: Rs. 1,693 thousand)	1,703		1,703	
38,650	63,650	10	<b>Construction and Material</b> Attock Cement (Pakistan) Limited Market value Rs. 12,997 thousand (2015: Rs. 10,677 thousand)	5,174		8,521	
3,214,164	3,214,164	10	Cherat Cement Company Limited Market value Rs. 559,394 thousand (2015: Rs. 289,853 thousand)	91,761		91,761	
472,700	326,700	10	D.G. Khan Cement Company Limited Market value Rs. 104,812 thousand (2015: Rs. 48,218 thousand)	77,750		36,144	
36,000	24,500	10	Lucky Cement Limited Market value Rs. 31,186 thousand (2015: Rs. 12,128 thousand)	15,288		9,408	
276,000	276,000	10	Fauji Cement Company Limited Market value Rs. 12,443 thousand (2015: Rs. 10,162 thousand)	6,963		4,424	
-	17,000	10	Kohat Cement Company Limited Market value - Not applicable (2015: Rs. 4,095 thousand)	-		1,956	
761,000	585,500	10	<b>Electricity</b> The Hub Power Company Limited Market value Rs. 93,969 thousand (2015: Rs. 60,072 thousand)	64,636		40,658	
361,778	361,778	10	Kot Addu Power Company Limited Market value Rs. 28,509 thousand (2015: Rs. 29,304 thousand)	23,104		23,104	
238,000	160,000	10	Nishat Power Limited Market value Rs. 15,254 thousand (2015: Rs. 8,589 thousand)	9,498		3,128	
			<b>Carried forward</b>	517,877		367,652	

Number of shares 2016	Number of shares 2015	Face value Rupees	Company's name	2016 (Rupees in thousand)	2015 (Rupees in thousand)
			<b>Brought forward</b>	517,877	367,652
621,000	621,000	10	Pakgen Power Limited Market value Rs. 16,625 thousand (2015: Rs. 18,276 thousand)	13,370	13,370
459,000	281,500	10	Nishat Chunian Power Limited Market value Rs. 25,466 thousand (2015: Rs. 15,947 thousand)	19,924	10,420
100,000	100,000	10	Lalpir Power Limited Market value Rs. 2,420 thousand (2015: Rs. 2,974 thousand)	3,257	3,257
			<b>Oil and Gas</b>		
70,900	48,400	10	Pakistan Oilfields Limited Market value Rs. 37,905 thousand (2015: Rs. 12,972 thousand)	27,294	18,499
337,671	337,671	10	Pakistan Petroleum Limited Market value Rs. 63,543 thousand (2015: Rs. 41,132 thousand)	62,962	62,962
29,900	19,900	10	Attock Petroleum Limited Market value Rs. 20,471 thousand (2015: Rs. 10,052 thousand)	15,702	10,369
6,000	-	10	Mari Petroleum Company Limited Market value Rs. 8,249 thousand (2015 - Not applicable)	5,709	-
245,000	180,500	10	Oil & Gas Development Company Limited Market value Rs. 40,511 thousand (2015: Rs. 21,180 thousand)	43,803	33,822
162,300	85,800	10	Pakistan State Oil Limited Market value Rs. 70,473 thousand (2015: Rs. 27,951 thousand)	58,194	27,863
			<b>Chemicals</b>		
50,000	50,000	10	Arif Habib Corporation Limited Market value Rs. 2,200 thousand (2015: Rs. 2,556 thousand)	1,267	1,267
257,200	67,000	10	Engro Corporation Limited Market value Rs. 81,299 thousand (2015: Rs. 18,719 thousand)	76,792	18,440
556,915	556,915	10	Fauji Fertilizer Company Limited Market value Rs. 58,126 thousand (2015: Rs. 65,705 thousand)	62,270	62,270
259,021	159,021	10	Engro Fertilizers Limited Market value Rs. 17,609 thousand (2015: Rs. 13,378 thousand)	18,403	12,269
80,000	80,000	10	Fauji Fertilizer Bin Qasim Limited Market value Rs. 4,097 thousand (2015: Rs. 4,214 thousand)	3,524	3,524
382,500	382,500	10	Fatima Fertilizer Company Limited Market value Rs. 14,111 thousand (2015: Rs. 17,109 thousand)	13,255	13,255
			<b>Carried forward</b>	943,603	659,239

Number of shares		Face value	Company's name	Note	2016	2015
2016	2015	Rupees			(Rupees in thousand)	
<b>Brought forward</b>					943,603	659,239
<b>Paper and Board</b>						
2,724,763	2,724,763	10	Cherat Packaging Limited Market value Rs. 920,916 thousand (2015: Rs. 825,903 thousand)		304,610	200,922
<b>Industrial Metals And Mining</b>						
-	154,375	10	Crescent Steel & Allied Products Limited Market value - Not applicable (2015: Rs. 19,200 thousand)		-	6,901
13,500	27,000	10	International Industries Limited Market value Rs. 2,751 thousand (2015: Rs. 1,661 thousand)		1,029	2,057
<b>Food &amp; Personal Care</b>						
152,238	133,250	10	Al Shaheer Corporation Market value Rs. 8,739 thousand (2015: Rs. 8,285 thousand)		9,500	9,500
<b>General Industries</b>						
130,000	319,750	10	Nishat Mills Limited Market value Rs. 19,796 thousand (2015: Rs. 30,335 thousand)		13,355	32,847
-	12,060	10	Pakistan International Bulk Terminal Limited Market value - Not applicable (2015: Rs. 337 thousand)		-	116
247,200	247,200	10	Nishat (Chunian) Limited Market value Rs. 13,715 thousand (2015: Rs. 8,405 thousand)		10,253	10,253
217,000	217,000	1	Hum Network Limited Market value Rs. 3,253 thousand (2015: Rs. 2,851 thousand)		1,462	1,462
-	3,200	10	Servis Industries Limited Market value - Not applicable (2015: Rs. 2,720 thousand)		-	1,646
					<u>1,283,812</u>	<u>924,943</u>
Impairment in value of available for sale investments					(9,831)	(42,060)
					<u>1,273,981</u>	<u>882,883</u>
<b>14.</b>	<b>Deferred taxation</b>					
The asset for deferred taxation comprises temporary differences relating to:						
Accelerated tax depreciation					(3,811)	(5,707)
Provision for bonus to staff					10,685	10,189
Provision for gratuity payable					(1,188)	849
Provision for bad debts - premium due but unpaid					751	-
Provision for Workers' Welfare Fund					26,040	20,837
					<u>32,477</u>	<u>26,168</u>
<b>15.</b>	<b>Premium due but unpaid</b>					
Unsecured						
- Considered good					208,898	148,090
- Considered doubtful					2,423	-
					211,321	148,090
Less: Provision for doubtful receivables					15.1 (2,423)	-
					<u>208,898</u>	<u>148,090</u>

	<u>Note</u>	<u>2016</u> <b>(Rupees in thousand)</b>	<u>2015</u> <b>(Rupees in thousand)</b>
<b>15.1 Provision for doubtful receivables</b>			
Balance as at January 1		-	-
Provision made during the year		2,423	-
Balance as at December 31		<u>2,423</u>	<u>-</u>
<b>16. Amounts due from other insurers / reinsurers</b>			
Unsecured			
- Considered good	16.1	112,884	107,278
- Considered doubtful		1,959	1,959
Less: Provision for doubtful receivables	16.2	114,843 (1,959)	109,237 (1,959)
		<u>112,884</u>	<u>107,278</u>
<b>16.1 Considered good</b>			
Amounts due from co-insurers		47,878	56,752
Amounts due from reinsurers		65,006	50,526
		<u>112,884</u>	<u>107,278</u>
<b>16.2 Provision for doubtful receivables</b>			
Balance as at January 1		1,959	1,959
Provision made during the year		-	-
Balance as at December 31		<u>1,959</u>	<u>1,959</u>
<b>17. Accrued investment income</b>			
Dividend receivable		3,992	335
Profit receivable on PIBs		-	3,807
Profit receivable on T-Bills		1,728	-
		<u>5,720</u>	<u>4,142</u>
<b>18. Prepayments</b>			
Prepaid reinsurance premium ceded		514,144	415,538
Others		11,260	3,683
		<u>525,404</u>	<u>419,221</u>
<b>19. Sundry receivables</b>			
Advances to employees - unsecured, considered good	19.1	1,412	1,669
Deposits and prepaid rent		20,164	5,227
Staff retirement benefits		3,832	-
Others		1,075	199
		<u>26,483</u>	<u>7,095</u>
<b>19.1</b>			
Included in advances are amounts due from executives of Rs. 625 thousand (2015: Rs. 1,279 thousand). No advance was given to the Chief Executive and directors of the Company (2015: Rs. Nil).			
	<u>Note</u>	<u>2016</u> <b>(Rupees in thousand)</b>	<u>2015</u> <b>(Rupees in thousand)</b>
<b>20. Fixed assets</b>			
Tangible	20.1	59,210	55,237
Intangible	20.2	-	994
		<u>59,210</u>	<u>56,231</u>

## 20.1 Tangible

	Freehold land	Buildings on freehold land	Furniture & fixtures	Office equipments	Computers owned	Vehicles owned	Total
<b>Net carrying value basis</b>							
(Rupees in thousand)							
<b>Year ended December 31, 2016</b>							
Opening net book value	1,168	10,658	2,513	9,500	7,897	23,501	55,237
Additions (at cost)	-	-	87	505	3,858	15,695	20,145
Disposals at net book value	-	-	(8)	(128)	(97)	(4,931)	(5,164)
Adjustment net book value	-	-	-	-	-	(164)	(164)
Depreciation charge	-	(533)	(258)	(1,450)	(3,015)	(5,588)	(10,844)
Closing net book value	<u>1,168</u>	<u>10,125</u>	<u>2,334</u>	<u>8,427</u>	<u>8,643</u>	<u>28,513</u>	<u>59,210</u>
<b>Gross carrying value basis</b>							
<b>As at December 31, 2016</b>							
Cost	1,168	20,910	4,957	16,216	25,266	39,144	107,661
Accumulated depreciation	-	(10,785)	(2,623)	(7,789)	(16,623)	(10,631)	(48,451)
Net book value	<u>1,168</u>	<u>10,125</u>	<u>2,334</u>	<u>8,427</u>	<u>8,643</u>	<u>28,513</u>	<u>59,210</u>
Depreciation rate % per annum	-	5	10	15	30	20	
<b>Net carrying value basis</b>							
<b>Year ended December 31, 2015</b>							
Opening net book value	1,168	11,219	2,666	9,549	7,412	17,233	49,247
Additions (at cost)	-	-	118	1,905	3,618	18,434	24,075
Disposals at net book value	-	-	-	(513)	(182)	(7,390)	(8,085)
Depreciation charge	-	(561)	(271)	(1,441)	(2,951)	(4,776)	(10,000)
Closing net book value	<u>1,168</u>	<u>10,658</u>	<u>2,513</u>	<u>9,500</u>	<u>7,897</u>	<u>23,501</u>	<u>55,237</u>
<b>Gross carrying value basis</b>							
<b>As at December 31, 2015</b>							
Cost	1,168	20,910	4,918	16,059	22,535	34,815	100,405
Accumulated depreciation	-	(10,252)	(2,405)	(6,559)	(14,638)	(11,314)	(45,168)
Net book value	<u>1,168</u>	<u>10,658</u>	<u>2,513</u>	<u>9,500</u>	<u>7,897</u>	<u>23,501</u>	<u>55,237</u>
Depreciation rate % per annum	-	5	10	10 to 15	30	20	

20.1.1 The depreciation charge for the year has been allocated to general and administration expenses as disclosed in Note 23.

	<u>2016</u>	<u>2015</u>
	(Rupees in thousand)	
<b>20.2 Intangible</b>		
<b>Net carrying value basis</b>		
<b>Year ended December 31, 2016</b>		
Opening net book value	994	2,605
Additions (at cost)	-	-
Disposals at net book value	-	-
Amortization charge	(994)	(1,611)
Closing net book value	<u>-</u>	<u>994</u>
<b>Gross carrying value basis</b>		
<b>As at December 31, 2016</b>		
Cost	6,458	6,458
Accumulated amortization	(6,458)	(5,464)
Net book value	<u>-</u>	<u>994</u>
Amortization rate % per annum	33%	33%

20.2.1 The amortization charge for the year has been allocated to general and administration expenses as disclosed in note 23.



**20.3 Disposal of operating fixed assets**

Particulars of the assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
			(Rupees in thousand)			
<b>Vehicles</b>						
Honda Civic LEE-12-4766	Mr. Ahmed Nisar Zaman	1,962	1,055	907	907	Company's Policy
Suzuki Cultus LEB-15-6948	Syed Irtiza Kazmi	1,039	215	824	824	Company's Policy
Honda Civic AXD-335 Prosmatic	Mr. Javed Iqbal Ahmed	974	172	802	802	Company's Policy
Honda Accord LEF-4774	Mr. Arshad P. Rana	2,776	2,433	343	1,275	Negotiation
Honda City LEB-12-8164	Mr. Imran Zia Khan	1,595	946	649	649	Company's Policy
Honda City LED-12-9441	Mr. Abdul Razzaq Ghouri	1,597	985	612	612	Company's Policy
Suzuki Mehran LEF-15A-8843	Mr. Athar Maqsood	678	77	601	601	Company's Policy
<b>Office equipment</b>						
Cannon digital copier	Shirazi Trading Company (Pvt.) Ltd.	135	82	53	15	Negotiation
<b>Other assets with book value less than Rs. 50,000</b>		1,945	1,572	373	342	Negotiation
		<u>12,701</u>	<u>7,537</u>	<u>5,164</u>	<u>6,027</u>	

	Note	2016	2015
		(Rupees in thousand)	
<b>21. Expenses</b>			
Salaries, wages and other benefits	21.2	232,251	221,388
Utilities		3,947	3,478
Rent, rates and taxes		12,270	10,567
Telephone and communication		6,036	5,077
Vehicle running and maintenance		10,272	10,543
Repairs and maintenance		3,905	5,545
Travelling and conveyance		4,935	5,017
Printing, stationery and computer expenses		7,295	6,013
Education and training		258	683
Fee and subscriptions		10,263	13,765
Service charges		482	1,177
Entertainment		1,112	599
Advertisement expenses		5,460	619
Trackers		46,347	59,549
Others		13,639	12,503
		<u>358,472</u>	<u>356,523</u>

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

**21.2** Included in salaries, wages and benefits are Rs. 6,130 thousand (2015: Rs. 6,067 thousand) and Rs. 1,689 thousand (2015: Rs. 2,621 thousand) in respect of provident fund contribution and provision for gratuity fund, respectively, by the Company.

**22. Other income**

	2016	2015
	(Rupees in thousand)	
<b>Income from financial assets</b>		
Return on bank deposits	15,132	12,054
<b>Income from non-financial assets</b>		
Gain on sale of fixed assets	863	201
	<u>15,995</u>	<u>12,255</u>

	<u>Note</u>	<u>2016</u> <u>(Rupees in thousand)</u>	<u>2015</u> <u>(Rupees in thousand)</u>
<b>23. General and administration expenses</b>			
Legal and professional charges		2,151	3,020
Donations	23.1	9,525	7,930
Directors fee		550	450
Auditors' remuneration	23.2	1,435	1,370
Depreciation	20.1.1	10,844	10,000
Provision for doubtful debts	15.1	2,423	-
Workers' Welfare Fund		18,711	16,038
Amortization of intangible asset	20.2.1	994	1,611
Others		199	46
		<u>46,832</u>	<u>40,465</u>
<b>23.1 Donations</b>			
This amount represents Rs. 9,525 thousand (2015: Rs. 7,930 thousand) donation to Atlas Foundation situated at 2nd Floor, Federation House, Clifton, Karachi - 74000, in which the following directors of the Company are members of its Board of directors:			
<b>Name of directors</b>			
Mr. Yusuf H. Shirazi			
Mr. Jawaid Iqbal Ahmed			
With the exception of their directorship, the directors and their spouses have no interest in the donee.			
		<u>2016</u> <u>(Rupees in thousand)</u>	<u>2015</u> <u>(Rupees in thousand)</u>
<b>23.2 Auditors' remuneration</b>			
Audit fee		550	550
Half yearly review		303	303
Audit of provident fund, gratuity funds and other certifications		412	412
Out of pocket expenses		170	105
		<u>1,435</u>	<u>1,370</u>
<b>24. Takaful operations - OPF</b>			
Wakala fee		7,883	-
Management expenses		(9,783)	-
Commission expenses		(2,018)	-
Other Income		2,468	-
General and administration expenses		(857)	-
Loss before tax		<u>(2,307)</u>	<u>-</u>
<b>25. Provision for taxation</b>			
<b>Current tax</b>			
- For the year		281,220	184,000
- Prior year		25,303	2,377
- Super tax		-	18,200
		306,523	204,577
<b>Deferred tax</b>			
- Relating to reversal and origination of temporary differences		(8,669)	(8,443)
- Income resulting from reduction in tax rate		818	528
		(7,851)	(7,915)
Prior year		-	-
		<u>298,672</u>	<u>196,662</u>
<b>25.1 Tax charge reconciliation</b>		<u>2016</u> <u>%</u>	<u>2015</u> <u>%</u>
Numerical reconciliation between the average effective tax rate and the applicable tax rate			
Applicable tax rate		31.00	32.00
Tax effect of amounts that are:			
- Not admissible for tax purpose		2.02	4.00
- Deductible for tax purpose		(2.68)	(1.00)
- Chargeable to tax at a lower rate		-	(10.00)
- Effective prior year adjustment		2.70	-
- Tax effect of income exempt from tax		(0.26)	-
Effective tax rate		<u>32.78</u>	<u>25.00</u>

**26. Earnings per share**

There is no dilutive effect on basic earnings per share which is based on:

	<u>2016</u> (Rupees in thousand)	<u>2015</u> (Rupees in thousand)
Net profit after tax	618,174	601,157
	<b>(Number of shares)</b>	
Weighted average number of ordinary shares	70,161,381	70,161,381
	<b>(Rupees per share)</b>	
Earnings per share (basic / diluted)	8.81	8.57

**27. Remuneration of chief executive, directors and executives**

Aggregate amounts charged in the accounts for remuneration, including all benefits to Chief Executive Officer, directors and executives of the Company are as follows:

	<b>Chief Executive Officer</b>		<b>Directors</b>		<b>Executives</b>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	<b>(Rupees in thousand)</b>					
Managerial remuneration	19,300	17,387	8,678	8,185	41,161	31,844
Bonus	7,711	4,207	3,971	5,342	15,615	10,426
Medical reimbursement	376	280	774	554	2,520	1,977
House rent and utility expenses	9,230	8,316	4,150	3,915	25,666	19,136
Retirement benefits						
a) Provident fund	1,846	1,663	830	783	3,836	2,971
b) Service gratuity	932	630	419	297	2,077	2,179
Other reimbursable expenses	525	517	1,328	902	6,263	7,347
Total	<u>39,920</u>	<u>33,000</u>	<u>20,150</u>	<u>19,978</u>	<u>97,138</u>	<u>75,880</u>
Number of persons	1	1	1	2	37	28

Fees paid to 3 (2015: 3) non-executive directors for attending meetings during the year amounts to Rs. 550 thousand (2015: Rs. 450 thousand). In addition, the Chief Executive, a director and some of the executives are also provided with use of the Company cars, in accordance with the policy of the Company.

**28. Transactions with related parties**

Related parties comprise associated undertakings, other related group companies, directors of the Company and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Remuneration of directors and key management personnel is disclosed in note 27. Particulars of transactions with the Company's staff retirement benefit scheme are disclosed in note 9 to the financial statements. Period end balances and transactions with related parties are as follows :

		<u>2016</u> (Rupees in thousand)	<u>2015</u> (Rupees in thousand)
<b>Associated companies</b>	<b>Period end balances</b>		
	Provision for outstanding claims (including IBNR)	105,292	86,853
	Premium received in advance	43,298	47,053
	Premiums due but unpaid	93,319	40,135
	<b>Transactions during the year</b>		
	Premium underwritten	995,993	870,262
	Premium collected	1,097,983	1,010,656
	Claims paid	173,402	192,529
	Vehicles purchased	17,702	13,173
	Vehicles sold	-	1,821
	Office equipments purchased	278	1,620
	Computer equipments purchased	-	79
	Office equipments sold	15	-
	Rent received	6,260	5,093
	Rent paid	3,044	2,344
	Expenses paid	1,427	393
	Dividends received	56,717	100,445
	Dividends paid	328,689	328,689
	Donations	7,978	7,930
	Investments purchased	1,041,620	1,276,736
	Investments sold	1,046,666	1,357,181
<b>Post employment benefit plans</b>	<b>Transactions during the year</b>		
	Expense charged in respect of retirement benefit plans	7,943	8,688

## 29. Segment reporting

The Company has five (2015: five) primary business segments for reporting purposes namely fire and property damage, marine, aviation and transport, motor, engineering and miscellaneous.

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

	Fire and property damage		Marine, aviation and transport		Motor		Engineering		Miscellaneous		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Corporate segment</b>	<b>(Rupees in thousand)</b>											
Premiums earned	591,031	541,872	536,940	488,256	497,878	432,768	248,750	275,126	257,815	183,010	2,132,414	1,921,032
<b>Segment Results</b>	111,727	105,012	287,498	268,015	62,551	72,693	(6,372)	15,505	28,799	1,483	484,203	462,708
Investment income											458,140	357,016
Rental income											8,327	6,864
Other income											15,995	12,255
Financial Charges											(680)	(559)
General and administration expenses											(46,832)	(40,465)
											434,950	335,111
Profit before tax											919,153	797,819
Loss before tax - window takaful operations - OPF											(2,307)	-
											916,846	797,819
Provision for tax											(298,672)	(196,662)
Net profit											618,174	601,157
<b>Other information</b>												
Assets - conventional	317,771	410,150	284,625	105,760	267,217	207,750	186,271	369,861	158,717	52,384	1,214,601	1,145,905
Corporate segment assets - Takaful OPF	2,101	-	470	-	15,072	-	-	-	259	-	17,902	-
Unallocated corporate assets - conventional											2,988,437	2,651,109
Unallocated corporate assets - Takaful OPF											56,663	-
Consolidated total assets											4,277,603	3,797,014
Corporate segment liabilities - conventional	472,162	558,633	422,912	160,668	397,046	421,449	276,772	402,872	235,830	140,699	1,804,722	1,684,321
Corporate segment liabilities - Takaful OPF	2,292	-	513	-	16,439	-	-	-	283	-	19,527	-
Unallocated corporate liabilities - conventional											385,746	266,794
Consolidated total liabilities											2,209,995	1,951,115

Capital expenditure and depreciation / amortization have not been allocated as fixed assets to which they relate form part of unallocated assets.

## 30. Insurance risk management

### 30.1 Insurance risk

The risk under any one insurance contract is the probability that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, the risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that larger the portfolio of similar insurance contracts, the smaller the relative variability about expected outcome will be. In addition, a more diversified portfolio is less likely to be effected 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. Three level retention authority is practiced for analysis of each risk. For larger risks Major Risk Advice (MRA) is prepared to study placement of risk before finalization and Risk Card System is implemented to check any geographic accumulation of risks.

### Concentration of insurance risk

One of the most important elements of effective risk management in fire and property insurance is monitoring of risk accumulation both at a given premises and in a certain geographical spread of location. Risk segregation in a particular location is done through risk inspection prior to underwriting. Wide variety of factors associated with risk are evaluated while conducting such risk surveys. These include risk location, physical hazards associated with nature of business being conducted or occupation of the premises, manufacturing process, storage of raw material, furnished goods and utilities etc. type of construction and the layout plan of the manufacturing facility for segregation of risk to study the possibility of spread of fire from one risk to another adjacent or closely located facility and the values exposed at each risk etc. are studied in such risk inspections. While studying such aspects reference is made to standard construction specifications and criteria of segregation of risk as laid down by Insurance Association of Pakistan and those specified by the participating reinsurers in the respective reinsurance arrangements. This include, though not limited to, presence of perfect walls, double fire proof iron doors and distance between the risks. This helps avoid spread of uncontrolled fire and explosion in one area and limit the damage.

To monitor accumulation of various risks in a particular geographical location, a system generated location card is developed which is available with the underwriters and reinsurance personnel's in order to check high accumulation of values exposed to insurance in a given location. In order to further safeguard large financial commitments the Company's retention in various risks exposed to an unexpected catastrophic event, an excess of loss reinsurance coverage besides proportional treaty has been arranged which provides protection to numerous net retentions exposes on various risks and possibly getting affected due to an unforeseen catastrophic event like earthquake and flood etc.

Individual risk location factor and risk amounts are essential fields of the policy data interphase of system. It provides instant and risk factor amount which is dependent on data collection provided under the policy schedule.

In marine cargo insurance complete underwriting details, besides sum insured and premium, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the system. The reinsurance module of the system is designed to satisfy the requirements to monitor accumulation of various consignments over one vessel or carrier. Despite such controls the respective reinsurance, beyond normal coverage also addresses to cover unknown accumulation which may otherwise could not be identified in time for one reason or the other.

	Maximum insured loss		Loss ceded		Net retention	
	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)					
Fire and property damage	264,381,425	229,985,455	252,829,517	172,006,072	11,551,908	57,979,383
Marine, aviation and transport	20,612,224	15,381,990	13,875,056	6,405,061	6,737,168	8,976,929
Motor	25,583,484	23,524,179	6,711,329	6,734,972	18,872,155	16,789,207
Engineering	89,389,282	17,257,113	74,808,014	16,510,640	14,581,268	746,473
Miscellaneous	21,460,507	71,283,737	20,561,905	38,050,247	898,602	33,233,490
	421,426,922	357,432,474	368,785,821	239,706,992	52,641,101	117,725,482

### Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. However, the Company uses assumption of mixture of total claims based on past experience, survey reports and market data to measure its claims liabilities. Data for the contract held is derived mostly from the Company's quarterly claims reports and screening of the actual insurance contracts carried out at year end. The Company has reviewed the individual contracts and in particular the types of customers to whom the Company issues contract and the actual reporting years of claims. Change in mark-up rates of the banks, law and order situation and geo-political situation of South Asia could possibly have impact on the unexpired risk. Though no major impact is foreseen given the current portfolio of the Company. However, this information is used to develop scenarios related to claims that are used for the projection.

	Net impact of increase / decrease in average claims by 10% on			
	Underwriting results		Shareholder's equity	
	2016	2015	2016	2015
	(Rupees in thousand)			
Fire and property damage	1,910	876	1,318	596
Marine, aviation and transport	2,036	1,626	1,405	1,106
Motor	11,048	10,169	7,623	6,915
Engineering	150	118	103	80
Miscellaneous	11,745	7,606	8,104	5,172
Total	26,889	20,395	18,553	13,869

**Claim development**

Accident year	2012	2013	2014	2015	2016	Total
	(Rupees in thousand)					
Estimate of ultimate claims costs:						
At end of accident year	92,884	210,292	129,165	418,039	219,614	
One year later	108,279	166,129	179,537	416,091	-	
Two years later	109,157	165,004	168,444	-	-	
Three years later	108,436	163,409	-	-	-	
Four years later	108,933	-	-	-	-	
Current estimate of cumulative claims	108,933	163,409	168,444	416,091	219,614	1,076,491
Cumulative payments to date	(104,584)	(160,512)	(152,428)	(275,478)	-	(693,002)
Liability recognized in balance sheet	4,349	2,897	16,016	140,613	219,614	383,489

**30.2 Reinsurance risk**

As per general practice of the insurance industry, in order to minimize 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 risks, 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 minimize 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.

**31. Financial risk management**

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

**(a) Market risk**

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

The Company minimizes such risk by having a diversified investments portfolio. In addition, the Company's Investment Committee actively monitors the key factors that affect investment market and all investment related decisions are taken after due consultation with the Investment Committee.

**(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to currency risk as none of the financial assets and liabilities are payable in foreign currency, at the end of the year.

**(ii) Other price risk**

Available for sale investments are stated at lower of cost and market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002. The carrying and market value of these investments have been disclosed in note 13.2 to the financial statements. Fair value is determined on the basis of objective evidence at each reporting date.

**(iii) Interest rate risk**

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

	<u>2016</u>	<u>2015</u>
	<b>(Rupees in thousand)</b>	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Deposits maturing within 12 months	-	-
Statutory deposits	74,998	75,374
<b>Variable rate instruments</b>		
<b>Financial assets</b>		
Bank balances - savings accounts	228,352	318,834
<b>Total exposure</b>	<u>303,350</u>	<u>394,208</u>

**Fair value sensitivity analysis for fixed rate instruments**

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 at the balance sheet date would not affect profit or loss of the Company.

**Cash flow sensitivity analysis for variable rate instruments**

If the Karachi Inter Bank Offer Rate (KIBOR), had fluctuated by 10% with all other variables held constant, the impact on profit before taxation for the year would have been higher / lower by Rs. 1,513 thousand (2015: Rs. 1,205 thousand) and impact on shareholder's equity would have been higher / lower by Rs. 1,044 thousand (2015: Rs. 819 thousand).

**(b) Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs. 3,516,779 thousand (2015: Rs. 3,224,188 thousand) the financial assets which are subject to credit risk amounted to Rs. 3,516,580 thousand (2015: Rs. 3,224,098 thousand). The Company believes that it is not exposed to major concentration of credit risk.

**(i) Concentration of credit risk**

Concentration of credit risk occurs when a number of counter parties are engaged in similar business activities. As a result, any change in economic, political or other conditions would have an impact on their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. 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 organization of sound financial standing covering various industrial sectors and segment.

**(ii) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	<u>Note</u>	<u>2016</u>	<u>2015</u>
		<b>(Rupees in thousand)</b>	
Current and other accounts		250,237	428,194
Loans to employees		97	150
Investments		2,608,556	2,124,477
Premiums due but unpaid		208,898	148,090
Amounts due from other insurers / reinsurers		112,884	107,278
Salvage recoveries accrued		3,235	4,110
Accrued investment income		5,720	4,142
Reinsurance recoveries against outstanding claims	4.8	300,469	400,562
Sundry receivables		26,483	7,095
		<u>3,516,579</u>	<u>3,224,098</u>

The Company maintains a general provision against doubtful receivables. The related movement is disclosed in note 15.1. The Company has assessed that remaining past due balances are not impaired since these relate to a number of insurers / reinsurers with no recent history of default.

Age analysis of premium due but unpaid is as follows:	2016		
	Related parties	Others	Total
	(Rupees in thousand)		
- Up to one year	79,681	109,530	189,211
- Past one but less than three years	271	21,237	21,508
- Over three but less than five years	-	594	594
- More than five years	-	-	-
- Less provision	-	2,415	2,415
	<u>79,952</u>	<u>128,946</u>	<u>208,898</u>

	2015		
	Related parties	Others	Total
	(Rupees in thousand)		
- Up to one year	39,695	102,509	142,204
- Past one but less than three years	440	5,446	5,886
- Over three but less than five years	-	-	-
- More than five years	-	-	-
- Less provision	-	-	-
	<u>40,135</u>	<u>107,955</u>	<u>148,090</u>

**(iii) Credit quality of bank accounts**

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating		Rating Agency	2016		2015	
	Short term	Long term		(Rupees in thousand)		(Rupees in thousand)	
National Bank of Pakistan	A-1+	AAA	PACRA	820		519	
Allied Bank Limited	A-1+	AA+	PACRA	670		1,085	
Summit Bank Limited	A-1	A-	JCR-VIS	29,908		196,907	
Bank Alfalah Limited	A-1+	AA	PACRA	33,829		57,157	
Faysal Bank Limited	A-1+	AA	JCR-VIS	113,577		126,237	
Habib Bank Limited	A-1+	AAA	JCR-VIS	4,309		1,874	
MCB Bank Limited	A1+	AAA	PACRA	15,896		19,188	
NRSP Microfinance Bank Limited	A-1	A	JCR-VIS	30,705		-	
Sindh Bank Limited	A-1+	AA	JCR-VIS	7		-	
NIB Bank Limited	A1+	AA-	PACRA	-		31	
Bank of Punjab	A1+	AA	PACRA	60		6,059	
Askari Bank Limited	A1+	AA+	PACRA	20,456		19,137	
				<u>250,237</u>		<u>428,194</u>	

**(c) Liquidity risk**

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

**31.1 Financial instruments by categories**

Financial assets as per balance sheet	Held to maturity		Available for sale		Loans and receivables		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	(Rupees in thousand)							
Cash and other equivalents	-	-	-	-	199	90	199	90
Current and other accounts	-	-	-	-	250,237	428,194	250,237	428,194
Loans to employees	-	-	-	-	97	150	97	150
Investments	74,998	75,374	2,533,558	2,049,103	-	-	2,608,556	2,124,477
Premiums due but unpaid	-	-	-	-	208,898	148,090	208,898	148,090
Amounts due from other insurers / reinsurers	-	-	-	-	112,884	107,278	112,884	107,278
Salvage recoveries accrued	-	-	-	-	3,235	4,110	3,235	4,110
Accrued investment income	-	-	-	-	5,720	4,142	5,720	4,142
Reinsurance recoveries against outstanding claims	-	-	-	-	300,469	400,562	300,469	400,562
Sundry receivables	-	-	-	-	26,483	7,095	26,483	7,095
	<u>74,998</u>	<u>75,374</u>	<u>2,533,558</u>	<u>2,049,103</u>	<u>908,222</u>	<u>1,099,711</u>	<u>3,516,778</u>	<u>3,224,188</u>



Financial liabilities as per balance sheet	Other financial liabilities	
	2016	2015
	(Rupees in thousand)	
Provision for outstanding claims (including IBNR)	414,528	503,360
Amounts due to other insurers / reinsurers	279,308	266,036
Accrued expenses	133,679	107,672
Other creditors and accruals	96,836	78,444
Deposits against performance bonds	19,421	18,721
Dividends payable	64,367	53,013
	<u>1,008,139</u>	<u>1,027,246</u>

## Maturity analysis of financial assets and liabilities

	2016						Total 2016
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	(Rupees in thousand)						
<b>Financial assets</b>							
<b>On balance sheet</b>							
Cash and other equivalents	-	-	-	199	-	199	199
Current and other accounts	228,352	-	228,352	21,885	-	21,885	250,237
Loans to employees	-	-	-	97	-	97	97
Investments	74,998	-	74,998	2,533,558	-	2,533,558	2,608,556
Premiums due but unpaid	-	-	-	208,898	-	208,898	208,898
Amounts due from other insurers / reinsurers	-	-	-	112,884	-	112,884	112,884
Salvage recoveries accrued	-	-	-	3,235	-	3,235	3,235
Accrued investment income	-	-	-	5,720	-	5,720	5,720
Reinsurance recoveries against outstanding claims	-	-	-	300,469	-	300,469	300,469
Sundry receivables	-	-	-	26,483	-	26,483	26,483
	<u>303,350</u>	<u>-</u>	<u>303,350</u>	<u>3,213,428</u>	<u>-</u>	<u>3,213,428</u>	<u>3,516,778</u>
<b>Off balance sheet</b>	-	-	-	-	-	-	-
<b>Total</b>	<u>303,350</u>	<u>-</u>	<u>303,350</u>	<u>3,213,428</u>	<u>-</u>	<u>3,213,428</u>	<u>3,516,778</u>
<b>Financial liabilities</b>							
Provision for outstanding claims (including IBNR)	-	-	-	414,528	-	414,528	414,528
Amounts due to other insurers / reinsurers	-	-	-	279,308	-	279,308	279,308
Accrued expenses	-	-	-	133,679	-	133,679	133,679
Creditors and accrued expenses	-	-	-	96,836	-	96,836	96,836
Deposits against performance bonds	-	-	-	19,421	-	19,421	19,421
Dividends payable	-	-	-	64,367	-	64,367	64,367
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,008,139</u>	<u>-</u>	<u>1,008,139</u>	<u>1,008,139</u>
<b>Off balance sheet</b>	-	-	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,008,139</u>	<u>-</u>	<u>1,008,139</u>	<u>1,008,139</u>
<b>On balance sheet gap</b>	<u>303,350</u>	<u>-</u>	<u>303,350</u>	<u>2,205,289</u>	<u>-</u>	<u>2,205,289</u>	<u>2,508,639</u>
<b>Off balance sheet gap</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

## Maturity analysis of financial assets and liabilities

	2015						2015
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
(Rupees in thousand)							
<b>Financial assets</b>							
<b>On balance sheet</b>							
Cash and other equivalents	-	-	-	90	-	90	90
Current and other accounts	318,834	-	318,834	109,360	-	109,360	428,194
Loans to employees	-	-	-	150	-	150	150
Investments	75,374	-	75,374	2,049,103	-	2,049,103	2,124,477
Premiums due but unpaid	-	-	-	148,090	-	148,090	148,090
Amounts due from other insurers / reinsurers	-	-	-	107,278	-	107,278	107,278
Salvage recoveries accrued	-	-	-	4,110	-	4,110	4,110
Accrued investment income	-	-	-	4,142	-	4,142	4,142
Reinsurance recoveries against outstanding claims	-	-	-	400,562	-	400,562	400,562
Sundry receivables	-	-	-	7,095	-	7,095	7,095
	<u>394,208</u>	<u>-</u>	<u>394,208</u>	<u>2,829,980</u>	<u>-</u>	<u>2,829,980</u>	<u>3,224,188</u>
<b>Off balance sheet</b>							
	-	-	-	-	-	-	-
<b>Total</b>	<u>394,208</u>	<u>-</u>	<u>394,208</u>	<u>2,829,980</u>	<u>-</u>	<u>2,829,980</u>	<u>3,224,188</u>
<b>Financial liabilities</b>							
Provision for outstanding claims (including IBNR)	-	-	-	503,360	-	503,360	503,360
Amounts due to other insurers / reinsurers	-	-	-	266,036	-	266,036	266,036
Accrued expenses	-	-	-	107,672	-	107,672	107,672
Creditors and accrued expenses	-	-	-	78,444	-	78,444	78,444
Deposits against performance bonds	-	-	-	18,721	-	18,721	18,721
Dividends payable	-	-	-	53,013	-	53,013	53,013
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,027,246</u>	<u>-</u>	<u>1,027,246</u>	<u>1,027,246</u>
<b>Off balance sheet</b>							
	-	-	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,027,246</u>	<u>-</u>	<u>1,027,246</u>	<u>1,027,246</u>
<b>On balance sheet gap</b>	<u>394,208</u>	<u>-</u>	<u>394,208</u>	<u>1,802,734</u>	<u>-</u>	<u>1,802,734</u>	<u>2,196,942</u>
<b>Off balance sheet gap</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

### 31.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

#### The Company's objectives when managing capital are:

- (i) to be in compliance with the paid-up capital requirement set by the SECP. The Company's current paid-up capital is in excess of the limit prescribed by the SECP vide SRO 828(I)2015.

In addition, the Company is also required to maintain minimum solvency in accordance with the rules and regulations set by the SECP which are fully met by the Company.

- (ii) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- (iii) to provide an adequate return to shareholders.

The Company manages the capital structure in context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debts.

**32. Fair value of financial instruments**

The carrying value of all financial instruments reported in the financial statements approximate their fair value except for available for sale investments which are stated at lower of cost and market value in accordance with the requirements of the SEC (Insurance) Rules, 2002. The carrying and fair value of these investments have been disclosed in note 13.2 to the financial statements. Fair value is determined on the basis of objective evidence at each reporting date.

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

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

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

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

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

	2016		2015	
	Level 1	Level 2	Level 1	Level 2
<b>Available for sale investment</b>	<b>Fair value measurement using (Rupees in thousand)</b>			
Listed shares and mutual funds	6,362,762	-	4,331,143	-
Government securities	-	76,334	-	77,437
	<u>6,362,762</u>	<u>76,334</u>	<u>4,331,143</u>	<u>77,437</u>

**33. Provident fund trust**

The Company has maintained an employee provident fund trust and investments out of provident fund has been made in accordance with provisions of section 227 of the Companies Ordinance 1984, and the rules formulated for this purpose. The salient information of the fund is as follow:

	Note	2016 (Rupees in thousand)	2015
Size of the fund		171,380	136,867
Percentage of investments made		95.6%	92.3%
Fair value of investments	33.1	163,871	126,282
Cost of investments made		139,968	128,113

33.1	Investments as a % size of fund		Investments (Rupees in thousand)	
	2016	2015	2016	2015
Government Securities	27%	23%	46,536	31,054
Listed securities and mutual funds	68%	70%	117,335	95,228
			<u>163,871</u>	<u>126,282</u>

The information for the financial year 2016 is based on un-audited financial statements of the provident fund.

34. Number of employees	Number of persons	
	2016	2015

Number of management and non management staff employed are as follows:

Total employees	176	170
Average employees	166	163

**35. Non - adjusting events after the balance sheet date**

The Board of directors has proposed a final dividend for the year ended December 31, 2016 of Rs. 6.5 (2015: Rs. 6) per share, amounting to Rs. 456,049 thousand (2015: Rs. 420,968 thousand) at their meeting held on February 28, 2017 for the approval of the members at the Annual General Meeting to be held on April 26, 2017. The Board has also recommended to transfer Rs. 162,000 thousand (2015: Rs. 181,000 thousand) to general reserves.

**36. Date of authorization for issue**

These financial statements were authorized for issue by the Board of Directors of the Company on February 28, 2017.

**37. General**

Figures in these financial statements have been rounded off to nearest thousand rupees, unless otherwise specified.



**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

تكاافل

TAKAFUL

 **Atlas Insurance**  
Window Takaful Operations  
Annual Report 2016

## Shariah Advisor's Report to the Board of Directors For the year ended December 31, 2016

الحمد لله رب العالمين و الصلوة و السلام على سيد الأنبياء و المرسلين  
و بعد

I have reviewed the Takaful products including all related documents, as well as, the Participant Takaful Fund Policy, Investment Policy, Re-Takaful arrangements and the related transactions of Atlas Insurance Limited - Window Takaful Operations (hereafter referred to as "Takaful Operator") for the year ended December 31, 2016.

It is the responsibility of the Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Advisor and Takaful Rules, 2012 are complied with, and that all products and policies are duly approved by the Shariah Advisor.

My responsibility is to approve the products and policies, and express an opinion that the financial arrangements, contracts and transactions entered into by the Takaful Operator with its participants and stakeholders are in accordance with the requirements of Shariah rules and principles.

The primary objective of Shariah Advisor's report is to inform about the Takaful Operator's compliance with Shariah guidelines, including the transactions undertaken by the Takaful Operator during the year and express his opinion on transactions and operational aspects of Window Takaful Operations.

In my opinion and to the best of my understanding based on the provided information and explanations:

- i. transactions undertaken by the Takaful Operator for the year ended December 31, 2016 were in accordance with guidelines issued by Shariah Advisor as well as requirements of Takaful Rules, 2012;
- ii. the investments have been made from the Takaful Operator's Fund into Shariah compliant avenues, including Islamic banks and Islamic equity and fixed Income mutual funds, with prior Shariah approval. Further, all bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) with Shariah Advisor's approval;
- iii. the transactions and activities of Window Takaful Operations are in accordance with the Shariah principles in respect of the Participants Takaful Fund (Waqf Fund) and Operator's Fund (OPF).

"And Allah Knows Best"



Mufti Zeeshan Abdul Aziz  
Shariah Advisor

Date: February 28, 2017

# Auditors' Report to the Members

## Introduction

We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of comprehensive income;
- (iv) statement of changes in fund;
- (v) statement of cash flows;
- (vi) statement of contribution;
- (vii) statement of claims;
- (viii) statement of expenses - Operator's Fund
- (ix) statement of expenses - Participants' Takaful Fund; and
- (x) statement of investment income

of Atlas Insurance Limited - Window Takaful Operations ("the Company") as at December 31, 2016 together with the notes forming part thereof, for the period then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinances, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion;

- (a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and record of the Company and are further in accordance with accounting policies consistently applied;
- (c) the financial statements together with the notes thereon, present fairly, in all material respect, the state of the Company's affairs as at December 31, 2016 and of the profit, its comprehensive income, its cash flows and changes in equity for the year ended, in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000, and the Companies Ordinance, 1984; and
- (d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



**A. F. Ferguson & Co.**  
Chartered Accountants

Engagement partner: Hammad Ali Ahmad

Lahore

Date: February 28, 2017

## Window Takaful Balance Sheet

<u>Note</u>	<u>OPF</u> <u>December 31,</u> <u>2016</u>	<u>PTF</u> <u>December 31,</u> <u>2016</u>	<u>Total</u> <u>December 31,</u> <u>2016</u>
	(Rupees in thousand)		
<b>Operator's Fund (OPF)</b>			
Statutory fund	50,000	-	50,000
Accumulated loss	(2,307)	-	(2,307)
	47,693	-	47,693
<b>Waqf / Participants' Takaful Fund (PTF)</b>			
Cede money	-	500	500
Accumulated deficit	-	(5,625)	(5,625)
	-	(5,125)	(5,125)
<b>PTF underwriting provisions</b>			
Provision for outstanding claims (including IBNR)	-	3,132	3,132
Provision for unearned contribution	-	35,303	35,303
Unearned retakaful rebate	-	1,018	1,018
	-	39,453	39,453
<b>Creditors and accruals</b>			
Contribution received in advance	-	1,379	1,379
Amounts due to other takaful / retakaful operator	-	6,385	6,385
Unearned wakala fee	11,043	-	11,043
Wakala fee payable	-	13,926	13,926
Other creditors and accruals	10,027	2,089	12,116
	21,070	23,779	44,849
<b>TOTAL LIABILITIES</b>	21,070	63,232	84,302
<b>TOTAL FUND AND LIABILITIES</b>	68,763	58,107	126,870
<b>CONTINGENCIES AND COMMITMENTS</b>	19		

The annexed notes 1 to 22 form an integral part of these financial statements.



## Operations As at December 31, 2016

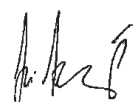
	<u>Note</u>	<u>OPF</u> <u>December 31,</u> <u>2016</u>	<u>PTF</u> <u>December 31,</u> <u>2016</u>	<u>Total</u> <u>December 31,</u> <u>2016</u>
(Rupees in thousand)				
<b>Cash and bank deposits</b>				
Current and other accounts	6	8,189	35,396	43,585
<b>Investments</b>				
	7	40,000	-	40,000
<b>Current assets - others</b>				
Contribution due but unpaid - net		-	5,673	5,673
Amounts due from other takaful / retakaful		-	447	447
Accrued investment income	8	278	134	412
Deferred commission expense		3,330	-	3,330
Wakala fee receivable		13,926	-	13,926
Deferred wakala fee		-	11,043	11,043
Prepayments	9	369	5,414	5,783
		17,903	22,711	40,614
<b>Fixed assets</b>				
	10			
<b>Tangible</b>				
Motor vehicles		2,238	-	2,238
<b>Intangible</b>				
Computer software		433	-	433
<b>TOTAL FIXED ASSETS</b>		2,671	-	2,671
<b>TOTAL ASSETS</b>		68,763	58,107	126,870



**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

# Window Takaful Operations

## Profit and Loss Account

For the period from March 12, 2016 to December 31, 2016

	Notes	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	For the period from March 12 to December 31, 2016
<b>(Rupees in thousand)</b>							
<b>PTF revenue account</b>							
Net contribution revenue		285	170	19,678	140	-	20,273
Wakala expense		(564)	(414)	(6,832)	(73)	-	(7,883)
Net claims		-	-	(6,679)	-	-	(6,679)
Direct expenses		-	-	(12,348)	-	-	(12,348)
Retakaful rebate	11	291	234	(5)	7	-	527
Net underwriting result		<u>12</u>	<u>(10)</u>	<u>(6,186)</u>	<u>74</u>	<u>-</u>	<u>(6,110)</u>
Net investment income							535
General and administrative expenses							(50)
<b>Deficit for the period</b>							<u>(5,625)</u>
<b>OPF revenue account</b>							
Wakala fee		564	414	6,832	73	-	7,883
Management expenses	12	(1,149)	(257)	(8,242)	(135)	-	(9,783)
Commission expenses		(208)	(139)	(1,653)	(18)	-	(2,018)
		<u>(793)</u>	<u>18</u>	<u>(3,063)</u>	<u>(80)</u>	<u>-</u>	<u>(3,918)</u>
Net investment income							2,468
General and administrative expenses							(857)
<b>Loss for the period</b>							<u>(2,307)</u>

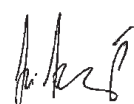
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**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

# Window Takaful Operations

## Statement of Comprehensive Income

For the period from March 12, 2016 to December 31, 2016

	For the period from March 12, 2016 to December 31, 2016 (Rupees in thousand)
<b>Operator's Fund (OPF)</b>	
Loss for the period	(2,307)
Other comprehensive income for the period	-
<b>Total comprehensive loss for the period</b>	<u>(2,307)</u>


The annexed notes 1 to 22 form an integral part of these financial statements.



**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

## Window Takaful Operations

### Statement of Changes in Fund

For the period from March 12, 2016 to December 31, 2016

	Operator's Fund (OPF)		
	Statutory fund	Accumulated loss	Total
	(Rupees in thousand)		
Contribution made during the period	50,000	-	50,000
<b>Total comprehensive income / (loss) for the period</b>			
Loss for the period	-	(2,307)	(2,307)
Other comprehensive income for the period	-	-	-
Balance as on December 31, 2016	50,000	(2,307)	47,693

	Participants' Takaful Fund (PTF)		
	Cede money	Accumulated Deficit	Total
	(Rupees in thousand)		
Cede money	500	-	500
Deficit for the period	-	(5,625)	(5,625)
Balance as on December 31, 2016	500	(5,625)	(5,125)


The annexed notes 1 to 22 form an integral part of these financial statements.



**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

# Window Takaful Operations

## Statement of Cash Flows

For the period from March 12, 2016 to December 31, 2016

Note	OPF	PTF	Total
	(Rupees in thousand)		
<b>Operating activities</b>			
<b>Takaful activities</b>			
Contributions received	-	63,289	63,289
Retakaful contributions paid	-	(10,101)	(10,101)
Retakaful contributions received	-	794	794
Claims paid	-	(3,547)	(3,547)
Commissions paid	(3,998)	-	(3,998)
Wakala fee received	5,000	-	5,000
Wakala fee paid	-	(5,000)	(5,000)
<b>Net cash generated from underwriting activities</b>	1,002	45,435	46,437
<b>Other operating activities</b>			
Income tax paid	(219)	(65)	(284)
General, administration and management expenses	(4,184)	(11,193)	(15,377)
Other underwriting receipts	-	368	368
Net cash used in other operating activities	(4,403)	(10,890)	(15,293)
<b>Net cash (used in) / generated from all operating activities</b>	(3,401)	34,545	31,144
<b>Investment activities</b>			
Profit / return received	2,190	401	2,591
Fixed capital expenditure	(600)	-	(600)
Payments for purchase of investments	(40,000)	-	(40,000)
<b>Total cash (used in) / generated from investing activities</b>	(38,410)	401	(38,009)
<b>Financing activities</b>			
Contribution to the operator's fund	50,000	-	50,000
Cede money	-	500	500
Financial charges paid	-	(50)	(50)
<b>Total cash generated from financing activities</b>	50,000	450	50,450
<b>Net cash inflow from all activities</b>	8,189	35,396	43,585
<b>Cash at the beginning of the period</b>	-	-	-
<b>Cash at the end of the period</b>	6	8,189	35,396
		43,585	43,585

Reconciliation of operating cash flows to profit and loss account is given in note 18 to these financial statements.

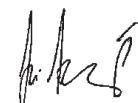
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**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

# Window Takaful Operations

## Statement of Contribution

For the period from March 12, 2016 to December 31, 2016

### Business underwritten inside Pakistan

Class	Contribution written	Unearned contribution reserve		Contribution earned	Retakaful ceded	Prepaid retakaful contribution ceded		Retakaful expense	Net contribution revenue
		Opening	Closing			Opening	Closing		
(Rupees in thousand)									
<b>Direct and facultative</b>									
Fire and property damage	7,219	-	5,490	1,729	6,213	-	4,769	1,444	285
Marine, aviation and transport	1,616	-	350	1,266	1,472	-	376	1,096	170
Motor	51,772	-	28,751	23,021	3,410	-	67	3,343	19,678
Miscellaneous	891	-	712	179	176	-	137	39	140
<b>Total</b>	<b>61,498</b>	<b>-</b>	<b>35,303</b>	<b>26,195</b>	<b>11,271</b>	<b>-</b>	<b>5,349</b>	<b>5,922</b>	<b>20,273</b>
<b>Treaty</b>									
Proportional / non-proportional	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<b>61,498</b>	<b>-</b>	<b>35,303</b>	<b>26,195</b>	<b>11,271</b>	<b>-</b>	<b>5,349</b>	<b>5,922</b>	<b>20,273</b>

#### Note:

Contribution written includes administrative charge of Rs. 368 thousand.

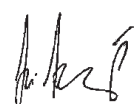
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**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



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Chairman

# Window Takaful Operations

## Statement of Claims

For the period from March 12, 2016 to December 31, 2016

### Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expense	Retakaful and other recoveries received	Retakaful and other recoveries in respect of outstanding claims		Retakaful and other recoveries revenue	Net claims expense
		Opening	Closing			Opening	Closing		
(Rupees in thousand)									
<b>Direct and facultative</b>									
Fire and property damage	-	-	-	-	-	-	-	-	-
Marine, aviation and transport	-	-	-	-	-	-	-	-	-
Motor	3,547	-	3,132	6,679	-	-	-	-	6,679
Miscellaneous	-	-	-	-	-	-	-	-	-
<b>Total</b>	<u>3,547</u>	<u>-</u>	<u>3,132</u>	<u>6,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,679</u>
<b>Treaty</b>									
Proportional / non-proportional	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	<u>3,547</u>	<u>-</u>	<u>3,132</u>	<u>6,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,679</u>


The annexed notes 1 to 22 form an integral part of these financial statements.



**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

# Window Takaful Operations

## Statement of Expenses - PTF

For the period from March 12, 2016 to December 31, 2016

### Business underwritten inside Pakistan

Class	Gross wakala fee	Deferred wakala fee		Net expenses	PTF direct expenses	Rebate from retakaful operators (Note 11)	Net PTF expenses
		Opening	Closing				
(Rupees in thousand)							
<b>Direct and facultative</b>							
Fire and property damage	2,578	-	2,014	564	-	291	273
Marine, aviation and transport	532	-	118	414	-	234	180
Motor	15,448	-	8,616	6,832	12,348	(5)	19,185
Miscellaneous	368	-	295	73	-	7	66
<b>Total</b>	<b>18,926</b>	<b>-</b>	<b>11,043</b>	<b>7,883</b>	<b>12,348</b>	<b>527</b>	<b>19,704</b>
<b>Treaty</b>							
Proportional / non-proportional	-	-	-	-	-	-	-
<b>Grand total</b>	<b>18,926</b>	<b>-</b>	<b>11,043</b>	<b>7,883</b>	<b>12,348</b>	<b>527</b>	<b>19,704</b>

#### Note:

Rebate from retakaful operations is arrived at after taking impact of opening and closing unearned retakaful rebate.

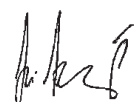
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**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman



# Window Takaful Operations

## Statement of Expenses - OPF

For the period from March 12, 2016 to December 31, 2016

### Business underwritten inside Pakistan

Class	Commissions paid or payable	Deferred commission		Net commission expenses	Other management expenses	Net OPF expenses
		Opening	Closing			
(Rupees in thousand)						
<b>Direct and facultative</b>						
Fire and property damage	992	-	784	208	1,149	1,357
Marine, aviation and transport	193	-	54	139	257	396
Motor	4,081	-	2,428	1,653	8,242	9,895
Miscellaneous	82	-	64	18	135	153
<b>Total</b>	<b>5,348</b>	<b>-</b>	<b>3,330</b>	<b>2,018</b>	<b>9,783</b>	<b>11,801</b>
<b>Treaty</b>						
Proportional / non-proportional	-	-	-	-	-	-
<b>Grand total</b>	<b>5,348</b>	<b>-</b>	<b>3,330</b>	<b>2,018</b>	<b>9,783</b>	<b>11,801</b>

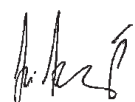
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**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

# Window Takaful Operations

## Statement of Investment Income

For the period from March 12, 2016 to December 31, 2016

	For the period from March 12, 2016 to December 31, 2016 <u>(Rupees in thousand)</u>
<b>Operator's Fund (OPF)</b>	
Profit on bank deposits for the period	2,468
	<u>2,468</u>
<b>Participants' Takaful Fund (PTF)</b>	
Profit on bank deposits for the period	713
Modarib's share	(178)
	<u>535</u>

The annexed notes 1 to 22 form an integral part of these financial statements.



**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

# Window Takaful Operations

## Notes to the Financial Statements

### For the period from March 12, 2016 to December 31, 2016

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

Atlas Insurance Limited (the Operator) has been granted a license to undertake Window Takaful Operations (WTO) in Pakistan on March 2, 2016 by the Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012.

For the purpose of carrying on the takaful business, as per requirement of circular 8 of 2014 the Operator has transferred Rs. 50,000 thousand in a separate bank account and thereafter, formed a Waqf / Participants' Takaful Fund (PTF) on March 12, 2016 under a Waqf deed with the cede money of Rs. 500 thousand. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

#### 2. Basis of preparation and statement of compliance

##### 2.1 Basis of preparation

These financial statements have been prepared in line with the format issued by the SECP through SEC (Insurance) Rules, 2002 and SECP circular No. 25 of 2015 dated July 09, 2015.

These financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants' Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable. These are the first set of annual financial statements of the Atlas Insurance Limited - Window Takaful Operations for the period from March 12, 2016 to December 31, 2016.

##### 2.2 Statement of compliance

These financial statements of the WTO for the period from March 12, 2016 to December 31, 2016 have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, and provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and SECP Takaful Rules, 2012. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and SECP Takaful Rules, 2012 shall prevail.

##### 2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention.

##### 2.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Operator's functional and presentation currency.

Figures in these financial statements have been rounded off to the nearest thousands of rupees unless otherwise stated.

##### 2.5 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting period beginning on or after January 1, 2016 but are considered either not to be relevant to the Company's operations or do not have any significant impact on Company's financial statements, and are therefore not detailed in these financial statements.

## 2.6 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following other standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2017:

	<b>Effective date (accounting periods beginning on or after)</b>
- IAS 7 Statement of cash flow (amendments)	January 1, 2017
- IAS 12 Income taxes (amendments)	January 1, 2017
- IFRS 2 Share based payments (amendments)	January 1, 2018
- IFRS 9 Financial Instruments: Classification and Measurement	January 1, 2018
- IFRS 15 Revenue from contracts	January 1, 2018
- IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception (Amendment)	January 1, 2018
- IFRS 16 Leases	January 1, 2019

There are other new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2017 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

In November 2012, the SECP vide its notifications SRO No.1383/2012 and SRO No. 1384/2012 published revised draft of insurance accounting regulations and draft amendments in SEC (Insurance) Rule, 2002 respectively. These regulations and amendments are not yet effective.

## 3. Accounting estimates and judgements

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both periods.

In particular, judgements and estimates made by the management in the application of approved accounting standards, as applicable in Pakistan, that involve a high degree of complexity or assumptions and are significant to these financial statements are as follows:

	<b>Note</b>
- Provision for unearned contributions	4.3
- Contributions deficiency reserve	4.4
- Provision for outstanding claims (including IBNR)	4.6
- Receivable and payable related to takaful contracts	4.12
- Fixed assets	4.13
- Expenses of management	4.14
- Operating segments	4.16

## 4. Significant accounting policies

### 4.1 Takaful contracts

Takaful contracts are based on the principles of Wakala where the Participants' Takaful Fund (PTF) accepts significant Takaful risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event adversely affects the policyholders.

Takaful contracts once classified, remains so for the remainder of its lifetime, even if the Takaful risk reduces significantly during the period, unless all rights and obligations are extinguished or expired.

The Operator underwrites non-life takaful contracts categorized into fire and property damage, marine, aviation and transport, motor and miscellaneous contracts. The contracts may have a fixed term of one year or less and in some cases for more than one year. Takaful contracts entered into by the Operator under which the contract holder is another Takaful Operator (inwards retakaful) of a facultative nature are included within the individual category of takaful contracts, other than those which fall under Treaty. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful operator based on its assessment of the takaful risk involved.

Fire and property takaful contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the covered properties in their business activities.

Marine, aviation and transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and liabilities to third parties and passengers arising from their use.

Motor takaful covers physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

Other various types of takaful which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions, livestock and crop takaful etc. are included under Miscellaneous takaful cover.

#### 4.2 Contribution

For all the takaful contracts, contributions including administrative surcharge received / receivable under a takaful policy are recognized as written at the time of issuance of policy. Where contributions for a policy are payable in installments, full contribution for the duration of the policy is recognized as written at the inception of the policy and related assets set up for contributions receivable at a later date. Contributions are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on contributions.

#### 4.3 Provision for unearned contributions

The unearned contribution reserve is the unexpired portion of the contribution including administrative surcharge which relates to business in force at the balance sheet date. Unearned contributions have been calculated by applying the method as specified in the SEC (Insurance) Rules, 2002.

#### 4.4 Contribution deficiency reserve

At each balance sheet date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned contribution liability for that class. It is performed by comparing the expected future liability, after retakaful, from claims and other expenses, including retakaful expense, commissions and other underwriting expenses, expected to be incurred after balance sheet date in respect of policies in force at balance sheet date with the carrying amount of unearned contribution liability. Any deficiency is recognized by establishing a provision (contribution deficiency reserve) to meet the deficit.

No provision has been made as the unearned contribution reserve for each class of business as at the balance sheet date is adequate to meet the expected future liability, after retakaful, from claims and other expenses, including retakaful expense, commissions and other underwriting expenses, expected to be incurred after balance sheet date in respect of takaful contracts in force at balance sheet date.

Where ratios are adverse an assessment is made if this is due to one off claim and if not, a deficiency in contribution is recognized in the current period. The loss ratios for the current year is as follows:

	<u>2016</u>
- Fire and property damage	Nil
- Marine, aviation and transport	Nil
- Motor	34%
- Miscellaneous	Nil

#### 4.5 Claims

Claims are charged to PTF income as incurred based on estimated liability for compensation owed under the takaful 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.

#### 4.6 Provision for outstanding claims (including IBNR)

The Company recognizes liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an takaful contract. The liability for claims includes amounts in relation to unpaid reported claims, IBNR and expected claim settlement costs.

Outstanding claims comprise the estimated cost of claims incurred but not settled at the balance sheet date, whether reported or not. The Company engaged an actuary to estimate the IBNR as per SECP Circular No. 9 of 2016, "SEC guidelines for estimation of Incurred but not Reported claim reserve, 2016".

Retakaful recoveries against outstanding claims are recognized on occurrence of the related claim liability. These are recorded as an asset and measured at the amount expected to be received.

#### 4.7 Retakaful contracts

Retakaful contribution is recognized as an expense at the time the retakaful is ceded. Rebate from retakaful is recognized in accordance with the policy of recognizing contribution revenue. Retakaful assets represent balances due from retakaful operators and retakaful recoveries against outstanding claims. Retakaful liabilities represent balances due to retakaful operators and are primarily retakaful contributions payable for retakaful contracts and are recognized at the same time when retakaful contributions are recognized as an expense.

#### 4.8 Commission

##### 4.8.1 Commission expense

Commission expenses incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of contribution revenue by applying 1/24 method as specified in the SEC (Insurance), Rules 2002.

##### 4.8.2 Rebate from retakaful operators

Rebate from retakaful operators is deferred and recognized as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates.

#### 4.9 Wakala and Modarib's share

The Operator manages the general takaful operations for the participants and charges 35% for fire and property, 35% for marine, aviation and transport, 30% for motor, 35% for engineering, 30% for health and 30% for miscellaneous, of gross contribution written including administrative surcharge as Wakala fee against the services. Wakala fee is recognized on the same basis on which the related revenue is recognized. Unexpired portion of Wakala fee is recognized as a liability of Operator's fund and an asset of Participant's takaful fund.

The Operator also manages the participant's investment as Modarib and charges 25% of the investment income earned by the PTF as Modarib fee. It is recognized on the same basis on which related revenue is recognized.

#### 4.10 Revenue recognition

##### 4.10.1 Participants' Takaful Fund (PTF)

###### 4.10.1.1 Contribution

The revenue recognition policy for contributions is given under note 4.2.

###### 4.10.1.2 Rebate from retakaful operators

The revenue recognition policy for rebate from retakaful operator is given under note 4.8.2.

##### 4.10.2 Investment income

Return on investments, profit on profit and loss sharing accounts and bank deposits are recognized on accrual basis.

#### 4.11 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and or services received, whether or not billed to the Company. Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provisions are reviewed at balance sheet date and adjusted to reflect current best estimates.

**4.12 Receivables and payables related to takaful contracts**

Receivables and payables related to takaful contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any.

**4.13 Fixed assets****4.13.1 Tangible**

Fixed assets except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of tangible fixed assets consists of historical cost and directly attributable cost of bringing the assets to their present location and condition. Depreciation is charged to income applying the reducing balance method at the rates given in fixed assets schedule to write off the cost of operating fixed assets over their expected useful life. Depreciation on addition to fixed assets is charged from the month in which an asset is acquired or capitalized, whereas no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred whereas major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gain and loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

**4.13.2 Intangible**

The intangible asset is stated at cost less accumulated amortization and accumulated impairment, if any. Amortization is calculated on a straight-line basis over the estimated useful life of the asset.

**4.14 Expenses of management**

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

**4.15 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost.

**4.16 Operating segments**

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses. The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, Takaful Rules, 2012, and the SEC (Insurance) Rules, 2002 as the primary reporting format.

The Operator has four primary business segments for reporting purposes namely, fire and property damage, marine aviation and transport, motor and miscellaneous. The nature and business activities of these segments are disclosed in note 4.1.

**4.17 Qard-e- Hasna**

When the PTF including reserves are insufficient to meet the current payments less receipts, the deficit is funded by way of interest free loan (qard-e-hasna) from the shareholder's fund.

**5. Other creditors and accruals**

**2016**  
**(Rupees in thousand)**

**Operator's Fund - OPF**

Commission payable to agent	1,333
Sundry creditors	4,897
Payable against vehicles acquired	2,334
Tax deducted as source	614
Provision for bonus to staff	849
	10,027

**Participants' Takaful Fund - PTF**

Modarib share of investment	178
PMD stamps	6
Tracker expenses payable	1,021
Income tax deducted	124
Federal excise duty payable	690
Federal takaful fee payable	70
	2,089

	Note	2016	
		OPF	PTF
<b>6. Current and other accounts</b>			
Current accounts		-	-
Saving accounts	6.1	8,189	35,396
		<u>8,189</u>	<u>35,396</u>

6.1 The rate of profit on profit and loss sharing accounts from various banks range from 3.4% to 5% per annum, depending on the size of average deposits.

	2016	
	OPF	PTF
<b>7. Investments</b>		
<b>Available for sale</b>		
Mutual funds	40,000	-
	<u>40,000</u>	<u>-</u>

The market value of investments in mutual funds as at December 31, 2016 is Rs. 40,492 thousand.

	Note	2016	
		OPF	PTF
<b>8. Accrued investment income</b>			
Modarib share receivable from PTF		178	-
Profit receivable		100	134
		<u>278</u>	<u>134</u>
<b>9. Prepayments</b>			
Tax deducted at source		219	65
Advance to suppliers		150	-
Prepaid re-takaful contribution ceded		-	5,349
		<u>369</u>	<u>5,414</u>

	Note	2016	
		OPF	PTF
<b>10. Fixed assets - OPF</b>			
Tangible	10.1		2,238
Intangible	10.2		433
			<u>2,671</u>

10.1 Tangible - OPF **Vehicles owned**

**Net carrying value basis**

**Year ended December 31, 2016**

Opening Net Book Value (NBV)	-
Additions (at cost)	2,334
Disposals (at NBV)	-
Depreciation charge	(96)
Closing Net Book Value (NBV)	<u>2,238</u>

**Gross carrying value basis**

**As at December 31, 2016**

Cost	2,334
Accumulated depreciation	(96)
Net Book Value (NBV)	<u>2,238</u>
Depreciation rate % per annum	20%



		<u>2016</u>
		(Rupees in thousand)
<b>10.2</b>	<b>Intangible - OPF</b>	
	<b>Net carrying value basis</b>	
	<b>Year ended December 31, 2016</b>	
	Opening Net Book Value (NBV)	-
	Additions (at cost)	600
	Disposals (at NBV)	-
	Amortization charge	(167)
	Closing Net Book Value (NBV)	<u>433</u>
	<b>Gross carrying value basis</b>	
	<b>As at December 31, 2016</b>	
	Cost	600
	Accumulated amortization	(167)
	Net Book Value (NBV)	<u>433</u>
	<b>Amortization rate % per annum</b>	33%

	Rebate received or receivable	2016		Rebate from retakaful operators
		Unearned retakaful rebate Opening	Closing	
(Rupees in thousand)				
<b>11. Rebate from retakaful operator</b>				
Fire and property damage	1,258	-	967	291
Marine, aviation and transport	317	-	83	234
Motor	(62)	-	(57)	(5)
Miscellaneous	32	-	25	7
	<u>1,545</u>	<u>-</u>	<u>1,018</u>	<u>527</u>

	Note	2016
		(Rupees in thousand)
<b>12. Management expenses - OPF</b>		
Salaries, wages and other benefits	12.1	5,219
Shariah advisor fee		1,851
Vehicle running and maintenance		244
Travelling and conveyance		20
Printing, stationery and computer expenses		331
Fee and subscriptions		1,820
Advertisement expense		293
Other expenses		5
		<u>9,783</u>

**12.1** This includes staff retirement benefits amounting to Rs. 182,803.

**13. Auditors' remuneration**

Audit fee	300
Professional fee for certifications	240
Out of pocket expenses	54
	<u>594</u>

**14. Operating segments****14.1 Operator's fund**

	2016					Total
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	
	(Rupees in thousand)					
Corporate segment assets	2,102	470	15,072	259	-	17,903
Corporate unallocated assets						50,860
<b>Total assets</b>						<b>68,763</b>
Corporate segment liabilities	2,473	554	17,738	305	-	21,070
Corporate unallocated liabilities						47,693
<b>Total liabilities</b>						<b>68,763</b>
Capital Expenditure	-	-	-	-	-	2,934
Segment depreciation	-	-	-	-	-	-
Unallocated depreciation						263
<b>Total depreciation</b>						<b>263</b>

**14.2 Participants' takaful fund**

	2016					Total
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Treaty	
	(Rupees in thousand)					
Corporate segment assets	2,666	597	19,119	329	-	22,711
Corporate unallocated assets						35,396
<b>Total assets</b>						<b>58,107</b>
Corporate segment liabilities	7,423	1,662	53,232	916	-	63,232
Corporate unallocated liabilities						(5,125)
<b>Total liabilities</b>						<b>58,107</b>
Capital Expenditure	-	-	-	-	-	-
Segment depreciation	-	-	-	-	-	-
Unallocated depreciation						-
<b>Total depreciation</b>						<b>-</b>

**15. Surplus distribution**

Takaful surplus attributable to the participants, if any, is calculated after charging all direct cost, setting aside various reserves and adjusting claims paid to them.

**16. Management of takaful and financial risk****16.1 Takaful risk**

The principal risk that is faced under any takaful contracts is the possibility that the covered event occurs and the uncertainty of the resulting amount claimed i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. The objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities when they occur. The Operator manages the risk through its strategy of underwriting and claims handling. The underwriting strategy aims to minimize takaful risks with a balanced mix and spread of business classes, and by observing underwriting guidelines and limits. To mitigate the risk, takaful contracts are generally executed where claims are normally intimated and settled within one year.

Underwriting limits are in place to enforce appropriate risk selection criteria. In addition, for large risks annual renewals are preceded by on-site surveys and risk inspections are carried out before accepting the risks. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level. Retakaful arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such retakaful arrangements is that the PTF may not suffer ultimate net takaful losses beyond the PTF's risk appetite in any one year.

The Operator obtains retakaful cover only from companies with sound financial health. The Operator's arrangement of retakaful is diversified such that it is neither dependent on a single retakaful operator nor the operations of the Operator are substantially dependent upon any single retakaful contract.

### 16.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Operator limits its exposure to catastrophic and riot events by use of retakaful arrangements. The objective of having such arrangements is to mitigate adverse impacts of severe losses on operation's net retentions.

The Operator monitors concentration of takaful risks primarily by class of business. The table below sets out the concentration of the claims and contribution liabilities by class of business at balance sheet date:

Class	2016			
	Gross claims liabilities	Net claims liabilities	Gross contribution liabilities	Net contribution liabilities
	%			
Fire and property damage	-	-	16%	2%
Marine, aviation and transport	-	-	1%	-
Motor	100%	100%	81%	96%
Miscellaneous	-	-	2%	2%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property damage risk a particular building and neighboring 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 Operator evaluates the concentration of exposures to individual and cumulative takaful risks and establishes its retakaful policy to reduce such exposures to levels acceptable to the Operator.

The operations class wise major gross risk exposure is as follows:

Class	2016
	(Rupees in thousand)
Fire and property damage	4,842,777
Marine, aviation and transport	708,548
Motor	5,551,686
Miscellaneous	518,135

Since the Operator operates in Pakistan only, hence, all the takaful risks relate to policies written in Pakistan.

### 16.1.2 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the balance sheet date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Management judgement is required for estimation of amounts due to policyholders arising from claims made. There are several variable factors which affect the amount and timing of recognized claim liabilities. The Operator takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, the actual results may differ from estimates made, resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims IBNR at the balance sheet date. The details of estimation of outstanding claims (including IBNR) are given under note 4.6.

### 16.1.3 Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. Due to the uncertainty relating to the likely outcome of any particular claim and the ultimate cost of notified claims, each notified claim is assessed on a separate, case to case basis, with due regards to claim circumstances, the information available from surveyors and the historical evidence of the amount of similar claims.

The contribution liabilities have been determined such that the total contribution liability provisions (unearned contribution reserve and contribution deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of balance sheet date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

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 Operator, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the retakaful recoveries. The estimation process takes into account the past claims reporting pattern and details of retakaful programs.

#### 16.1.4 Sensitivity analysis

The risks associated with the takaful contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company considers that the liability for claims recognized in the balance sheet is adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of retakaful is analyzed below. The sensitivity to changes in claim liabilities net of retakaful is determined separately for each class of business while keeping all other assumptions constant.

	<b>2016</b>	
	<b>PTF revenue</b>	<b>PTF equity</b>
	<b>(Rupees in thousand)</b>	
Impact of change in claim liabilities by +10%		
Motor	(668)	(668)
	(668)	(668)
Impact of change in claim liabilities by -10%		
Motor	668	668
	668	668

#### 16.2 Retakaful risk

Retakaful ceded does not relieve the PTF from its obligation towards participants and, as a result, the PTF remains liable for the portion of outstanding claims covered through retakaful to the extent that retakaful operators fails to meet the obligation under the retakaful agreements. To minimise its exposure to significant losses from retakaful operators' insolvencies, the operations obtain retakaful rating from a number of retakaful operators, who are dispersed over several geographical regions.

An analysis of all retakaful assets recognised, by the rating of the entity from which it is due, is as follows:

<u>Ratings</u>	<b>Amount due from other takaful / retakaful operators</b>	<b>Other takaful / retakaful assets</b>
	<b>(Rupees in thousand)</b>	
A or above	378	5,349
	378	5,349

#### 16.3 Financial risk

The Operator's activities expose it to a variety of financial risks i.e. credit risk, liquidity risk and market risk (comprising of profit rate risk, currency risk and other price risk). The Operator's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Operator's financial performance.

The Board of Directors has overall responsibility for establishment and over sight of the Operator's risk management framework.

##### 16.3.1 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Concentration of credit risk arises 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 carrying amounts of the following financial assets represent the Operator's maximum exposure to credit risk:

	2016		Total
	OPF	PTF	
	(Rupees in thousand)		
<b>Financial assets</b>			
Bank balances and deposits	8,189	35,396	43,585
Investments	40,000	-	40,000
Contributions due but unpaid - net	-	5,673	5,673
Amount due from other takaful / retakaful	-	447	447
Accrued investment income	278	134	412
Wakala fee receivable	13,926	-	13,926
	62,393	41,650	104,043

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

			2016			Total
	Short term	Long term	Rating agency	OPF	PTF	
	(Rupees in thousand)					
<b>Banks</b>						
Askari Bank Limited	A1+	AA+	PACRA	-	18,496	18,496
Bank Alfalah Limited	A1+	AA	PACRA	-	299	299
Sindh Bank Limited	A-1+	AA	JCR-VIS	8,189	16,601	24,790
				8,189	35,396	43,585

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables.

### 16.3.2 Liquidity risk

Liquidity risk is the risk that the Operator will not be able to meet its obligations associated with financial liabilities as they fall due. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected retakaful recoveries.

The objective of the Operator's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Operator's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Operator's liabilities as at balance sheet date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

	2016 - OPF		
	Carrying amount	Up to one year	Greater than one year
	(Rupees in thousand)		
<b>Financial liabilities</b>			
Other creditors and accruals	9,413	9,413	-
	9,413	9,413	-
	2016 - PTF		
	Carrying amount	Up to one year	Greater than one year
	(Rupees in thousand)		
<b>Financial liabilities</b>			
Provision for outstanding claims (including IBNR)	3,132	3,132	-
Amounts due to other takaful / retakaful operator	6,385	6,385	-
Wakala fee payable	13,926	13,926	-
Other creditors and accruals	1,205	1,205	-
	24,648	24,648	-

### 16.3.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as profit rates, foreign currency risk and other price risk.

The Operator limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity and term finance certificates. In addition, the Operator actively monitors the key factors that affect the underlying value of these securities.

#### 16.3.3.1 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market profit rates. The Operator has securities and deposits that are subject to profit rate risk. The Operator limits profit rate risk by monitoring changes in profit rates in the currencies in which its financial assets are denominated.

The information about Operator's exposure to profit rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

2016 - OPF							
Profit / mark-up bearing							
Effective yield %	Up to one year	Over one year to five year	Over five year	Sub total	Non-profit / mark-up bearing	Total	
(Rupees in thousand)							
<b>Financial assets</b>							
Cash and other equivalents	5	8,189	-	-	8,189	-	8,189
Investment		-	-	-	-	40,000	40,000
Accrued investment income		-	-	-	-	278	278
Wakala fee receivable		-	-	-	-	13,926	13,926
		<u>8,189</u>	<u>-</u>	<u>-</u>	<u>8,189</u>	<u>54,204</u>	<u>62,393</u>
<b>Financial liabilities</b>							
Other creditors and accruals		-	-	-	-	10,027	10,027
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,027</u>	<u>10,027</u>
On balance sheet sensitivity gap		<u>8,189</u>	<u>-</u>	<u>-</u>	<u>8,189</u>		
Total yield / mark-up rate risk sensitivity gap		<u>8,189</u>	<u>-</u>	<u>-</u>	<u>8,189</u>		
2016 - PTF							
Profit / mark-up bearing							
Effective yield %	Up to one year	Over one year to five year	Over five year	Sub total	Non-profit / mark-up bearing	Total	
(Rupees in thousand)							
<b>Financial assets</b>							
Cash and other equivalents	3.4 - 4.75	35,396	-	-	35,396	-	35,396
Contribution due but unpaid		-	-	-	-	5,673	5,673
Amounts due from other takaful / retakaful		-	-	-	-	447	447
Accrued investment income		-	-	-	-	134	134
		<u>35,396</u>	<u>-</u>	<u>-</u>	<u>35,396</u>	<u>6,254</u>	<u>41,650</u>
<b>Financial liabilities</b>							
Provision for outstanding claims (including IBNR)		-	-	-	-	3,132	3,132
Amounts due to other takaful / retakaful operator		-	-	-	-	6,385	6,385
Wakala fee payable		-	-	-	-	13,926	13,926
Other creditors and accruals		-	-	-	-	2,089	2,089
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,532</u>	<u>25,532</u>
On balance sheet sensitivity gap		<u>35,396</u>	<u>-</u>	<u>-</u>	<u>35,396</u>		
Total yield / mark-up rate risk sensitivity gap		<u>35,396</u>	<u>-</u>	<u>-</u>	<u>35,396</u>		

**16.3.3.2 Foreign currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. The Operator, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

**16.3.3.3 Other price risk**

Other price risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices (other than those arising from profit 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 similar financial instruments traded in the market.

**16.4 Fair value**

The fair value of all major financial assets is estimated to be not significantly different from their carrying values.

**17. Related party transactions**

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, directors and key management personnel. Transactions with related parties are carried out at arm's length except for compensations to key management, which are on employment terms. The balances and transactions with related parties, other than remuneration under the terms of employment, are as follows:

Related parties	Transactions during the period	For the period from March 12, 2016 to December 31, 2016 (Rupees in thousand)	
		OPF	PTF
Associated companies	Contribution underwritten		928
	Contribution collected		504
	Vehicle purchased		1,676
	Investment purchased		40,000
Directors	Contribution underwritten		3
	Contribution collected		3

**18 Reconciliation to profit and loss account**

	2016		
	OPF	PTF	Total
	(Rupees in thousand)		
Operating cash flows	(3,401)	34,545	31,144
Depreciation / amortization expense	(263)	-	(263)
Financial charges	-	(50)	(50)
Net investment income	2,468	535	3,003
Increase in assets other than cash	19,959	22,577	42,536
Increase in liabilities other than running finance	(21,070)	(63,232)	(84,302)
Loss for the period	<u>(2,307)</u>	<u>(5,625)</u>	<u>(7,932)</u>

**19. Contingencies and commitments**

There are no outstanding contingencies and commitments of Atlas Insurance Limited - Window Takaful Operations (WTO) as on December 31, 2016.

**20 Corresponding figure**

Being the first financial statements of Atlas Insurance Limited - Window Takaful Operations (WTO) there were no comparative figures to report.

**21 General**

Figures in these financial statements have been rounded off to the nearest thousand rupees, unless otherwise specified.

**22 Date of authorization for issue**


These financial statements were authorized for issue on February 28, 2017 by the Board of directors of the Company.



**Arshad P. Rana**  
Chief Executive



**Feroz Rizvi**  
Director



**Ali H. Shirazi**  
Director



**Yusuf H. Shirazi**  
Chairman

## Company Offices

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	Extension:	402
SYED IRTIZA KAZMI Vice President (Underwriting)	Extension:	302
MUHAMMAD AASIM GUL Compliance Officer	Extension:	417
SALEEM MEHMOOD Chief Internal Auditor	Extension:	428

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MUHAMMAD AFZAL  
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## Glossary

### Actuary

Qualified expert who analyses problems from the area of insurance, investments and pensions using methods of probability theory and financial mathematics and develops solutions with due regard to legal and economic parameters.

### Actuarial valuations

A determination by an actuary at a special date of the value of a company's assets and its liabilities.

### Amortization

Reduction of the value of an asset by prorating its cost over a period.

### Associate

A company in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.

### Authorized share capital

Maximum value of share capital that a company can legally issue.

### Bonus shares

Free shares issued to shareholders.

### Book value

The value of an asset as entered in a company's books.

### Budget

An estimate of income and expenditure for a set period of time.

### Capital expenditure

Cost of long-term improvements and fixed assets.

### Capital gain

Portion of the total gain recognized on sale of a non-inventory asset

### Capital reserves

Any reserve not regarded free for distribution by way of dividends.

### Cedant

Client of a reinsurance company.

### Combined ratio

Percentage ratio of the sum of net claims plus management expenses and net commission to net premiums earned. It corresponds to the sum of the loss ratio, commission ratio and the expense ratio.

### Commission

Remuneration to an intermediary for services such as selling and servicing an insurer's products.

### Consumer online Portal

An internet window for selling of retail consumer products.

### Claims

Amount payable under a contract of insurance arising from occurrence of an insured event.

### Claims incurred

Aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.

### Corporate social responsibility

A process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and all other members of the public who may also be considered as stakeholders.

### Deferred commission

Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the balance sheet date.

### Deferred tax

An accounting concept (also known as future income taxes) meaning a future tax liability or asset in respect of taxable temporary differences.

**Defined benefit plans**

Post-employment benefit plans other than defined contribution plans.

**Depreciation**

Systematic allocation of the cost of an asset over its useful life.

**Dividend cover**

Profit after tax divided by dividend, measures the number of times dividends are covered by distributable profit for the period.

**Doubtful debts**

A debt where circumstances have rendered its ultimate recovery uncertain.

**Earnings per share**

Amounts for profit per share attributable to ordinary shareholders of the entity.

**Equity method**

Method of accounting whereby the investment is initially recognised at cost and adjusted hereafter for the post-acquisition change in the investor's share of net assets of the investee.

**Exchange gain (loss)**

Difference resulting from translating a given number of units of one currency into another currency at different exchange rates.

**Facultative reinsurance**

The reinsurer assumes a share of selected individual risks, the primary insurer can offer an individual risk in reinsurance, which the reinsurer for its part can either accept or decline.

**Fair Value**

Amount for which an asset could be exchanged, or a liability settled.

**Fiscal deficit**

When government's total expenditures exceed the revenue that it generates.

**General insurance**

All kinds of insurance except Life and Takaful Insurance. i.e. fire and property damage, marine, aviation and transport, motor, health and miscellaneous - other insurance.

**General takaful**

Protection to participants for losses arising from perils such as accident, fire, flood, liability and burglary.

**Gross contribution**

Payment of an amount by a participant to the Takaful Participant Fund, whether direct, or through intermediaries for the purpose of mutual protection and assistance.

**Gross domestic products**

The total value of goods produced and services provided in a country during a fiscal year.

**Gross premium**

Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.

**Group health insurance**

A single health policy covering a group of individuals, usually employees of the same company or members of the same association and their dependents.

**Human resource development**

A framework for the expansion of within an organization through the development of both the organization and the individual to achieve performance improvement.

**Impairment**

The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

**Incurred But Not Reported (IBNR)**

Claim incurred but not reported to the insurer until the reporting date of the financial statements.

**Inflation**

A general increase in prices and fall in the purchasing value of money.

**Insurance contracts**

A contract under which one party (the insurer) accepts insurance risk from another party (the policyholder) by agreeing to compensate the policyholder for a specified uncertain future event.

**Insurer Financial Strength Rating**

Provides an assessment of the financial strength of an insurance company.

**Intangibles**

An identifiable non-monetary asset without physical substance.

**Internal control**

An accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoid frauds and errors etc.

**KIBOR**

Karachi Interbank Offered Rate (KIBOR) is the interbank clean (without collateral) lending / borrowing rates quoted by the banks.

**Knowledge base product**

Product produces using knowledge-based systems.

**Loss ratio**

Percentage ratio of claims expenses to net premium.

**Macroeconomics**

Branch of economics dealing with the performance, structure, behavior, and decision-making of an economy as a whole.

**Market share**

The portion of a market controlled by a particular company or a product.

**Market treasury bill**

A negotiable debt instrument issued by the State Bank of Pakistan on behalf of the government of Pakistan with tenors available in 3, 6, and 12 months.

**Market value**

Estimated price that a buyer would pay and a seller would accept for an item in a competitive market.

**National exchequer**

The account in which tax funds and other public funds are deposited.

**Net asset value**

The value of all tangible and intangible assets of a company minus its liabilities.

**Net premium revenue**

Gross premium written less reinsurance expense.

**Non-life insurance**

Non-life insurance and general insurance have identical meaning.

**Outstanding claims**

A type of technical reserve or accounting provision in the financial statements of an insurer to provide for the future liability for claims.

**Paid up capital**

The amount paid or contributed by shareholders in exchange for shares of a company.

**Pakistan investment bonds**

Long term instruments of the government of Pakistan with tenors available in 3, 5, 10, 15 and 20 years.

**Participant**

The participant is the contributing party to the Takaful Policy who is covered through the mutual protection and solidarity of the Takaful Policy.

**Premium**

The amount to be paid for the insurance cover provided by an insurer.

**Present value**

Future amounts that have been discounted to the present.

**Proxy**

Power of attorney by which the shareholder transfers the voting rights to another shareholder.

**Qard e-Hasna**

An interest free loan from the Takaful operator to the Takaful Participant Fund in order to meet any shortfall created in the Fund.

**Quoted**

Being listed on a stock exchange.

**Registered office**

An address which is registered with the government registrar as the official address of a company.

**Reinsurance**

A method of insurance arranged by insurers to share the exposure of risks accepted.

**Reinsurance commission**

Commission received or receivable in respect of premium paid or payable to a reinsurer.

**Reinsurance premium**

The premium payable to the reinsurer in respect of reinsurance contract.

**Related party**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**Retrocession**

Transfer of risk from a reinsurer to another reinsurer.

**Revenue reserves**

Reserve that is normally regarded as available for distribution through the profit and loss account including general reserves and other specific reserves created out of profit and un-appropriated profit.

**Risk**

Condition in which there is a possibility of loss.

**Risk management**

Includes analyzing all exposures to gauge the likelihood of loss and choosing options to better manage or minimize the loss.

**Statutory levies**

Fee charged (levied) by a government on a product, income or activity.

**Strategic objective**

A broadly defined objective that an organization must achieve to make its strategy succeed.

**Subsequent event - non adjusting**

Are events concerning conditions which arose after the balance sheet date, but which may be of such materiality that their disclosure are required to be ensured that the financial statements are not misleading.

**Tabarru**

A portion of participant's contribution for the purpose of mutual help which is used to pay the claims submitted by eligible claimants.

**Takaful**

An Islamic concept of insurance.

**Takaful operator**

A legal entity, who underwrites, administers and manages the Takaful program on behalf of the participants.

**Takaful policy**

The agreement entered into between the operator and the participant(s) for the purposes of Takaful arrangement.

**Tangible asset**

An asset which can be touched or felt.

**Term finance certificate**

A debt instrument issued by an entity to raise funds.

**Term finance certificate**

A debt instrument issued by an entity to raise funds.

**Underwriting profit**












This is the profit generated purely from the insurance business without taking into account the investment income, other income and general & administration expenses.

**Unearned premium**

It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the balance sheet date.

**Wakala**

Islamic terminology for agent-principal relationship, where a person nominates another to act on his behalf.

 Atlas Group Companies	<i>Year of Establishment / Acquisition*</i>
 Shirazi Investments	1962
 Atlas Honda	1962
 Atlas Battery	1966
 Shirazi Trading	1975
 Atlas Insurance	1980*
 Atlas Engineering	1981*
<b>HONDA</b> Honda Atlas Cars	1992
<b>HONDA</b> Honda Atlas Power Product	1997
 Atlas Asset Management	2002
 Atlas Power	2007
 Atlas World Wide	2007
 Atlas Venture	2008
 Atlas Autos	2011
 Atlas Hitec	2012
 Atlas Metals	2012
 Atlas Global	2015
 Atlas Aluminium	2016
 Atlas Die Casting	2016

## Investors' Education

In pursuance of SRO 924(1)/2015 dated September 9, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors.

[www.jamapunji.pk](http://www.jamapunji.pk)



**Be aware, Be alert,  
Be safe**

**Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)**

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



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



# Form of Proxy

I/we \_\_\_\_\_ of \_\_\_\_\_ being member(s) of Atlas Insurance Limited and holder(s) of \_\_\_\_\_ ordinary shares as per Registered Folio No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy to attend, act and vote for me / us and on my / our behalf at the 82nd Annual General Meeting of the Company to be held on April 26, 2017 at 9:30 a.m. at 2nd Floor, Federation House, Sharah-e-Firdousi, Clifton, Karachi and at every adjournment thereof.

As witness my / our hand this \_\_\_\_ day of \_\_\_\_\_ 2017.

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

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

\_\_\_\_\_

Witness:

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

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

\_\_\_\_\_

Affix Revenue Stamp
Signature

## Notes:

1. A member entitled to attend and vote at the General Meeting of the Company is entitled to appoint proxy to attend and vote instead of him/her. No person shall act, as a proxy who is not a member of the company except that a corporation may appoint a person who is not a member.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her constituted attorney or if such appointer is a corporation or company, under the common seal of such corporation or company.
3. The Form of proxy, duly completed, must be deposited at the Company's registered office, 3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore at least 48 hours before the meeting.



AFFIX  
POSTAGE

The Secretary  
Atlas Insurance Limited  
3 - Bank Square,  
Shahrah-e-Quaid-e-Azam,  
Lahore.

Fold Here

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Fold Here

Fold Here

# پراکسی فارم

میں/ہم \_\_\_\_\_ سکنہ \_\_\_\_\_ بطور ایلس انشورنس لمیٹڈ کے رکن / ارکان \_\_\_\_\_  
عمومی حصص کی ملکیت رکھتا ہوں / رکھتے ہیں جس کا رجسٹرڈ فوئیو نمبر \_\_\_\_\_ ہے۔ میں بطور پراکسی \_\_\_\_\_ سکنہ \_\_\_\_\_  
اور ان کی عدم موجودگی کی صورت میں \_\_\_\_\_ سکنہ \_\_\_\_\_ جو خود بھی کمپنی کا رکن ہے / ہیں، کو بطور پراکسی مقرر کرتا ہوں / کرتے ہیں تاکہ وہ  
میری / ہماری جگہ اور میری / ہماری جانب سے کمپنی کے 82 ویں عام اجلاس، جو کہ 26 اپریل 2017 کی صبح 9:30 بجے بمقام دوسری منزل، فیڈریشن ہاؤس، شاہراہ فرودسی، کلفٹن، کراچی میں منعقد ہو رہا ہے۔  
اس میں یا اس کے کسی ملٹوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

دن \_\_\_\_\_ مہینہ \_\_\_\_\_ 2017 کو مجھے / ہمیں ثبوت دیا گیا ہے۔

دستخط: \_\_\_\_\_

پتا: \_\_\_\_\_

\_\_\_\_\_

درست رقم کا ٹکٹ  
چسپاں کریں  
دستخط

گواہ: \_\_\_\_\_

دستخط: \_\_\_\_\_

پتا: \_\_\_\_\_

\_\_\_\_\_

نوٹ:

- 1 - کمپنی کے عام اجلاس میں شرکت اور ووٹ کا حقدار رکن اپنی جگہ شرکت اور ووٹ کے لئے پراکسی مقرر کرنے کا حقدار ہے۔ کوئی بھی شخص جو کمپنی کا رکن نہیں ہے اسے بطور پراکسی مقرر نہیں کیا جاسکتا سوائے اُس شخص کے جسے کوئی ادارہ رکن نہ ہونے پر مقرر کرے۔
- 2 - پراکسی مقرر کرنے کا تقرر نامہ کسی مجاز آفیسر سے تصدیق شدہ تحریر میں ہونا چاہئے اور اگر ایسا تقرر کنندہ کوئی کارپوریشن یا کمپنی ہو تو کارپوریشن یا کمپنی ہذا سے تصدیق کیا گیا ہو۔
- 3 - پراکسی کا مکمل پُر شدہ فارم کمپنی کے رجسٹرڈ آفس 3- بینک اسکوائر، شاہراہ قائد اعظم، لاہور میں اجلاس کے مقرر کردہ وقت سے کم از کم 48 گھنٹے پہلے جمع کروانا لازمی ہوگا۔

درست رقم کا ٹکٹ  
چسپاں کریں

کمپنی سیکریٹری  
اٹلس انشورنس لمیٹڈ  
3-بنک سکوائر، شاہراہ قائد اعظم لاہور۔

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